

Local Government Disaster Recovery Outreach Meeting Wilmington,
NC
February 14, 2019

Discussion Transcript

Director Sprayberry NCEM

One thing I wanted to add, many of the counties in this room, during Matthew most of you were not most impacted/most distressed, it's likely this time around you'll get a significant allocation. So you need to be thinking in that direction, I'm not going to sit here and tell you I can predict which counties will be selected, but what happens is HUD will take the data of which households have been damaged and they determine which counties got hit the hardest. If you're in a part of the state that got hit the hardest, start thinking about how you're going to manage working with a large amount of CDBG-DR dollars.

Laura Hogshead NCORR

The rule from HUD is that you spend 80% of the funding in the most impacted and distressed communities. In Matthew, with 50 counties declared, four were determined by HUD to be most impacted and distressed, so we have to spend 80% of \$236 million in those four counties, and 20% in the remaining counties. We don't know which counties for Florence HUD will deem as most impacted and distressed, but again those same rules will apply.

Director Sprayberry NCEM

It was announced in March or April 2018 that North Carolina was getting \$168 M in mitigation funding from HUD. We have not received the Federal Register yet (which means we have not received the money yet). When they send out a press release like that, we get questions on where the money is and what we're doing with it. In that time, we have explained that we do not have the guidance or funding on how the dollars can be spent until the Federal Register is released. At that time, we can finalize our State Action Plan for those funds (~a few months) and then we'll send to HUD for review (~a few months). We can tell you that Hazard Mitigation and CDBG-DR are slower than what we are used to doing with speed to the need. We have 633 mobile home units and travel trailers in place now. Florence has continued to be a big operation across the state. We're ready and excited to take questions.

Questions from Attendees

Question 1

Recently a Pender County task force was established to review local needs. What funding/organizations so we as leaders of our communities apply for to get assistance for infrastructure? There is talk about raising the highway so that New Hanover and Pender counties don't become islands as roads wash out. We need to pay attention to infrastructure and in agricultural communities, I can tell you there are problems in our waterways and streams and rivers, these problems are not going to go away. Who helps us with that?

Director Sprayberry: That's a great question, as I traveled around from Matthew to now, it was evident that one of the larger problems we have in Eastern NC is drainage because of rivers, swamps and ditches on the side of the road are not cleaned out. It's expensive to keep our rivers cleaned out. We know this is a problem. We have funding that will be allocated to infrastructure under Florence. Public Assistance (PA) is also there if you need it, Hazard Mitigation (HM) can also help, this has happened in places like Kinston. DOT is studying the areas of I-40 and I-95 to see what can be done. When you raise a road,

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there are cascading effects, when you do it there is a possibility you can exacerbate flooding in another place, or have unintended consequences that could also occur. We don't want Wilmington or Pender County to get cut off. During Florence, we worked with DOD to secure a ship to deliver essential needs. We never used it, because at the time it passed by we were able to get ingress into those areas. We can work on infrastructure projects with Florence CDBG-DR (we don't know how much will be available), HM and PA. Golden Leaf is also able to help with unmet needs and have great flexibility in how projects are funded.

Question 2

Has there been any additional thought on reversing I-40? Other states have done this to encourage and speed up evacuations to get everyone off the coast.

Director Sprayberry: We did have an I-40 reversal plan a few years back. DOT did an engineering study on how that would work and ascertained that it would not evacuate people any faster and would create huge traffic jams up and down. They decided it wasn't efficient and that other evacuation routes are adequate. I will say I've asked DOT to re-evaluate evacuation routes and whether or not they have the capacity to handle the amount of people we have at our coast, especially during hurricane season.

Question 3

What can we do to improve availability and resiliency of our affordable housing stock in North Carolina?

Laura Hogshead: Yes, we didn't have enough before and now we have an even bigger problem. Under the current Matthew allocation we have a multi-family new unit building program and have partnered with HFA and DFI for development work in the most impacted and distressed communities to make sure we are spending the money where we need to and that we are not putting people back in harm's way (that's the resiliency part of the NCORR name). This means that we need to find a place to move the mobile home parks, which means we have to find the land and we need to find the new units to make that happen.

Director Sprayberry: We met with the Manufactured Home representative to talk about this. Our number one priority is to increase the portfolio of affordable housing in NC. About three years ago, I told folks that if we can get affordable housing moved out of the flood plain, that's less people that we need to respond to and less recovery that we need to do. That also gives people a better life and makes me a proud North Carolinian. Don't let me leave here today and I don't know if you have a problem with housing. There is state money available. I want to at least be able to review it and let you know if we can help with a solution.

Question 4

You mentioned 80% of the funding needs to be spent in the most impacted/affected areas. What information is used to determine this, what goes into this calculation? A lot of our damage may not appear or be noticed immediately.

Laura Hogshead: As best we can figure, HUD takes figures from FEMA, SBA and private insurance dollars, and they figure out the level of damage across the country and look at the percentage of homes that have more than \$8,000 of damage according to FEMA, they took a look at the private insurance rate, the NFIP insurance rate and the SBA provided and figure out what the remaining unmet need is and then they make a cut, looking at all the disaster affected counties. We do have the opportunity to go back

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and try to dissuade them off their decision. Right now we are looking at trying to add a county for Matthew because we have these application information now. We can go back to HUD now and let them know we have done full outreach for Matthew, this is what we're showing, you may not have captured all the data in X county, or may have missed something in Y county. If the list they put out for Florence doesn't reflect what we think it should, we'll do the same thing. HUD makes all their decisions based on data. For Matthew, it's been very difficult to tell people across all 50 counties that we have to spend 80% of the funds in four counties. We have taken applications from all 50 counties and at some point we're going to have to say that we're at that 79% mark, or 81% mark and we're going to have to dial back here to hit that 80% mark. The more counties that are included in the most impacted and distressed, the easier it gets to spread the funds.

Question 4

Regarding DRA 17, how do we gain authorization for replacement housing for eligible households, without formal denial from CDBG-DR?

Director Sprayberry: That would be a question for OSBM disaster recovery. If they will give me their contact information I will that person up with OSBM to maybe can get approval.

Question 5

You mentioned earlier about how NCORR can help streamline the process for CDBG-DR. In Edgecombe County, we've been having some issues with the overall process for CDBG-DR. Looking at the applicant intake, how many are serviced through the contractor, and have you been looking at how to possibly improve that?

Laura Hogshead: Yes, very closely. We are looking to make sure we have the right contractors in place, are they doing the work we need them to do, and are they performing the way we want them to perform? How do we need to revise that contract, if necessary? Some of that is a larger contract issue, so NCORR is in the process of writing all new contracts, because currently NCORR doesn't hold any of these contracts and it needs to. As we put out new contracts, we are learning from the previous two years and what improvements we can make based on what other states have done. We are looking at building this into the new contracts we need. Another reason we need new contracts is that the contracts that were written were written only for Matthew. We need to make sure that the contractors who were awarded are doing the work we need them to do. We are in the process of amending the current contract for Matthew, so this would be effective for Matthew-affected counties, too. There is an amendment going on for the Matthew contract, there will be a new contract for Florence.

Question 6

We have had a terrible time getting reimbursements from FEMA, one issue is they want us to submit force account labor and contract labor at the same time. We have about \$17 million in debris removal on contract and we could really use the money to get it back in cash flow and get ready for the next hurricane season.

Director Sprayberry: My understanding is once you get reimbursed, if you still have issues please contact our PA team.

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Question 7

Is it possible to have "ready-made" temporary housing sites? Any thought of pre-planning these sites in advance of future storms?

Director Sprayberry: We will be glad to work with you to try and figure something out and make recommendations.

Norma Houston: The UNC School of Government (SOG) can work with NCEM, NCORR, and the Dept. of Insurance to put together guidance on issues such as temporary zoning amendments and state building code compliance to proactively address and pre-plan for these issues.

Question 8

Question from the audience about citizens living in temporary housing and providing an extension for people living in temporary housing.

Director Sprayberry: Sometimes we can get extensions, let us know as much in advance of the deadline. Please let us know what your problem is and we'll work to address.

Question 9

What guidance can you offer to help us in Pender County as we work to find a mitigation project for our water and sewer? How do we as a county work to set priorities to make sure our unique needs can be prioritized, met?

Director Sprayberry: This is a complicated issue, I think what you're going to have to do is bring in all the partners and discuss. We have to be thoughtful in our approach (balancing development with being thoughtful). This is what we're trying to do with our state recovery housing taskforce. We brought in all the housing partners to see what everyone can bring to the table and craft a comprehensive solution, knowing the capacity of all the agencies and non-governmental organizations helps as we know what people can bring to the table. You know you want to make your infrastructure resilient and that any new infrastructure that is built is addressed, and that the hospitals have generators. Be thinking about those public safety functions, we are all responsible to ensure that the decisions we make adhere to those principles. Hard decisions need to be made, frank discussions need to happen. We have a monumental task, but I think we're up to it. We have never received this amount of money before, we're hopeful we can make some differences with it. Our state has a pretty good budget to pay the non-federal share.

Question 10

Question from audience addressing the issue of citizens having to deal with the myriad of issues with insurance, shortage of contractors, etc. How can these issues be expedited?

Director Sprayberry: We work with Department of Insurance and know this is a problem.

Question 11

When there was a shutdown, how did that affect operations?

Director Sprayberry: Generally speaking for FEMA, the people working in the state are deemed essential. We continued paying out on Project Worksheets (PWs). The gaps that stopped are the policy writing when the government shut down, we're still waiting on some action to be taken for Florence funding and approval of the next set of funds. I would call that a fairly substantial effect. If that's not moving along, this just keeps pushing it farther and farther out. We don't want another shutdown. As far

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as the recovery for Matthew and Florence, all of that is still going on. What I would ask county commissioners and others to ask for when they speak with their congressional and state delegations, is that we have found it incredibly helpful to have *state funding that is flexible for disasters*. We know there is going to be a DRA in the next year that will cover needs in housing, SARF (bridges the gap between FEMA funding and buyouts), flood insurance payments. This helps when we have local issues arise and if they can't be met with federal programs, we might be able to at the state level.

Laura Hogshead: Increased speed from HUD would be helpful, we have some well-positioned partners to ask for this. The Governor has asked repeatedly for HUD to implement a rule that Congress passed last year that SBA calculations to not count as a DOB. Congress has already passed the law for this and HUD has not implemented. More generally, we also need to be more flexible with categorizing households (we need to talk about and include rentals). When most things get written in the middle of the night, it's often written as "homeowners" and this is restrictive.

Question 11

Question from audience about renters who have been displaced and when rental property is repaired they may be priced out of their rental home.

Laura Hogshead: We have a small rental repair program that is getting started that has 270 landlords in it (they could have 1 unit, they could have 10 units). When we repair those structures, they have to be rented at 80% of the Area Median Income (AMI), but that may be higher than where they were before. The rule from HUD is that when you're repairing the structure, it has to be rented out to someone who is under 80% AMI, and this may price someone out who was living there before when it wasn't such a great place, so that's the HUD standard that may make it rent for more. So some of the programs we're looking into with the Housing Finance Agency (HFA) and Development Finance Initiative at the UNC School of Government (DFI) is pegging rent lower, so that any new development we do will be pegged at 60%, but still we know there are large portions of the population that are not being addressed. The NC DHHS program, Back@Home, helps folks more in the 0 – 30% AMI range. We need to keep an eye on what the affordable standard may be and push our programs in that direction and as we repair properties, we need to ensure they are kept at an affordable standard.

Question 12

Question from audience about concerns with *staff capacity* in smaller units of government and being able to undertake the complexity of recovery for their communities. To what extent can NCDPS help smaller units of government?

Director Sprayberry: With contractors and all the different disasters that have happened, it's really hard to find good, qualified contractors. Even procuring them can be a challenge. The General Assembly recognizes that there is low capacity in many of our communities. We are going to ask for more funding to support this need. What if we had a state-funded disaster preparedness center in regions so people could go and get trained, and pick up information, not only during recovery times, but all the time? We have to figure out changes in policies and get the right resources in place. This may be something we need as we prepare for more severe, frequent weather events.

Laura Hogshead: One significant change from Matthew to Florence is that CDBG-DR will be run at the state level. NCORR will be soliciting everything that you need and talking constantly with communities in need, we'll take on the burden of the HUD-compliance, contracting part. Communities, you tell us what you need. Asking everyone to reinvent this wheel 50 times over is maddening. And not everybody is

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going to get it right. That's why we have asked Norma Houston to be on loan to us for the next year to help us think through some of these things so that we are ready for the next one. And that we are running this more with putting the burden on the State. Our goal is to get everything in order and as clear as can be, and you can focus on the housing projects and infrastructure that you need. That's our purpose for having one centralized place to run the program, instead of putting out large sums of money to counties and telling them "good luck".

Closing Comment

Thank you to Ms. Hogshead and Director Sprayberry, and say thank you to Rob Shepard and Lacy Pate. It was Lacy and Rob and the League's team that helped get all of this together. Cities and counties do work together. We want to let you know that the League and our Associations worked together to provide these opportunities and is one of the best things our Associations can do together is provide these opportunities to create conversation and collaboration for problem solving. We have one of the best partners in the state with Director Sprayberry and I think through this conversation today you can understand some of the complexities that he and his team have to deal with on a daily basis. We'll be making all of this available to you and any contact information for the Director and his team. You can always call us and reach us directly if you have any questions. And thanks to Kate with New Hanover County for all you have done, this wouldn't have been possible without the support of New Hanover County.