

South Carolina Office of Resilience

ARPA Funds ad hoc Committee Appearance
24 August 2021



SCOR ARPA Funds Request

- SCOR requests \$264 million of the ARPA funds to:
 - Offset increased construction costs due to COVID in the Hurricane Florence Recovery (\$14 million)
 - Complete green stormwater infrastructure projects throughout the state (\$200 million)
 - Assist additional Hurricane Florence victims with unmet housing needs through the existing CDBG-DR recovery program (\$50 million); this request is an addition to the 7/23/2021 letter to the Committee

Construction Cost Offset

Funds Requested	\$14 million
Activity	Offset 30% increase in construction costs in the Hurricane Florence Disaster Recovery Housing Program caused by material cost increases due to the COVID-19 pandemic
Justification	SCOR's COVID-19 construction-related cost increase white paper documents overall 30% increase in construction costs
Allowability	86 FR 26794: the eligible use must 'respond to' the identified negative economic impact. Responses must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Where there has been a negative economic impact resulting from the public health emergency, States, local, and Tribal governments have broad latitude to choose whether and how to use the Fiscal Recovery Funds to respond to and address the negative economic impact.

Construction Cost Background

- SCOR initially planned to repair or replace approximately 500 homes impacted by Hurricane Florence using approximately \$52 million in HUD CDBG-DR funds based on an average cost of \$104,000 per home
- Prices for some types of lumber alone have increased approximately 406% since the start of the pandemic
- Overall, prices for materials and labor has increased approximately 25% to 32% across the board
- The \$14 million will allow SCOR to offset this increased cost and reach the initial goal of 500 homes repaired or replaced

Green Infrastructure

Funds Requested	\$200 million
Activity	Complete stormwater infrastructure projects and acquisitions in the floodplain throughout the state to lessen the impacts of future flood events
Justification	Repetitive flooding losses throughout the state and the increased risk to COVID-19 through the loss of safe, sanitary, and secure housing
Allowability	86 FR 2803: Treasury encourages recipients to consider green infrastructure investments and projects to improve resilience to the effects of climate change...Green infrastructure projects that support stormwater system resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces.

Green Infrastructure Background

- SCOR has an existing HUD–funded CDBG–Mitigation program which conducts stormwater infrastructure projects and housing buyouts in flood prone areas for 17 counties throughout South Carolina
- The additional funding will allow SCOR to expand this operation to the remaining 29 counties that are not eligible for the HUD CDBG–Mitigation funding
- The SC Floodwater Commission Report identified 227 projects in 30 counties with an estimated cost of \$302 million; **16 counties submitted no projects for consideration**
- Of the \$302 million of projects, approximately \$124 million are clearly green infrastructure projects; others will need to be further vetted
- Outreach to the remaining 16 counties will result in many additional projects for funding

SCOR's Infrastructure Program

- As of 8/23/2021, SCOR has obligated \$46 million in HUD CDBG-MIT funds for infrastructure, buyout, FEMA match, and plans and studies projects in qualifying counties.

Hurricane Florence Unmet Need

Funds Requested	\$50 million
Activity	Repair homes owned by low-or-moderate income (LMI) individuals impacted by Hurricane Florence
Justification	SCOR serves LMI homeowners in the Hurricane Florence Housing Recovery Program, and the program is severely oversubscribed, potentially leaving many survivors with an unmet housing need
Allowability	86 FR 26794: Assistance to households or populations facing negative economic impacts due to COVID-19 is also an eligible use. This includes: ... home repairs, weatherization, or other needs; In considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household ... [that] is low- or moderate-income experienced negative economic impacts resulting from the pandemic.

Hurricane Florence Unmet Need Background

- SCOR initially planned to repair or replace approximately 500 homes impacted by Hurricane Florence using approximately \$52 million in HUD CDBG-DR funds based on an average cost of \$104,000 per home. The \$14 million requested above allows us to reach 500 units completed
- As of 8/23/2021, SCOR has 1,102 applicants preliminarily eligible for service with approximately 900 additional applicants working through the eligibility screening. We are severely over-subscribed with those who have substantial unmet housing repair or replacement needs
- The additional funds would allow SCOR to serve approximately 950 total applicants which, after accounting for applicant dropouts, would bring SC closer to a full housing recovery from the Hurricane Florence disaster for the Low-or-Moderate Income applicants that applied to the program

SCOR's Disaster Related Housing Recovery Programs⁹

- As of 8/23/2021, between the 2015 Flood, 2016 Hurricane Matthew, and 2018 Hurricane Florence HUD CDBG-DR programs, SCOR has repaired or replaced 2,954 homes