



REHOUSE BAY

Housing Recovery After
Hurricane Michael

Bay County Action Plan Proposal

Community Development Block Grant – Disaster Recovery

DECEMBER 2019

DEVELOPED BY



IN PARTNERSHIP WITH



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EXECUTIVE SUMMARY

A year has passed since Hurricane Michael made landfall in Bay County, changing the course of the community for years to come. The communities of Bay County are forever appreciative of all the federal and state aid provided to support their recovery. To-date, more than \$383 million of combined federal, state, and local assistance has been provided to support and address housing needs in Bay County. While these dollars will go a long way in helping to restore the community, there are additional needs that must be addressed to ensure the long-term sustainability of housing, infrastructure and the local economy throughout the county. To continue a locally-driven, long-term recovery process, **Bay County and its municipalities seek to partner with the State of Florida as a subrecipient for \$540 million of the total \$735 million in Community Development Block Grant – Disaster Recovery (CDBG-DR) allocated to address remaining needs from Hurricane Michael.** The county has carefully examined data throughout the region on population and disaster impacts and believes that the HUD-provided unmet needs assessment data will demonstrate that approximately 74 percent of severe unmet housing needs are concentrated in Bay County and these housing needs represent a majority of all needs considered by HUD.

This document provides guidance on programs that can be created in the State of Florida CDBG-DR Action plan to address the local unmet recovery needs in the most-impacted and distressed county – Bay County. The table below outlines programs that are recommended to address remaining unmet community needs. While most of the funding is proposed to address the housing crisis in this area, the communities recognize that there are other infrastructure and economic needs that if not addressed, will hinder their recovery. The programs identified below are based on needs identified through local long-term recovery plans that involved significant public input. With the support of the State of Florida, Bay County will remain the strong economic engine for the entire region impacted by Hurricane Michael.

Proposed Budget for Bay County CDBG-DR Allocation

PROGRAM/PROJECT	AMOUNT	PERCENT
HOUSING PROGRAMS	\$328,221,989	60.3%
Housing Recovery and Mitigation Program	\$121,380,956	22.3%
New Housing Construction and Infill Development Program	\$49,532,139	9.1%
Rental Repair and Rehabilitation Program	\$59,874,014	11.0%
New Homeownership Incentive Program	\$31,569,935	5.8%
New Homeownership Counseling Program	\$547,839	0.1%
Workforce Rental and Supportive Senior Housing Incentive (FHFC-Managed)	\$65,317,106	12.0%
PUBLIC SERVICE PROGRAMS TO SUPPORT HOUSING	\$1,632,928	0.3%
Title Clearance Program	\$1,632,928	0.3%
CODE ENFORCEMENT TO SUPPORT REVITALIZATION ACTIVITIES	\$9,797,566	1.8%
Code Enforcement Activities	\$9,797,566	1.8%
INFRASTRUCTURE PROGRAMS TO SUPPORT HOUSING AND RESILIENCY	\$76,203,291	14.0%
Infrastructure and Public Facilities Improvements to Support Recovery	\$76,203,291	14.0%
ECONOMIC DEVELOPMENT PROGRAMS	\$48,984,300	9.0%
Commercial Corridor Façade Improvements to Support Long-term Recovery	\$16,328,100	3.0%
Commercial Revitalization and Infrastructure Improvements in LMI Areas	\$32,656,200	6.0%
FEDERAL COST SHARE	\$49,532,139	9.1%
Feder	\$49,532,139	9.1%
PLANNING PROGRAMS	\$13,607,731	2.5%
Recovery Planning Program	\$13,607,731	2.5%
LOCAL ADMINISTRATION COSTS**	\$16,329,277	3.0%
Local Administration Costs – FHFC Managed Program	\$2,177,237	0.4%
Local Administration Costs – Bay County/CPC Managed Programs	\$14,152,040	2.6%
GRAND TOTAL	\$544,390,220	

Grand Total Based on 74% Share of \$735,553,000, any variance due to rounding.

OVERVIEW

A year has passed since Hurricane Michael made landfall as a Category 5 hurricane with winds over 161 miles per hour on Bay County at Mexico Beach. Since October 10, 2018, an historic, unprecedented amount of debris has been cleared, but it will be many years before these communities fully recover from this devastating event. Communities continue to face major challenges with housing affordability and an estimated 5,000 families struggle with storm-induced displacement, with no immediate solution in sight. The following changes in housing cost and availability have been observed over the past year:



Photo Credit: News Herald

- The average listing price of a home has increased by 15 percent and is now over \$400,000 with most homes selling at or near asking price;
- The average sale price of a home has increased by 18 percent and is now nearly \$290,000;
- The inventory of homes available for sale has decreased by 20 percent; and
- Rents have increased by an average of 15 percent throughout Bay County.

With strong leadership at the helm, the City of Panama City and Bay County have outlined solid visions for their future. The county's vision includes all municipalities, including Mexico Beach, Lynn Haven, Parker, Callaway, Springfield and Panama City Beach. In addition, the City of Panama City, as the largest city within the county, developed its own detailed plans for recovery that align with the overall countywide strategy. These plans offer a solid foundation on which to focus funding that is intended to rebuild the lives and homes of residents, improve the infrastructure of the community, and ensure the long-term economic vitality of the entire region. There is a resounding recognition throughout all local recovery plans that the redevelopment of housing is the first and most crucial step in long-term recovery. To that end, local, State, private, and non-profit funds are being coordinated by the community in a unified, strategic effort to address this need. In addition, the communities recognize that there are major infrastructure improvements needed to support the long-term recovery of housing (and the overall recovery as well) and commercial corridor improvements to improve blighted areas that have resulted from this storm.

The communities highly value the federal aid that will be provided through the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program. **To continue a locally-driven, long-term recovery process, Bay County and its municipalities seek to partner with the State of Florida as a subrecipient of these funds. This document is intended to provide**

guidance to State officials to create programs that will address the long-term recovery needs of Bay County and its municipalities and establish the imperative for the U.S. Department of Housing and Urban Development (HUD) to approve these programs. Please refer to the Countywide Strategy for CDBG-DR Allocation, starting on page 8, for specific details. In addition, this document contains a summary of housing assistance provided to show the incredible amount of aid that has been provided to-date and support the need to include programs that address infrastructure and economic development recovery challenges, in addition to housing.

SUMMARY OF UNMET NEEDS

Throughout all impacted communities in Bay County, the lack of housing continues to be the number one challenge affecting individuals, businesses, schools, and the economic recovery of the community. While aid is being provided through FEMA, the State, and non-profit sources, additional funding will be needed to support the long-term redevelopment of housing countywide to provide safe, affordable housing options and reduce and prevent blighted areas. In addition, the City of Panama City's Economic Development Plan noted that the city has a low homeownership level, only 49 percent, compared to 64 percent nationally. Other reports indicate that renters constitute around 70 percent of the population. There is a common goal among city and county leadership to provide opportunities for homeownership through the recovery process.

Key and vital infrastructure systems are also in need of upgrades throughout each community. Many proposed projects include improvements that would harden facilities, increase the capacity of infrastructure, and reduce the community's vulnerability to future wind and flood events. A pre-hurricane plan to upgrade sewer infrastructure in the City of Panama City has now become an urgent need as a recent sewage spill dumped 1,200 gallons of raw sewage into St. Andrews Bay. **The age of the infrastructure, coupled with the devastating blow from Hurricane Michael, has pushed systems within the county beyond their limits, significantly crippling vital facilities and creating a barrier that will limit the redevelopment of residential homes in the community while creating a health and environmental concern for the entire community.**

"Key and vital infrastructure, which includes the City's sewer system, is one of the four lines of effort as we work to rebuild Panama City. During Hurricane Michael, 124 of 127 lift stations were damaged or destroyed and repairing the system is a top priority as well as critical for continued investment in Panama City "

- Mark McQueen,
City Manager

In addition, many businesses throughout the community remain less than 100 percent operation due to infrastructure issues. Strategic investments and policy decisions are needed to drive change in these areas and ensure that important commercial corridors can once again be economic drivers for the community. Full details of key recovery needs throughout Bay County and the City of Panama City can be found in the following documents:

- Bay County Long-term Recovery Plan
- City of Panama City Recovery Action Plan and Redevelopment Annex

- City of Panama City Unmet Needs Assessment and Impact Assessment
- City of Panama City Economic Development Plan
- City of Panama City Strategic Vision for Historic Downtown and its Waterfront

Finally, as a community that has been largely spared by major disasters in recent decades, much of our public and private development occurred before more stringent resilient building codes were enacted through the Florida Building Code. **The incorporation of mitigation into all aspects of our redevelopment – including facilities that were not directly impacted by Hurricane Michael – will be an important part of ensuring the resiliency of Bay County to withstand storm impacts in the future.**

ASSISTANCE PROVIDED TO DATE TO SUPPORT HOUSING RECOVERY

Hurricane Michael created a housing crisis throughout the entire region. Recognizing this great need, a range of federal, state, non-profit, and private resources have been brought to bear to help the community resolve this crisis. In many cases, the implementation of this funding is just now getting underway while repairs and construction, especially in the aftermath of a catastrophic disaster, can take years to come to fruition. **To date, more than \$383 million of combined federal assistance, state assistance, and local assistance has been provided to support and address housing needs in Bay County.** While additional support through CDBG-DR is needed to address housing recovery and redevelopment, communities are working hard to use resources already on the ground to implement solutions that will help alleviate this housing crisis.



Photo Credit: News Herald

Federal Assistance

The federal government provided over **\$290 million** to our communities following Hurricane Michael to support housing recovery. This includes:

- Nearly \$69 million to families in Bay County through housing assistance payments,
- Nearly \$220 million provided through the US Small Business Administration (SBA) in loans to support repairs to owner-occupied and rental properties, and
- Over \$2.5 million was provided to public housing authorities in Bay County to support recovery efforts.

State Assistance

In 2019, the Florida Legislature appropriated additional funding to support long-term housing recovery. The Florida Housing Finance Corporation (FHFC) allocated emergency assistance and

stood up programs to create new housing opportunities. The assistance provided to-date through these efforts is highlighted below.

Hurricane Housing Recovery Program

The Florida Legislature appropriated \$65 million to support housing recovery through the Hurricane Housing Recovery Program (HHRP), **more than \$39 million of which was identified for Bay County and the City of Panama City**. HHRP is built on the framework of the long-standing model of success, the State Housing Initiative Partnership (SHIP) program, which provides funding directly to cities and counties to address affordable housing needs in their communities. The following funding has been appropriated directly to the city and county through the HHRP Program and via emergency support provided through SHIP.

PROGRAM	BAY COUNTY	CITY OF PANAMA CITY
SHIP Annual Allocation	\$286,586	\$74,036
SHIP Emergency Appropriation	\$892,375	\$1,615,000
HHRP Special Michael Appropriation	\$28,228,200	\$8,431,800
SUBTOTAL	\$29,407,161	\$10,120,836
TOTAL SHIP/HHRP FUNDING	\$39,527,997	

Annual and Emergency SHIP funding along with HHRP funding has already been appropriated directly to Bay County and the City of Panama City, and will result in the following long-term outcomes in the near term:

- Assistance to renters to help secure a residence through security and utility deposits,
- The repair, rehabilitation, or replacement of damaged housing stock for very low- to moderate-income families,
- Financial counseling and purchase assistance to encourage homeownership throughout the community,
- The rehabilitation of existing affordable rental properties, and
- Infill development of new homes on city-owned properties.

Rental Recovery Loan Program

The Florida Legislature appropriated **\$50 million** to support the development of affordable housing in Hurricane Michael-impacted areas through the Rental Recovery Loan Program (RRLP). RRLP mirrors the State Apartment Incentive Loan (SAIL) program – a tool used to provide gap financing for private and not-for-profit developers who construct affordable housing. Five projects were submitted from Bay County prior to the deadline, totaling 604 proposed new units. A minimum of two developments will likely be funded for Bay County through this program. However, since developments were not submitted for several eligible counties, the number of developments funded from Bay County could possibly increase.

HOME Investment Partnership – Hurricane Michael Opportunity

The FHFC issued a special request for proposals to provide incentives for the construction of new affordable housing in Hurricane Michael-impacted areas. This will result in three projects, totaling 135 new units in Bay County.

DEVELOPMENT	NUMBER OF UNITS	TOTAL FUNDING
Tupelo Park Apartments	47	\$4,300,000
Hilltop Pointe	50	\$4,925,000
Matthew Commons	38	\$4,600,000
TOTAL SHIP/HHRP FUNDING	135	\$13,825,000

Hurricane Michael Home Ownership Loan Program

FHFC created a \$5 million program for Hurricane Michael-impacted areas that offers favorable 30-year fixed rate mortgages, along with up to \$15,000 in down-payment and closing cost assistance to qualified homebuyers. This successful program expended all funds resulting in over **\$3.3 million of investment in Bay County** to help place individuals and families in new homes.

Hurricane Michael Homeownership Pool Program

FHFC created a **\$1 million** pool of funds to incentivize the creation of new single-family housing. Homebuilders can use up to \$35,000 in down payment and closing cost assistance to assist qualified homebuyers in purchasing new homes. This funding is currently available for use in Bay County.

Local Assistance

In addition to state and federal resources brought to bear to help rebuild housing countywide, local governments and non-profit organizations are also bringing resources to the table to address the housing crisis. For example, the City of Panama City is using Community Redevelopment Agency (CRA) funds to make repairs to homes. In addition, Rebuild Bay County, a local long-term recovery organization is working with over 70 non-profit and faith-based organizations to help residents who don't have adequate resources to rebuild and restore their lives in the aftermath of Hurricane Michael.

COUNTYWIDE STRATEGY FOR CDBG-DR ALLOCATION

Bay County and its municipalities are actively preparing for the federal aid that will be provided through the CDBG-DR Program. As communities with solid recovery plans and visions for their future in place, the county and cities would like to partner with the State of Florida as a direct subrecipient of these funds to continue a locally-driven, long-term recovery process. This section is intended to clearly define programs that all communities in Bay County believe should be included in CDBG-DR action to support local recovery.

Method of Distribution

The communities of Bay County understand that the wrath of Hurricane Michael extends beyond county borders and that neighboring communities to the north and east of Bay County are suffering as well. Federal aid provided to support the recovery of the State of Florida should be equitably distributed to all communities, based on population and impacts to the community. For this reason, we suggest that the State of Florida follow in the path of other organizations when distributing dollars to impacted communities, such as the Florida Housing Finance Corporation and HUD. According to data used by HUD to calculate remaining recovery needs, Bay County understands that approximately 74 percent of the severe unmet housing need inclusive of both renter and owner-occupied housing is concentrated in the county. Given the vast destruction to businesses, public facilities and infrastructure, it is anticipated that data will demonstrate that unmet economic and infrastructure needs will be comparable, if not greater by proportion. Therefore, 74 percent (\$540 million) of the CDBG-DR appropriated funds is requested to support Bay County as the most-impacted and distressed community in Florida as a result of Hurricane Michael.

Proposed Programs

Bay County and its municipalities plan to implement ten programs with CDBG-DR funding to address recovery needs following Hurricane Michael. Recognizing that housing remains the biggest challenge, over 65 percent of the funding proposed will directly support housing construction, assistance to homeowners, or policy development to streamline development of new housing. In addition, the communities would like to make strategic investments in infrastructure and commercial revitalization to help support the recovery of affordable housing while also reducing and preventing blight throughout commercial corridors and neighborhoods. These proposed strategies directly tie back to needs expressed in the community's long-term visioning efforts. Bay County and its municipalities will monitor program expenditures and recommend shifts needed to the Action Plan to address newly identified issues or budget changes needed to ensure that critical needs are addressed.

An overall budget as well as a brief summary of each program with demonstrated tie-back to impacts and recovery needs as expressed in local plans is detailed below.

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HOUSING PROGRAMS	\$328,221,989	60.3%
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New Homeownership Counseling Program	\$547,839	0.1%
Workforce Rental and Supportive Senior Housing Incentive (FHFC-Managed)	\$65,317,106	12.0%
PUBLIC SERVICE PROGRAMS TO SUPPORT HOUSING	\$1,632,928	0.3%
Title Clearance Program	\$1,632,928	0.3%
CODE ENFORCEMENT TO SUPPORT REVITALIZATION ACTIVITIES	\$9,797,566	1.8%
Code Enforcement Activities	\$9,797,566	1.8%
INFRASTRUCTURE PROGRAMS TO SUPPORT HOUSING AND RESILIENCY	\$76,203,291	14.0%
Infrastructure and Public Facilities Improvements to Support Recovery and Mitigation	\$76,203,291	14.0%
ECONOMIC DEVELOPMENT PROGRAMS	\$48,984,300	9.0%
Commercial Corridor Façade Improvements to Support Long-term Recovery	\$16,328,100	3.0%
Commercial Revitalization and Infrastructure Improvements in LMI Areas	\$32,656,200	6.0%
FEDERAL COST SHARE	\$49,532,139	9.1%
Federal Cost Share for FEMA Funded Projects	\$49,532,139	9.1%
PLANNING PROGRAMS	\$13,607,731	2.5%
Recovery Planning Program	\$13,607,731	2.5%
LOCAL ADMINISTRATION COSTS**	\$16,329,277	3.0%
Local Administration Costs – FHFC Managed Program	\$2,177,237	0.4%
Local Administration Costs – Bay County/CPC Managed Programs	\$14,152,040	2.6%
GRAND TOTAL	\$544,390,220	

** No more than 5% of the total CDBG-DR allocation can be spent on administrative support. Understanding that the State will need funding to monitor these programs, we are requesting 3% in administrative costs as a direct subrecipient responsible for the management of these funds.

Grand Total Based on 74% Share of \$735,553,000, any variance due to rounding.

Housing Recovery and Mitigation Program (\$121,380,956)

The Bay County Housing Recovery and Improvements Program will make repairs to homes damaged by Hurricane Michael including the remediation of environmental concerns such as asbestos or lead paint. This program will provide funding by way of a deferred loan to eligible homeowners whose homes were damaged by Hurricane Michael but do not have insurance or insurance may not cover the cost of full repair. If homes are damaged in excess of 50 percent, they will be brought up to new code, inclusive of mitigation practices to help the structure withstand the impacts from winds and flooding. Deferred loans will be implemented as second mortgages to be forgiven over a five-year period. If the home is sold prior to the end of the terms of the agreement, a pro-rated amount of the proceeds to cover the proportion of the funding received, will go back to the county or city. Reimbursement of costs to complete repairs to make the home habitable following Hurricane Michael will also be eligible with proper documentation and proof of no other compensation for cost. Given the impact to special needs and senior housing as well as military housing, priority will be given to special needs or elderly households (65 years or older) and active-duty military personnel.

New Housing Construction and Infill Development Program (\$49,532,139)

The New Housing Construction and Infill Development program will demolish significantly damaged homes that are acquired through code enforcement or purchased with CDBG-DR funding. The local governments will low-interest loans, coupled with existing local government-owned property through a Request for Proposals process to developers to incentivize the development of new infill housing throughout the community. The loan will be structured as revolving to extend this opportunity into the future as more homes are acquired through abandonment to revitalize neighborhoods and reduce slum and blight that is created by derelict properties.

Rental Repair and Rehabilitation Program (\$59,874,014)

The Bay County Rental Rehabilitation Program will repair and rehabilitate existing rental units that were damaged by Hurricane Michael. Property owners can apply to receive a deferred loan to supplement additional funding needed above insurance proceeds provided to repair existing units. This assistance will be available to pre-storm and post-storm property owners, incentivizing the sale and purchase of damaged properties for restoration. In exchange for the reimbursement of repair and rehabilitation work on the units, property owners must agree to set affordable rental rates targeting 80% of the Area Median Income (AMI) or below for five years. An annual report will be submitted to the city/county each year to show that rental incomes earned on the homes did not exceed the allowable rate.

New Homeownership Incentive Program (\$31,569,935)

Hurricane Michael depleted both owner-occupied and rental housing stock in Bay County, which caused rents to increase exponentially after the storm. In addition, the pre-storm homeownership rate in the City of Panama City was significantly lower than the national average. Communities within Bay County will encourage those who currently rent in the community to invest in homeownership, where possible. The Bay County New Homeownership Incentive Program will provide low- and moderate-income (LMI) households the opportunity to purchase homes by providing financial incentives to do so. This will also create a new market of first-time homebuyers in the community who will have resources available to purchase a restored or rebuilt home as

well as new homes that are constructed in the community. Given the significant impact to military housing near Tyndall Air Force Base and Naval Support Activity – Panama City, priority will be given to active-duty military personnel who meet other program requirements.

New Homeownership Counseling Program (\$547,839)

In conjunction with the New Homeownership Incentive Program, Bay County will create a homeownership financial counseling program for individuals who are interested in becoming first-time homeowners. This program will be offered through a HUD-approved housing counseling agency. While the program will be required for homeowners who receive purchase assistance, it will also be available to those who may not qualify for purchase assistance but are interested in working on the long-term goal of becoming a homeowner.

Workforce Rental and Supportive Senior Housing Incentive (\$65,317,106)

Bay County recommends a partnership between the Florida Department of Economic Opportunity and the Florida Housing Finance Corporation to create gap financing opportunities to help fund the development of new rental properties within the community. As a community that does not have a housing finance organization, there is no local organization equipped to manage this much needed new development in our area. We suggest a specific set-aside of CDBG-DR funding go directly to the Florida Housing Finance Corporation for the construction of a mix of small and large multi-family rental housing within Bay County. In addition, we strongly recommend at least one large multi-family rental housing opportunity to be dedicated to supportive, senior housing.

Title Clearance Program (\$1,632,928)

Bay County is a community with deep roots where homes often pass through generations without the legal documentation to support the transfer. This has created issues where many households, who may have been eligible for FEMA or other recovery assistance, did not receive this assistance due to lack of a clear title. The Bay County Title Clearance Program will provide applicants who are otherwise eligible for housing rehabilitation or reconstruction through the state or federally funded repair and reconstruction programs with limited legal services assistance for remedial and curative title/ownership actions. Limited legal services to resolve title issues will be performed under the direction or supervision of one or more attorneys licensed to practice in the State of Florida, at rates that are subject to county approval.

Code Enforcement Activities to Support Revitalization Activities (\$9,797,566)

Due to the unprecedented damage to private structures throughout Bay County, the local governments anticipate requiring additional funding to ramp up code enforcement activities. This program will include both inspection and enforcement actions taken to reduce slum in blight in neighborhoods and commercial corridors. This program will be coupled with the New Housing Construction and Infill Development Program to ensure that derelict structures are removed and new development is incentivized.

Infrastructure and Public Facilities Improvements to Support Recovery and Mitigation (\$76,203,291)

The Bay County Infrastructure and Public Facilities Improvements program will make strategic improvements to long-term infrastructure that will repair damage, provide for mitigation and

resilience, and expand capacity to support increased density within the community. As a direct benefit from increasing the capacity of local infrastructure, multi-family affordable rental housing can be developed along with market rate housing to support the growing needs of the county. In addition, this infrastructure will allow for economic growth needed to revitalize the community. Bay County and its municipalities are currently working through the FEMA Public Assistance (PA) Program reimbursement process. Understanding that private insurance and the FEMA PA program are the first and best sources for recovery assistance, the communities will exhaust these sources. It is anticipated that the CDBG-DR funding could be used as match FEMA PA projects as well as FEMA Hazard Mitigation Grant Program (HMGP) Projects to ensure the maximization of these resources. The county will form an inter-jurisdictional committee (like the Local Mitigation Strategy committee) that will rank and score projects based on criteria developed by the committee. The committee will prioritize projects that would be located within an LMI area, that are needed to facilitate the development of new housing for low- and moderate-income populations or address an urgent need in the community. See **Attachment 1**, a map of LMI areas throughout Bay County.

Commercial Corridor Façade Improvements to Support Long-Term Recovery (\$16,328,100)

This program is designed to bring commercial businesses that lack other resources up to aesthetic code, through façade improvements. Many of the commercial corridors throughout Bay County suffered extensive damage to business facades that exacerbated currently blighted areas and created new blighted areas throughout the community. Some of these areas are being repaired through business insurance and private investments, while other areas whose business owners may not have the resources to do so may be left in disrepair. If left unattended, these areas will likely fall further in decline, decreasing property values and making it unattractive for new businesses to locate in these areas.

Commercial Revitalization and Infrastructure Improvements in Low- to Moderate-Income Areas (\$32,656,200)

This program will revitalize commercial areas to improve streetscapes and walkability, enhance safety and security, ensure better connectivity and attract investment into hurricane impacted low- to moderate-income areas within Bay County. Through this program, the communities will target blighted areas with substandard or inadequate structures, higher crime rates than surrounding areas, inadequate infrastructure, insufficient roadways and other issues a community would like to address, including improvements to historic districts. Through proven CDBG revitalization and infrastructure activities, this program will focus on enhancements specifically in areas that need it the most.

Federal Cost Share for FEMA-funded Projects (\$49,532,139)

The cost of recovery can be overwhelming for an area, like Bay County that does not receive specific match considerations due to economic distress factors and also does not have a significant tax base to address local cost-share requirements after a historic storm such as Hurricane Michael. This program will create a specific set-aside of funding to cover local cost-share requirements of federal programs like the FEMA Public Assistance (PA) Program. Funding will be distributed throughout all local governments in Bay County based on a formula that calculates their proportionate share of cumulative PA reimbursements that resulted from Hurricane Michael.

Recovery Planning Program (\$13,607,731)

Following a catastrophic event like Category 5 Hurricane Michael, communities must engage in transparent, publicly driven long-term recovery efforts to ensure a holistic approach for moving forward with redevelopment. Bay County and the City of Panama City have already initiated these efforts which brought to light many policy and development processes that must be re-examined and streamlined in order to implement the communities' vision. This is particularly true for ensuring the long-term affordability of housing stock and the restoration of blighted commercial corridors and other areas that must be revitalized to ensure a positive recovery. The Bay County recovery planning program will provide funding to the county and all cities for recovery plans as well as updates to local plans and codes that will guide long-term redevelopment and resiliency. This includes:

- Costs associated with creating plans, including data gathering, studies, analysis and preparation,
- Local comprehensive plan updates,
- Land development codes and ordinance updates,
- Neighborhood and commercial revitalization plans.

Supporting Recovery Plan References

The programs described above directly tieback to needs and actions identified in the County and City's visions for long-term recovery. Below is a summary of the how these programs support recovery plans.

Bay Countywide Long-Term Recovery Plan

The Bay County Long-term Recovery Plan recognizes housing as the number one challenge facing the community, with a high concentration of renters in the City of Panama City. Specifically, the plan calls for the need to increase moderate-income housing, including military housing close near Tyndall Air Force Base and Naval Support Activity – Panama City. The plan also includes actions related to proving supportive housing for those with special needs, including seniors. The Bay County plan recognizes the strong need to reduce blight and includes many projects aimed at increasing the capacity and resiliency of infrastructure communitywide.

City of Panama City Recovery Action Plan

The City of Panama City recognizes the need to create affordable, inclusive and mixed-income housing through a variety of means. Specifically called out is the need to modernize public housing, ensure broad dissemination of information on housing resources available and create affordable, inclusive and mixed income housing through code revisions, incentives and development requirements. The City plan also calls for eleven actions aimed at restoring, modernizing and making the city's infrastructure more resilient while reducing blight, increasing property values and attracting new investment to the community in a broad effort to generate sustainable revenue.

City of Panama City Economic Development Plan

Panama City has created a new economic development plan in response to Hurricane Michael recognizing the need to rethink its approach in the post-disaster environment. This plan pays special attention to the need to support housing and specifically notes the high number of renters in Panama City. To that end, the plan calls for specific actions aimed at improving housing in existing neighborhoods while reducing and preventing blight in the future. The plan also includes

strategies for improving infrastructure as well as specific ways to incentivize catalytic development for economic recovery.

Strategic Vision for Panama City's Historic Downtown and its Waterfront

Panama City recognizes its 110-year-old historic downtown area and nearby waterfront access as an asset that could become a catalyst for the local economy as well as a prime location for infill residential development. In the aftermath of the hurricane, the City embarked on a detailed planning effort to develop a strategy for downtown. The strategy recognizes the need to remove barriers to investment and incentivize development through the revision of city codes and development approval processes. In addition, it specifically includes a strategy to address multi-generational title issues that are standing in the way of recovery assistance for some homeowners. It calls for the provision of workforce and affordable housing which will help the area to attract more residents, visitors and businesses. Further, it recognizes infrastructure upgrades that incorporate resiliency as a priority improvement. While this plan focuses on the downtown area, city leaders understand that it has benefits across the entire community.

COUNTYWIDE CAPACITY TO SUPPORT CDBG-DR IMPLEMENTATION

Bay County and the City of Panama City have a team with the internal knowledge and capacity to support CDBG-DR implementation. Together, the local governments with support from this team, stand ready to manage these important recovery dollars for all jurisdictions in the county. In addition to the local visions that have been prepared to guide recovery, the communities recognize that their long-standing organizational structure has prepared them to successfully manage this funding.

- **The communities are recognized as HUD entitlement communities.** This means that local governments traditionally receive CDBG funding directly from HUD and have a great foundation in the management of these funds.
- **All communities within Bay County share a common housing administrator who oversees housing recovery throughout the entire county.** Sharing a common administrator ensures one grantee for the state and avoids potential challenges that can result when grants funding is passed through to smaller jurisdictions who may not have the organic capacity to manage CDBG-DR funding.
- **The communities have ramped up their team with contracted support that specializes in the management of CDBG-DR Funds.** Recognizing the differences that exist between traditional CDBG and CDBG-DR, Bay County and the City of Panama City have contracted with a disaster consulting firm to help guide their long-term housing recovery efforts. This team includes former HUD and DEO officials who are experts in CDBG-DR and familiar with the requirements needed to ensure that funding is managed appropriately.

- **The communities have developed a centralized Housing Project Management Office.** The PMO will directly support the Housing Administrator in the management of all housing funds and programs through disaster recovery project and policy guidance, coordination with other local, state and federal recovery partners and staff augmentation to support application intake, program and grant management.
- **The communities have developed a grant management system to track all housing recovery spending.** This system will track the status of applications, workflows for the rehabilitation and development of new housing as well as other programs designed with State Hurricane Housing Recovery Program funding. It will also be used to communicate the status of funding to the public and community leadership to ensure transparency through implementation. The system of record was designed with CDBG-DR requirements in mind and will be able to support housing, infrastructure and economic development programs proposed for this funding.
- **The communities are working together on public outreach and communications.** Recognizing the need to clearly communicate assistance that is available, the communities are developing a multi-pronged strategy for engaging with potential applicants and stakeholders. This includes a website with clear information on assistance available, an online application, convenient locations for in-person application intake, resource fairs and other pop-up community intake locations, and direct outreach to survivors who were impacted in Hurricane Michael. The communities are also closely coordinating with stakeholders such as the Long-term Recovery Organization, Rebuild Bay, local lenders, builders and realtors who will be instrumental in the success of these programs.
- **The communities are designing programs with State funding that can be expanded with CDBG-DR funding.** Recognizing the long timeline for availability of CDBG-DR funding, the communities have designed high-impact programs with State Hurricane Housing Recovery dollars that are on the ground and currently being implemented. By augmenting these programs with CDBG-DR funding (and expanding process to address CDBG-DR requirements), these efforts can be continued without an appearance of delay in federal funding, which is significantly frustrating for survivors.
- **The communities are in the best position to ensure that no duplication of benefits occurs.** Bay County and its municipalities are currently implementing housing programs that are strategically aligned with CDBG-DR efforts. Through their grant management system, these communities will have the tools to not only track all spending, but also provide proof that no duplication of benefits has occurred. By building in important datasets that show benefits provided through FEMA Individual Assistance, the National Flood Insurance Program and the Small Business Administration, program staff will have the tools to check for other benefits received and provide solid documentation of no duplication.

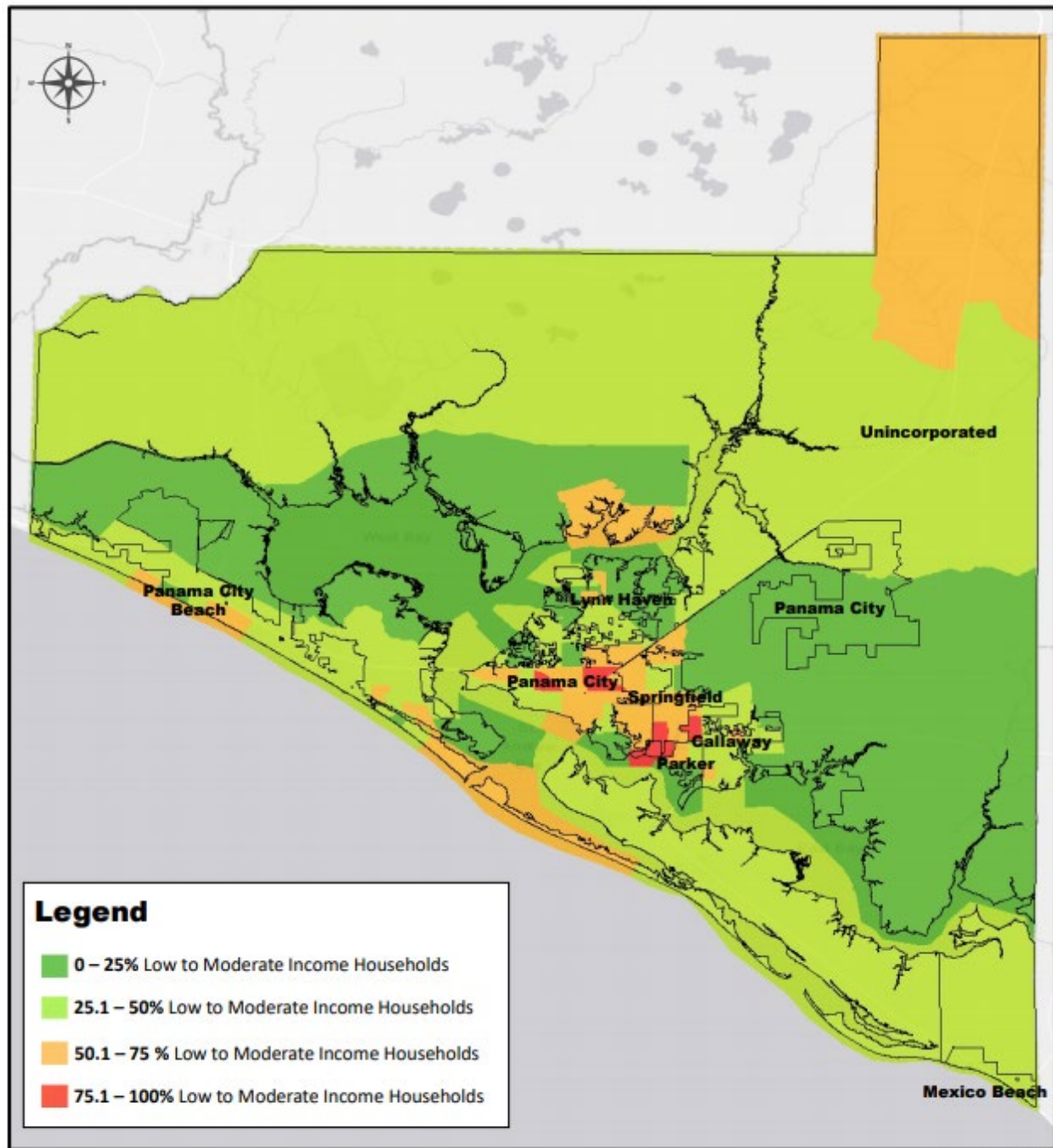
- **There is local motivation to expedite recovery in Bay County.** With nearly 75 percent of unmet need concentrated within Bay County, there is a significant desire by local officials to ensure that programs are implemented quickly throughout the county. The communities understand and respect that many other areas across the state are still recovering from storms impacts from Hurricanes Matthew, Hermine and Irma and that the State of Florida must assist with the recovery of all statewide needs. In addition, the State is implementing a new CDBG program to address mitigation needs. Bay County and its municipalities would like to partner with the State to alleviate some of this burden and assist with implementation in their own community.

NEXT STEPS

Bay County and all its municipalities look forward to working with the State of Florida to implement a successful CDBG-DR Program. To solidify this partnership, we propose a weekly coordination call between state and community leadership to coordinate the development of the CDBG-DR Action Plan. We know that, by working together, we can ensure a locally-driven recovery process that helps bring to fruition the community's vision for recovery.

ATTACHMENT 1: Bay County Low- and Moderate-Income Areas

The term Low- and Moderate-Income (LMI) has a specific context within the CDBG Program. Past Federal Registers have required that not less than 70 percent of CDBG-DR funding be used for activities that LMI persons, making up to 80% of the Area Median Income. The map below shows concentrations of LMI households as well as LMI areas where greater than 50 percent of the population meets the LMI Criteria.



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