



North Carolina Department of Public Safety
Office of Recovery and Resiliency

Roy Cooper, Governor
Eddie M. Buffaloe Jr., Secretary

Laura H. Hogshead, Director

MEMORANDUM

TO: Director of the Budget
House Appropriations Committee
Senate Appropriations Committee
Fiscal Research Division

FROM: Eddie M. Buffaloe Jr., Secretary *EMB*
Laura H. Hogshead, Director *LHH*

RE: Annual Report on Use of Disaster Recovery and Assistance Funds

DATE: April 28, 2022

Pursuant to Session Law 2018-136, Section 5.8, the Office of Recovery and Resiliency (Office) shall provide separate quarterly reports to the Director of the Budget, the standing Appropriations Committees of the Senate and the House of Representatives, and the Fiscal Research Division on the use of disaster recovery and assistance funds expended from the Hurricane Florence Recovery Fund, the State Emergency Response and Disaster Relief Fund for Hurricane Matthew, funds appropriated for disaster relief for Hurricane Dorian, and Community Development Block Grant-Disaster Recovery funds. **The Office shall provide annual reports that compile the information contained in the quarterly reports.**

The attached annual report provides a summary of key state-funded recovery activities across state agencies from January through December 2021.

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Annual Report: State Funding Summary for North Carolina's Hurricane Recovery

January – December 2021

Submitted by: North Carolina Office of Recovery and Resiliency



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Executive Summary

This annual report is required to be submitted to the Legislature per SL 2018-136, Section 5.8.(b). This legislation created the North Carolina Office of Recovery and Resiliency (NCORR) and charged the Office with providing quarterly and annual reports on the State's recovery progress. This annual report provides a summary of key state-funded recovery activities across state agencies from January through December 2021. The report is organized into three sections, which include:

1. **Executive Summary.** A brief summary of current recovery hurricane recovery activities led by the NC Division of Emergency Management (NCEM) and the NC Office of Recovery and Resiliency (NCORR).
2. **Summary of State Funding for Disaster Relief.** Highlights of recovery activities across state agencies and departments.
3. **Appendix.** A summary expenditure report (Excel spreadsheet) summarizing the year's expenditures for each state-appropriated program, by agency.

Current Federal Disaster Declarations in North Carolina

At the end of 2021, North Carolina had seven active federal weather-related disaster declarations (this report does not cover the COVID-19 Pandemic) for FEMA Public Assistance (PA), including Matthew, Florence, Michael, Dorian, February Severe Storms, Isaias and Tropical Storm Fred (August 2021). While FEMA Individual Assistance has only been approved for the state's farthest-reaching storms, Matthew and Florence, the State has supported individuals and communities through its State Individual Assistance program, providing loans and helping to connect survivors to resources to assist with unmet needs.

For **Florence** recovery, NCEM moved the last 12 households out of the Direct Housing Program by collaborating on repair needs with the Office of State Budget and Management's Disaster Recovery Section to relocate the 12 families to permanent housing by February 2021. In total, 139,814 North Carolinians received Individual Assistance, with over \$157,586,547 in funds disbursed for housing and other needs assistance. Public Assistance has worked with local partners to develop 2,925 projects totaling \$1.1 billion. The Hazard Mitigation Grant Program (HMGP) is in the process of approving 970 projects in 57 counties and was approved for an "expedited" Hazard Mitigation Program for Florence which includes acquiring 172 properties. As of December 31, for **Matthew**, the HMGP program has reimbursed \$29 million to local governments and the CDBG-DR program has disbursed \$136 million. These programs, in addition to those lead by the state partners contributing to this report are helping to support the unmet

needs of North Carolinians and local communities across the state.

Figure 1. Hurricane Matthew Declared Counties (October 2016)

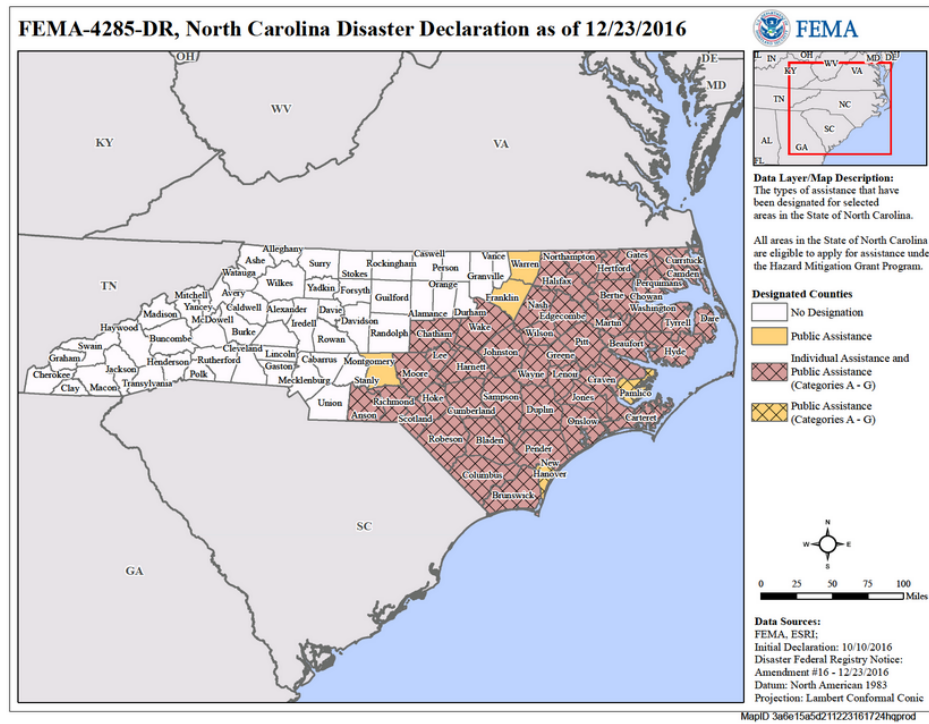


Figure 2. Hurricane Florence Declared Counties (September 2018)

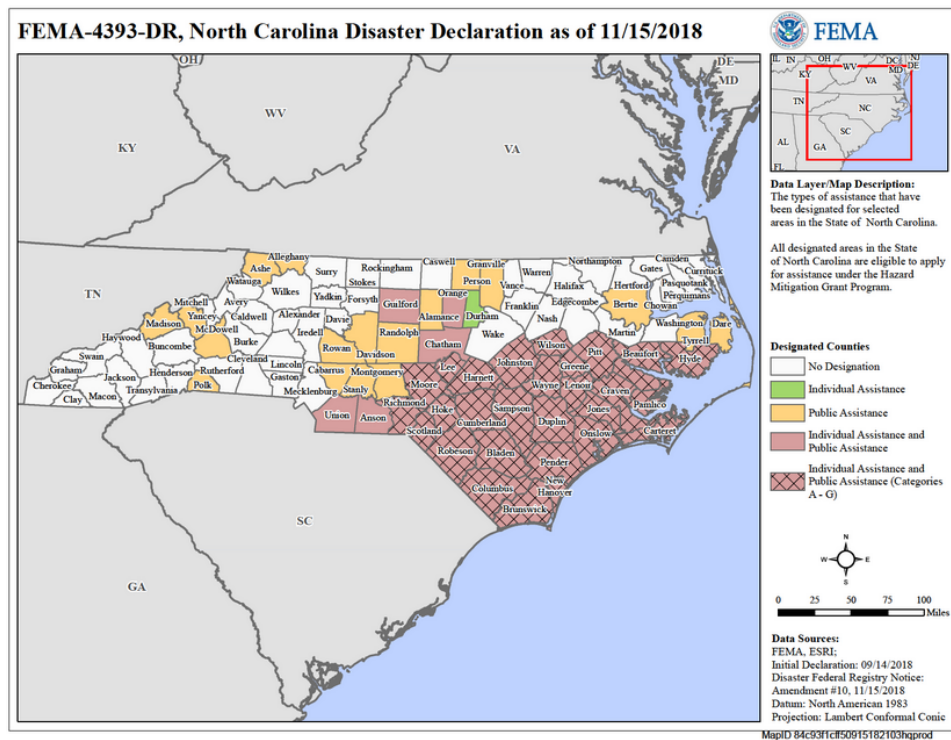


Figure 3. Tropical Storm Michael Declared Counties (September 2018)

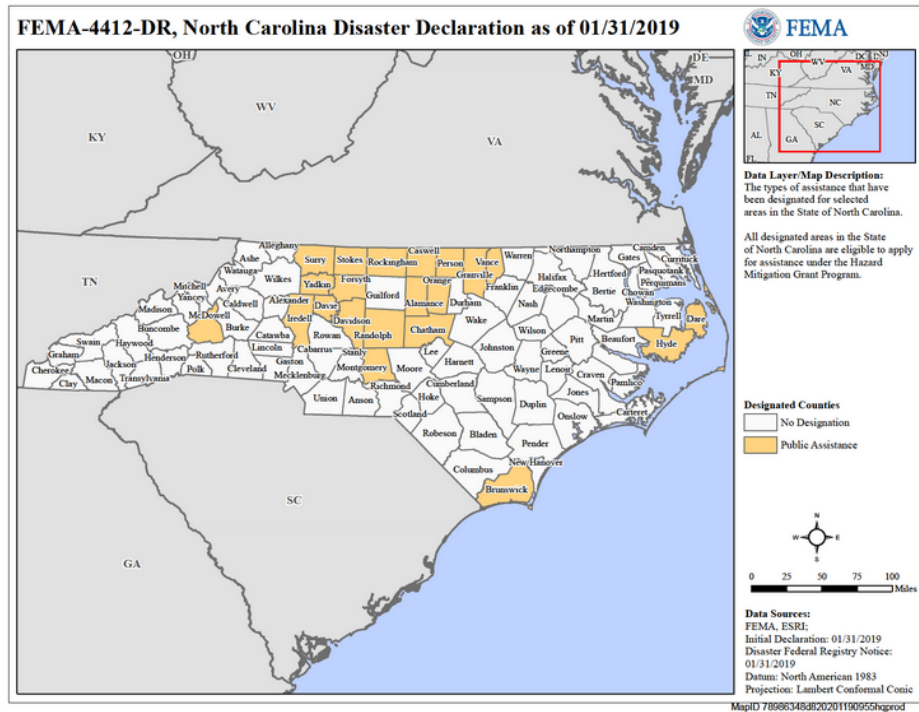
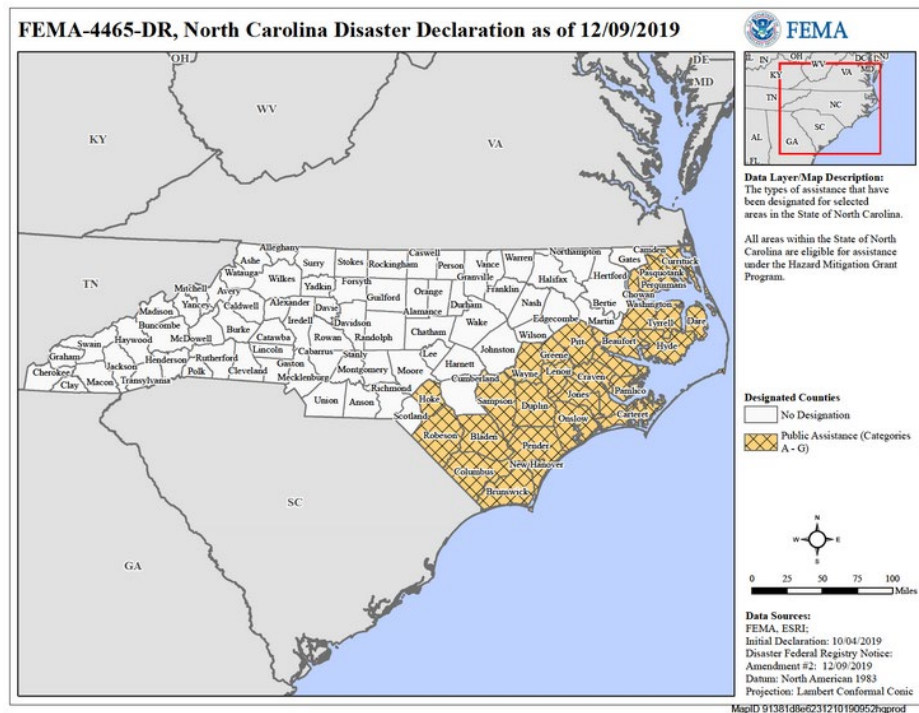


Figure 4. Hurricane Dorian Declared Counties (September 2019)



State and Federal Funding Summary Tables

Tables below represent expenses and obligations of state appropriations from SL 2016-124, SL 2017-119, SL 2018-5, SL 2018-134, SL 2018-136, SL 2018-138, SL 2019-224 and SL 2019-250.

Amounts reported are as of December 31, 2021.

Table 1. Total state fund expenditures in 2021, by agency.

Agency	Balance as of Jan 1, 2021	Jan 1-December 31, 2021 Expenditures	Encumbrances	Balance as of Jan 1, 2022
Administrative Office of the Courts	\$ 1,000,000.00	\$ -		\$ 1,000,000.00
Department of Agricultural Services	\$ 67,479,258.40	\$ 9,943,360.21	\$ 29,894,330.80	\$ 27,641,567.39
Department of Commerce	\$ 3,415,955.36	\$ 16,280.17	\$ 3,399,675.19	\$ -
Department of Environmental Quality	\$ 44,808,252.89	\$ 10,892,018.67	\$ 5,539,382.72	\$ 28,376,851.50
Department of Health and Human Services	\$ 2,249,224.90	\$ -		\$ 2,249,224.90
Department of Insurance	\$ 673,612.88	\$ -	\$ -	\$ 673,612.88
Department of Natural and Cultural Resources	\$ 4,986,643.00	\$ 457,394.72	\$ 909,608.00	\$ 3,619,640.28
Department of Public Instruction	\$ 2,070,887.00	\$ -	\$ -	\$ 2,070,887.00
Department of Public Safety	\$ 121,230,349.31	\$ 52,059,934.64	\$ 10,131,878.77	\$ 59,038,535.90
Elizaeth City State University	\$ 5,200,000.00	\$ 1,796,403.84	\$ 2,301,327.56	\$ 1,102,268.60
Golden Leaf	\$ 50,428,417.32	\$ 12,404,001.56	\$ 30,067,055.42	\$ 7,957,360.34
Housing Finance Agency	\$ 15,789,780.60	\$ 7,482,099.00	\$ 3,825,681.60	\$ 4,482,000.00
Lumberton Council of Governments	\$ 1,581,170.89	\$ 1,581,170.89	\$ -	\$ (0.00)
NC Community Colleges	\$ 3,386,075.15	\$ 1,169,315.81	\$ 1,735,913.07	\$ 480,846.27
Office of State Budget and Management	\$ 78,306,705.98	\$ 18,208,182.85	\$ 59,795,405.11	\$ 303,118.02
University of North Carolina	\$ 7,376,770.17	\$ 1,331,185.19	\$ 93,337.60	\$ 5,952,247.38
Wildlife Resource Commission	\$ 1,550,000.00	\$ 1,442,229.98		\$ 107,770.02
Grand Total	\$ 411,533,103.85	\$ 118,783,577.53	\$ 147,693,595.84	\$ 145,055,930.48

Table 2. Total federal expenditures in 2021, by agency.

Agency	Balance as of January 1, 2021	Jan 21-Dec 21 Expenditures	Balance as of Jan 1, 2022
Department of Health and Human Services	\$ 25,328,890.00	\$ -	\$ 25,328,890.00
Department of Public Safety	\$ 1,358,766,680.06	\$ 281,279,915.36	\$ 1,077,486,764.70
University of NC - Board of Governors	\$ -	\$ -	\$ -
Grand Total	\$ 1,384,095,570.06	\$ 281,279,915.36	\$ 1,102,815,654.70

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Programs to Support Agriculture

The **Stream Debris Removal Program** which is supported by funds from SL 2016-124; Section 4.1(10)(b), SL 2017-119; Section 1.3, SL 2019-224; Section 2.1.(9) and SL 2019-250; Section 1.2.(5) and assists local entities, including cities, counties, soil and water conservation districts and non-profit organizations with stream debris removal. Overall since these appropriations, the Department of Agriculture and Consumer Services has 44 fully executed contracts and local sponsors have cleared 2,165 miles of waterways. In 2021, six contracts with local sponsors have been extended and eleven contracts were completed and 225 miles of streams cleared.



The **Agriculture Recovery for Farmers** program, SL 2018-136; Section 6.1 (23), allocates \$50M to the Department of Agriculture and Consumer Services to assist farmers with recovery activities such as hay relief, pasture renovation, non-field farm road repair, best management practices renovations, reforestation efforts and to provide federal matches as needed.

Over the course of 2021, the Florence Reforestation Fund reimbursed 403 unduplicated landowners for over 469 forest practices across over 18,886 and expended \$842,219.

Additionally, 1294 agricultural producers participating in the Emergency Conservation Program, funded through this Agricultural Recovery for Farmers overall program and funding, have been paid a total of \$6,229,285. Also, stream debris funds have been allocated to local sponsors

through this funding source totaling over \$9 million. Twenty-two ponds were repaired this year and 375 Non-field Farm Road Repair and Emergency Access projects were completed. Also, 31 pastures were renovated as part of the Division of Soil and Water Conservation's activities using this funding.



Programs to Support Business

State funds for **Small Business Recovery Loans** have been appropriated to The Golden Leaf Foundation, SL 2018-136, Section 6.1(22); SL 2018-138, Section 1.3(4), to award grants to non-profit entities to make loans to small businesses affected by Hurricane Florence. Loan funds may only be used for eligible purposes under the Small Business Administration (SBA) disaster loan assistance program. Intent of these funds is to assist businesses that were denied by SBA or do not have access to other available capital. The Golden LEAF Board awarded one grant to the Rural Center on December 6, 2018 for the management of this program, encumbering the all funds appropriated for this purpose. Administrative fees may not exceed 5 percent of loans awarded. Golden LEAF has disbursed \$3,675,897.65 to the Rural Center. The Rural Center reports 78 loans awarded totaling \$4,508,105.45 in 21 counties. Businesses receiving loans through this program report 1,258 jobs retained and more than \$28 million in payroll preserved. Final loans have been loans were paid. In total, more than 100 loans were administered through this program.

Programs to Support Communities and Local Government

State funds are making a significant impact through the **Distressed Local Governments Local Government Assistance Grant and Loan Programs**. For the first grant program, with a total appropriation of \$8,000,000 (SL 2018-136), 19 communities have received funds, ranging from \$200,000 to \$1,000,000 and all funds have been expended. For the loans portion of the Program, appropriated in SL 2018-138, 11 communities have participated and received requested loan amounts, ranging from \$25,000 to \$2,000,000. Allocations for this program total \$20,000,000 of which \$20,000,000 has been expended (\$717,567 of which occurred during the reporting period). A total of \$2,892,863 in loan repayments have been received this fiscal year. Additional funding was appropriated for this program in SL 2019-250 (\$10,000,000 for loans for all recent storms and \$5,000,000 for grants for Hurricane Dorian). Since these funds were appropriated, there have been seven local governments that have executed loan agreements and a total of \$6,509,795 has been expended. Local governments benefiting from these loans include Hyde County, the Town of Pollocksville, Elizabethtown and Jones County. No loan agreements were executed in 2021. In 2021, for the grants portion of the program, applications were approved for five towns and the process to execute the grant agreements began towards the end of 2021.



The Department of Commerce was appropriated \$10 million in SL 2016-124; Section 4.1.(8) for local government **Grants to Repair, Replace, and Build New Infrastructure**. This program has also supported new residential structures in areas outside the 100-year floodplain. Infrastructure includes water, sewer, sidewalks, storm drainage and public buildings. Since this program

started, \$6,600,325 has been expended and has benefitted 60,025 residential and non-residential units.

Programs to Support Economic Stability

The **Commercial Fishing Assistance** program, SL 2018-136, 6.1 (19), was designed to help make up for the losses to the state's nearly billion-dollar commercial fishing industry due to the storm. Compensation was based on income losses from September, October and November harvest reductions due to Hurricane Florence, as documented by state harvest records. This program resulted in a total of 2,946 individual checks to 1,176 fishermen totaling \$11,474,471.98. Additionally, \$61,991.28 was expended for administrative costs. This program was able to cover 85.4 percent of September 2018 losses, 91.76 percent of October 2018 losses, and 82.29 percent of November losses. Funds for this program have been fully expended.

Programs to Support Education

Community colleges received **Capital Recovery Funds** to repair local community college facilities damaged by Hurricane Florence in SL 2018-136, Section 6.1.(8). These funds were appropriated to the North Carolina Community College System Office, who distributes these funds to the colleges as reimbursement for actual expenses. As of December 2021, nine colleges have requested reimbursements for 23 Hurricane Florence-related projects. These include repairs to instructional spaces and campus-wide safety protections projects like one that took place at Carteret Community College. Of the \$3.5 million appropriated nearly \$2 million has been expended and the remainder has been obligated to projects at various colleges.

Programs to Support the Environment

SL 2019-224, Section 2.1.(3) appropriated \$1,480,000 to the **Division of Coastal Management (DCM)** in DEQ to help increase the resilience of N.C.'s coastal communities and natural resources. This program has two parts. Part I. Creating a State Framework for **Coastal Resilience Planning & Project Readiness** will fund local vulnerability assessments, develop construction-ready projects, and complete at least one ecosystem restoration or enhancement project. Part II. **Collaborative Resilience Planning and Engineering to Strengthen Ecosystems at the Rachel Carson Reserve** will build upon an existing vulnerability assessment to develop a resilience plan that will help strengthen ecosystems at the Rachel Carson Reserve, which protects the Town of Beaufort. The program will leverage a \$1.14 million federal matching funds from the National Fish and Wildlife Foundation and partnerships with other organizations, including the NC Office of Recovery and Resiliency, NC Sea Grant and The Nature Conservancy.

For Part I., During 2021, 26 communities and 10 vendors were selected, contracts were executed, and work began in August. Phases 1 & 2 contracts total \$705,000, from a combination the NFWF grant and our state match. The Planning Handbook lays out the required activities and deliverables for this work, and the communities and contractors are well underway. Most work is expected to be complete by March 31, 2022.

For Part II., During 2021, stakeholder meetings were conducted to get feedback on the project to strengthen ecosystems at The Rachel Carson Preserve and results of the meeting reveal that there are areas of the site that should be prioritized for resilience projects and DCM staff and contracted engineers are trying to pinpoint two shovel ready projects. Work continues to develop the Rachel Carson Reserve habitat resilience plan outline into a draft plan with full text. A draft of the vision, purpose, goals, and partially developed strategies was completed in the fall of 2021.



The North Carolina Wildlife Resources Commission received a General Fund appropriation of \$1,000,000 in SL 2019-224 (and subsequent revision in SL 2020-74) to inspect, investigate, and remove derelict and abandoned water vessels that were a result of Hurricane Florence. **The North Carolina Wildlife Resources Commission Abandoned and Derelict Vessel Removal Program**

has begun implementing a removal plan and strategy for removing abandoned and derelict vessels caused by Hurricane Florence and other past storms. Recent coordination efforts with the Department of Environmental Quality, and other federal partners, are ensuring that all staff involved in abandoned vessel removal and data collection will have access to this application and its maps. This will provide a more unified effort and better ADV data consistency. NC Wildlife Resources Commission has identified 59 abandoned vessels that are planned for removal using appropriated funds. As of the end of 2021, 40 vessels have been removed and 10 more are planned to be removed and all projects should conclude by spring of 2022.



Programs to Support Health

State funds allowed the **Behavioral Health Services** program, SL 2018-136 Subsection 5.4(b), to support individuals and families experiencing distress as a result of Hurricane Florence by meeting the increased demand for behavioral health services in the counties most impacted by the storm. To that end, funds were used to increase single-stream funding allocated to LME/MCOs with a catchment area that includes at least one federally declared disaster area. DMH/DD/SAS determined the basis for allocating these funds among qualifying LME/MCOs. DHHS has expended the full \$5M in state appropriations and continues to see a clear demand for

these services. The Division is able to continue to use the remaining federal Crisis Counseling Program (CCP) grant to fund door-to-door outreach and on the spot counseling and referrals. The grant could be used roughly one year from the date of the storm and totaled approximately \$15M.

The Division of Health and Human Services used state funds appropriated in SL 2018-136 and Subsection 6.1 (14) for **Unaffiliated Community Hospital Support**. The purpose of this program is to assist unaffiliated community hospitals, especially those serving rural areas, in covering the increase in nursing and other staffing expenses related to Hurricane Florence. Funds for this purpose were allocated to the North Carolina Hospital Foundation (NCHF), a nonprofit corporation. NCHF, in turn, was to award grants, on a basis determined by NCHF, to unaffiliated community hospitals located in counties designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) because of Hurricane Florence, with priority consideration given to unaffiliated community hospitals serving rural areas. Through grants funded by this program, North Carolina has been able to improve financial and operational performance of the four unaffiliated hospitals that each received \$125,000.

No activity for these programs was reported in 2021 and most funding has been expended.

Programs to Support Housing

Through an agreement with the Department of Public Safety and the Office of State Budget and Management – Disaster Recovery Section (OSBM-DR), the following programs were developed and administered by OSBM-DR:

1. **Housing Needs**, SL 2017-119, Section 1.1(a), where a total of 13 counties have entered into housing recovery grant contracts with the State. Of these, a total of 85 homeowners have been approved for assistance. Thirty-six (36) owners have completed their homes repairs or have had their homes reconstructed or have been bought out of flood prone areas. Fifteen home owner projects are over 80 percent complete and 28 owner projects are in process. SL -2018-5, Section 5.6.(b)(5), where a total of \$23.4 million has been obligated to assist with various Hurricane Matthew housing recovery needs. During 2021, OSBM's Disaster Recovery Section completed 45 repairs, reconstructions or relocations out of floodplains and 20 homeowners participating in the program are 80% complete with their projects.
2. **Disaster Housing Recovery Support**, SL 2018-136, Section 6.1(24), where a total of \$14.1 million in grant awards have been committed or obligated to assist 10 severely impacted counties or communities to provide them with critical and pressing needs grants. These

first phase grants would assist Brunswick, Craven, Duplin, Jones, New Hanover, Onslow, Pender, Robeson and Scotland Counties, and the City of Lumberton, to address the most severe hardship cases involving low to moderate income, elderly and/or disabled homeowners who are living in unsafe, unsanitary housing that pose urgent safety or public health risk due to mold or potential structural failure. These grants can also be used for mitigation reconstruction and acquisition activities. A total of \$4.7 million in non-profit grant awards have been provided to Habitat for Humanity affiliates in eastern North Carolina, Baptists on Mission (\$1 million grant), and United Methodists (\$1 million grant) to support emergency housing repairs, mitigation reconstruction and acquisition activities that will benefit hurricane displaced families. The remaining funds are programmed to support housing recovery expenses associated with repairs, acquisitions and reconstruction of storm impacted homes. During 2021, 158 owners had their homes repairs completed, reconstructed or bought out of flood prone areas and 89 owner projects were 80% complete.



The **Rental Production Program-Disaster Recovery**, SL 2018-136, Section 6.1(28), used state funds to promote new production of affordable rental homes in the federally declared disaster counties. Awards were made and announced on August 9, 2019. Awards were made to eleven

developments in eleven counties with a total of 790 new apartment homes affordable for working families. These investments will leverage \$112 million of private and other public funds. Plan approvals and permitting will occur in the near future. Construction was set to begin in the first quarter of 2020 but many projects have been delayed because of the COVID-19 Pandemic. In 2021, Farrington Trace apartments in Pitt County, Meadow Branch apartments in Robeson County, Harbor Meadows apartments in Brunswick County, 703 Carolina Avenue apartments in Craven County, Springfield Park in Onslow County, and Madison Grove in Duplin County have drawn funds.

Programs to Support Infrastructure

State funding for **Grants for Environmental Infrastructure**, SL 2016-124, 4.1(9), provided \$10,000,000 for disaster-related infrastructure and clean up needs including, but not limited to, repair of wastewater and drinking water systems, dam safety, emergency permitting and solid waste cleanup. This funding allowed the Department of Environmental Quality to digitize all dam files in the impacted counties for creation of electronic files. The final 53 of 144 dam studies in the Neuse River Basin and the 51 dams in the Lumber River Basin were completed and published early in 2021.

In 2019, The Golden Leaf Foundation used state funds through SL 2016-124, Section 4.1(7), SL 2017-119, Section 1.2 and SL 2018-5, Section 5.6 (b)(3) to award **Grants to Repair, Replace and Build New Infrastructure**. Golden LEAF continues to work with over 85 active projects in this program. Grantees have reports due at six-month intervals and request disbursement of funds as needed. Due to lack of available contractors, and other design/engineering issues, around 20 projects are delayed and are compiling extension requests. Approximately 15 projects have submitted final reports or are approaching their project end date. The remainder of grantees have continued their progress on their projects with no anticipated delays.

Programs to Support Preparedness and Response

Funding was authorized to establish a **Landslide Mapping** Team in the N.C. Geological Survey Section of the Division of Energy, Mineral and Land Resources of DEQ. SL 2018-5; Section 5.6(b)(2)a appropriated \$3,600,000 for the continuation of landslide mapping. The team performs landslide emergency response and documents landslide occurrence, susceptibility, modes of failure, areal extent of landslide impacts, and effects and impacts on individuals, property, residences, and infrastructure. In 2021, this program completed field and remote mapping of landslides of Polk and Rutherford Counties, kept up ongoing outreach and education on landslides to local governments, state agencies, property owners and professional organizations. Also, they continue the operation and maintenance of landslide monitoring

equipment at nine sites in Western NC and ongoing coordination with the National Weather Service on identifying and forecasting weather conditions related to landslides, and public advisories. Of the \$3,600,000 appropriated, \$2,105,396 remains.

SL 2019-224 appropriated \$2,000,000 to purchase and **Install River Gauges to Improve Flood Mapping and Real-time Flooding Information**. This project will also develop flood inundation libraries and risk assessments for 72 sites for incorporation into the Flood Inundation Mapping and Alert Network (FIMAN) and will purchase water level, rainfall gauge and radio equipment to modernize and update equipment at 34 water level, 43 rainfall and 2 radio existing gauge system locations. By the end of 2021, all funds have been obligated, the contractor has provided 19 FIMAN libraries to NCEM and a contract was awarded for installation of 71 gauges. Installation has been somewhat delayed due to supply chain issues for gauge mount parts.

Programs to Support Recovery Administration

Other state allocations have been made to support administration of recovery programs. These include funds to cover operating costs for the **Office of Recovery and Resiliency**, SL 2018-136, Section 6.1(27). Allocations for this program total \$2,000,000 of which over \$1,000,000 has been expended to date. These funds partially support the administration of NCORR's Grants and Loans to Distressed Local Governments Program, reporting requirements and the work of the three employees on the Resilience Team that now are mostly funded by state appropriations per SL 2021-180.

State funds have also been used to provide the **State Match and Other Support for Disaster Recovery**. By December 31, 2021, the status on Match appropriations are as follows:

- SL 2016-124, Sections 4.1(4) and 4.1(5), the entire \$76,228,370 has been expended
- SL 2017-119, Section 1.5, the entire \$22,300,000 has been expended
- SL 2018-5, Section 5.6(b)(1), the entire \$14,500,000 has been expended
- SL 2018-134, Section 4.1(2), the entire \$50,000,000 has been expended
- SL 2018-136, Section 6.1(3), the entire \$40,000,000 has been expended
- SL 2019-250, Section 1.1(1), of the \$70,812,336 appropriated, \$64,870,589 has been expended.
- SL 2019-250, Section 1.1(2), of the \$33,173,258 appropriated, \$11,412,888 has been expended.

Appendix

1. Comprehensive State and Federal Funding Workbook for Hurricanes Matthew and Florence