

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

The American Relief Act of 2025 and North Carolina

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Fiscal Research Division

House Select Committee on Helene Recovery

1/29/25

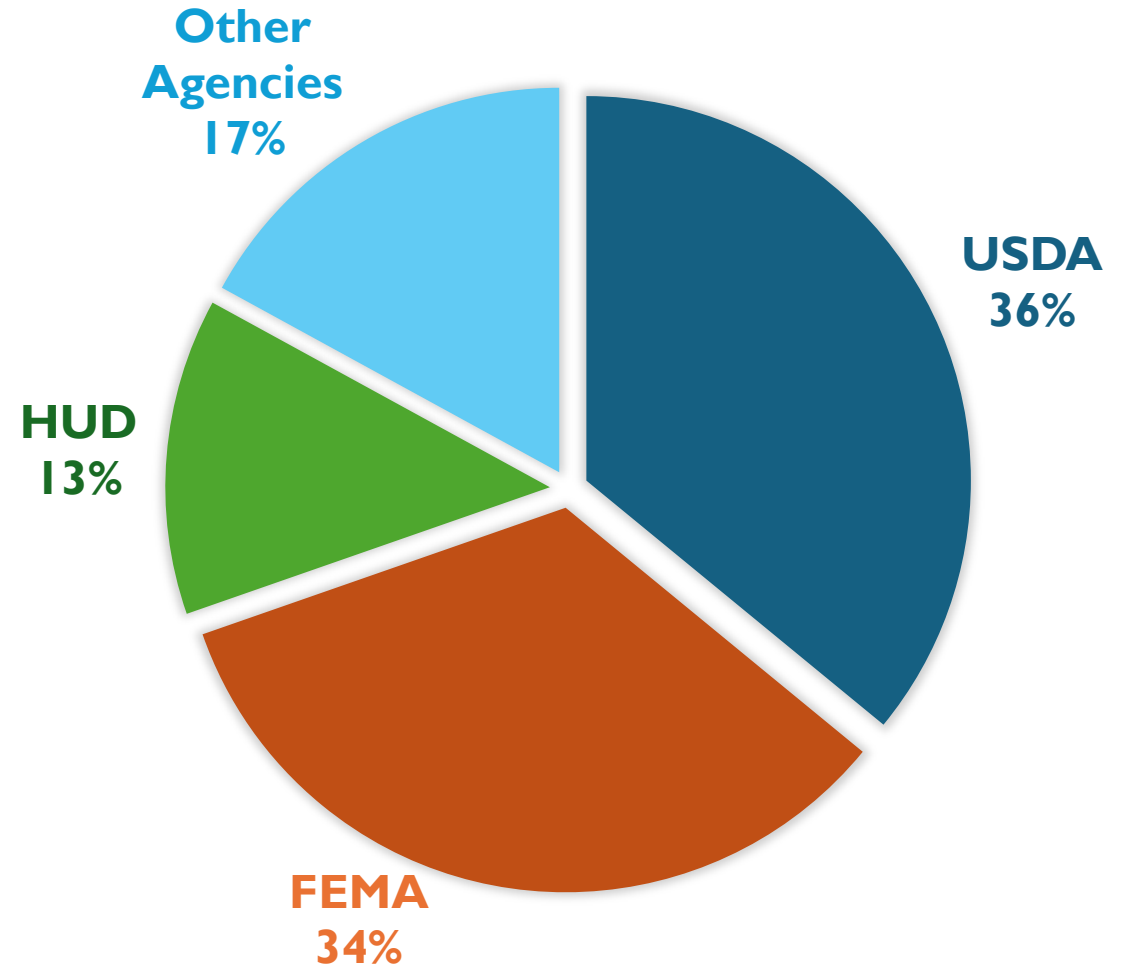
Disaster Recovery Overview

- Disaster Recovery is a partnership between all levels of governments
- Major federal programs include:
 - Federal Emergency Management Agency (FEMA)
 - Individual Assistance (Housing, Other Needs for individuals)
 - Public Assistance (Publicly-owned infrastructure and disaster response)
 - Hazard Mitigation (Long-term rebuilding and repairs)
 - Housing and Urban Development (HUD)
 - Community Development Block Grant – Disaster Recovery (CDBG-DR) (Housing, Infrastructure, Econ. Development, Mitigation, etc.)
- Many federal programs carry a cost-sharing requirement of 10-25%
- State-funded programs typically used for “unmet needs”



H.R. 10545, the American Relief Act, 2025

- Congress included more than \$100 billion in disaster recovery support for various natural disasters in the American Relief Act, 2025 (ARA)
 - Bill passed by Congress and signed into law by the President on December 21, 2024



FEMA Funding

- FEMA programs are governed by the Stafford Act (passed in 1988)
- ARA included \$28 billion for the FEMA Disaster Relief Fund
- In NC for Hurricane Helene, FEMA will use these funds to cover:
 - 75% to 100% of eligible Individual Assistance Activities
 - 100% of eligible Public Assistance Emergency Work until March 24, 2025, and 90% of those costs afterward
 - 90% of eligible Public Assistance Permanent Work costs
 - 75% of eligible Hazard Mitigation costs



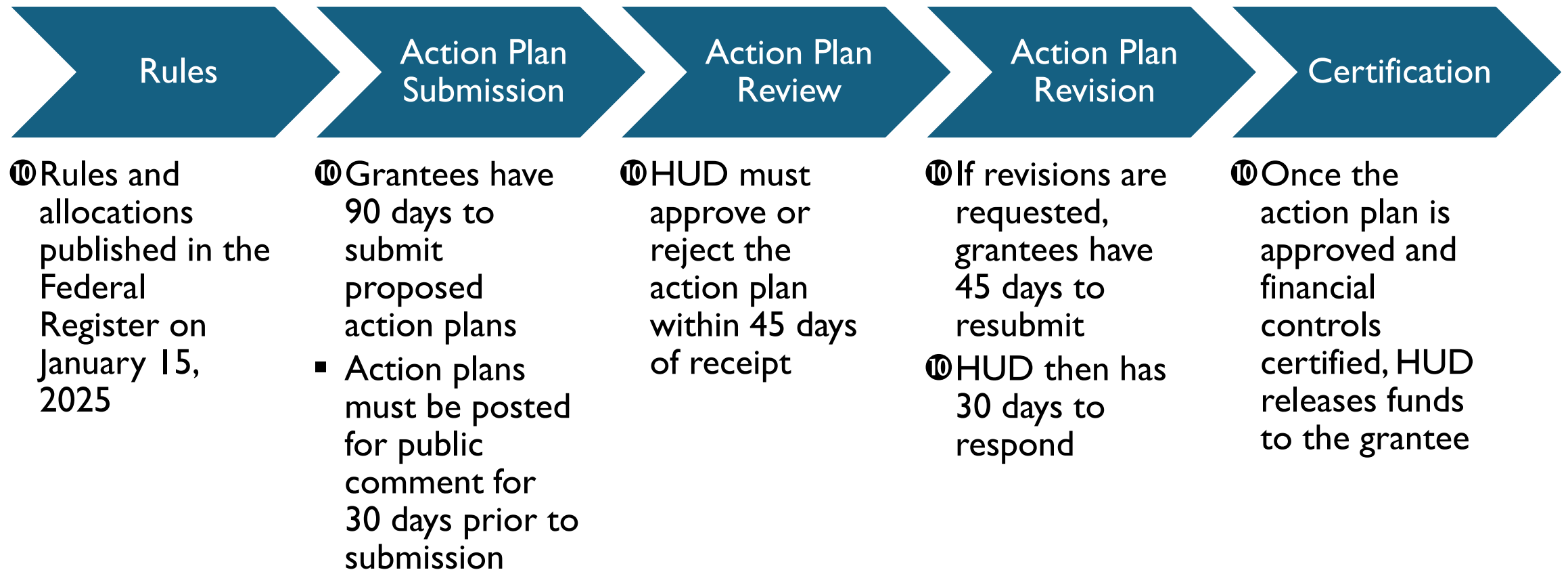
FEMA

HUD: CDBG-DR

- Unlike FEMA programs, CDBG-DR does not have a governing statute and instead requires new rules for each tranche of federal funds
- ARA provided \$12 billion for disasters that occurred in 2023 and 2024
- North Carolina to receive **\$1.65 billion**:
 - \$1.24 billion for CDBG-DR
 - \$186.8 million for Mitigation activities
 - \$225 million direct to City of Asheville (of which \$29.3 million is for Mitigation)



CDBG-DR Process



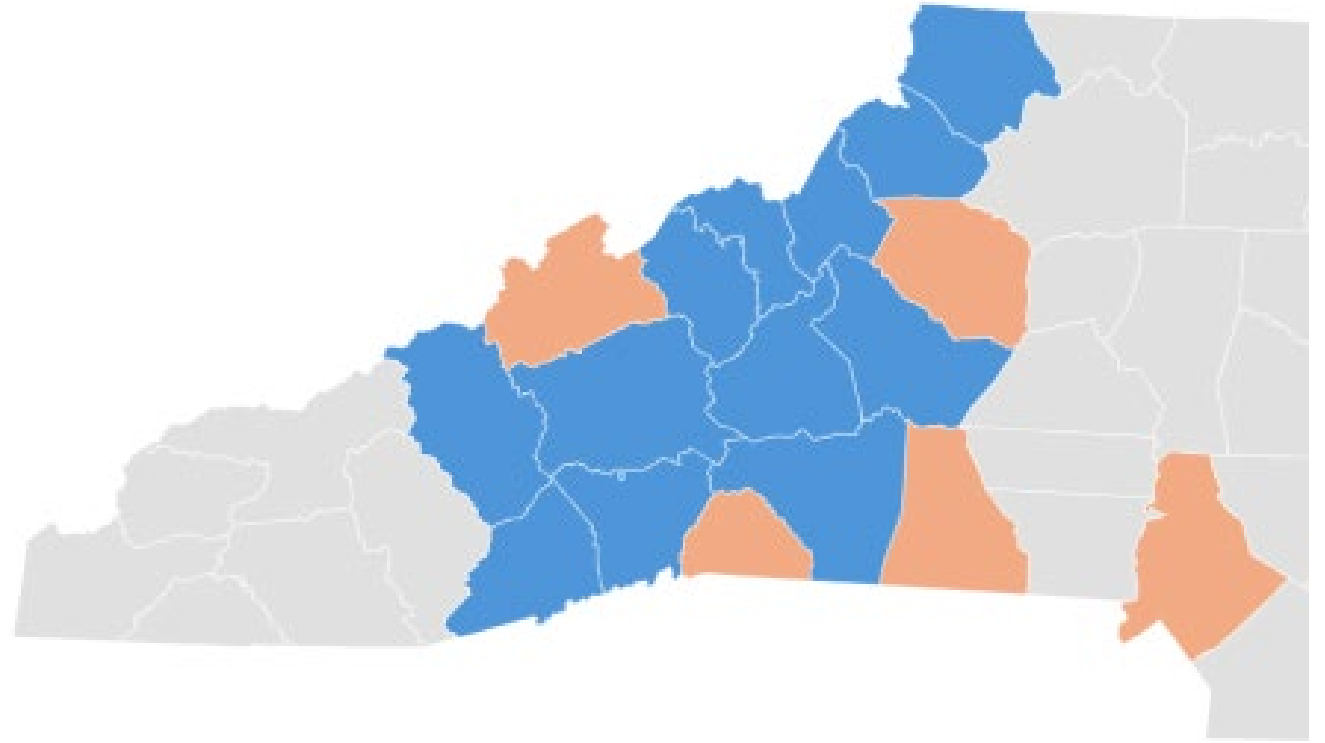
CDBG-DR Purposes

- Funds may be used for a wide variety of purposes, including but not limited to:
 - Housing
 - Includes repairs, buyouts, demo/reconstruction, elevation, and new housing
 - Economic Development
 - Infrastructure
 - Other Mitigation Projects
- Projects used by these funds must support the national objectives of the CDBG program, including:
 - Benefit low- and moderate-income persons
 - Elimination or prevention of slums or blight
 - Urgent community development needs



HUD-Identified Most-Impacted/Most-Distressed (MID) Areas

- 80% of CDBG-DR funds (\$1.14b) must be spent in MID Areas
- MID Counties in **BLUE**
- Counties containing a MID ZIP Code in **ORANGE**
 - Caldwell: 28645
 - Cleveland: 28753
 - Madison: 28753
 - Mecklenburg: 28214
 - Polk: 28782



US Dept. of Agriculture Funds in ARA

- Received a total of \$32.5 billion, including:
 - \$10 billion for economic assistance to farmers because of expected economic losses in growing 2024 commodities (field crops)
 - Not limited to disaster-impacted areas
 - Direct payments to farmers; must be made within 90 days
 - \$20 billion to assist farmers who suffered from natural disasters in either 2023 or 2024
 - No guidance yet from USDA on how this program will operate or how much North Carolina will receive

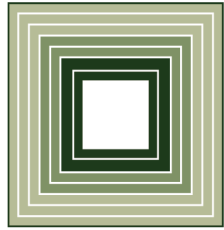


Other Agencies in ARA

- Small Business Administration
 - \$2.25 billion to support continued operations for the Disaster Loans Program
- Environmental Protection Agency – Total of \$3.27 billion
 - Clean Water State Revolving Funds - \$1.31 billion
 - Drinking Water State Revolving Funds – \$1.83 billion
 - Hazardous and Solid Waste Assistance - \$95 million
 - No guidance issued for these funds as of 1/28/25
- Economic Development Administration (Dept. of Commerce)
 - Economic Adjustment Assistance - \$1.5 billion



Questions



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