



Katrina Supplemental CDBG Funds

For

Long Term Workforce Housing

CDBG Disaster Recovery Program

Amendment 6 Partial Action Plan

April 22, 2008

Mississippi Development Authority
Amendment 6 Partial Action Plan
for
Long Term Workforce Housing

Overview

This Action Plan pertains to the additional use of the \$423,036,059 allocation in CDBG funding from HUD as part of the \$5.48 billion federal appropriation through the Emergency Supplemental Appropriation Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006(Public Law 109-234). These monies have been designated by Congress for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to Hurricanes Katrina, Rita, or Wilma.”

MDA is reprogramming \$241 million of the \$2.15 billion allocated for Homeowner Assistance Grant Program to the Long Term Workforce Housing Program, along with the remaining \$109,000,000 allocation. The total amount allocated for Long Term Workforce Housing is \$350,000,000 including administrative cost.

This action plan is designed to be consistent with the primary objective of providing funds for projects with activities that meet one of the following national objectives of the Housing and Community Development Act of 1974, as amended:

- Benefits to Low/Moderate Income Persons
Give maximum feasible priority to activities that will benefit low and moderate-income persons
- Slums or Blight
Aid in the prevention or elimination of slums or blight
- Urgent Needs
Meet other community development needs having a particular urgency
Because existing conditions pose a serious and immediate threat to the health or welfare of the community and where other financial resources are not available to meet such needs.

Plan Details

For purposes of this action plan, Long Term Workforce Housing is defined as housing benefiting households which are 120% or less of the Area Median Income (AMI). Priority will be to households 80% or less of the AMI.

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Purpose

The purpose of the Long Term Workforce Housing Program is to provide grants and loans, in an aggregate amount of \$350 million, to local units of government, non profits and for profit organizations to provide long term affordable housing located in Hancock, Harrison, Jackson, and Pearl River counties on the Mississippi Gulf Coast.

According to FEMA estimates, approximately 8782 families are still living in FEMA trailers in Hancock, Harrison, Jackson and Pearl River counties. An additional 42,000 rental units were damaged in the four coastal counties. The vast majority of these families are working families who earn 120% or less of AMI. This program has been designed to ensure that significant portions of affordable units are created within mixed income settings. Mixed income communities will be created by fostering market rate rental units in properties that also serve a range of low-income households or by supporting single-family homes in the developments with a range of affordable housing.

Eligible Activities

On September 17, 2007, a Request for Proposal was released that sought qualified individuals and non-profits and for profit entities to develop Long Term Workforce Housing programs. The State has selected recommended proposals totaling \$150,000,000 through this process. The RFP outlined specific selection criteria for objectively rating all proposals. Funding decisions were based on the scores attained and projects that best met the overall needs identified by MDA. Projects have been identified through this process that will identify each of the activities outlined below. These projects are projected to result in approximately 5850 affordable housing units in the targeted counties.

The proposals recommended are outlined as follows and will be consistent with eligible activities defined by regulations or activities in which a waiver is approved by HUD. Eligible activities not listed here must be approved by MDA staff.

Projects may include more than one activity.

- 1) HCDA 105 (a) (1)
The acquisition of real property (including air rights, water rights, and other interest therein) which is
 - a) blighted, deteriorating, undeveloped, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;
 - b) appropriate for rehabilitation or conservation activities;

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- 2) 24 CFR 570.202; (b) (3)
The acquisition and rehabilitation of property if the property is then rehabilitated and used or sold for residential purposes. Assistance may also include refinancing, together with rehabilitation, which may have the effect of reducing monthly housing cost.
- 3) New Housing construction of single and multi-family housing as allowed in the waiver published in the Federal Register June 14, 2006.
- 4) HCDA 105 (a) (24)
Provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income by using such assistance to
 - a) subsidizing interest rates and mortgage principal amounts for low and moderate income homebuyers
 - b) finance the acquisition of housing for low and moderate income homebuyers
 - c) acquire guarantees for mortgage financing obtained by low and moderate income homebuyers from private lenders
 - d) provide down payment assistance for low and moderate income homebuyers
 - e) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low and moderate income homebuyers; and
 - f) lead based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead Based Paint Hazard Reduction Act of 1992.
- 5) HCDA 105 (a) (12)(19)
Planning/Technical Assistance
Activities necessary
 - a) To develop a comprehensive community development plan, and
 - b) To develop a policy planning /management capacity so that the recipient of assistance may more rationally and effectively
 - 1) determine its needs
 - 2) set long term goals and short term objectives
 - 3) devise programs and activities to meet these goals and
 - 4) evaluate the progress of such programs in accomplishing these goals and objectives
 - 5) carry out management, coordination, and monitoring of activities necessary for effective planning implementation.
- 6) HCDA 105 (a) (8),(20)
Housing services, such as housing counseling, in connection with tenant based rental assistance and affordable housing assisted under Title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of

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tenant-based rental assistance, and other services to assist owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under Title II of the Cranston-Gonzalez National Affordable Housing Act.,

Rental programs must be administered by a Public Housing Authority.

- 7) HCDA 105 (a) (23)
Activities necessary to make essential repairs necessary to maintain the habitability of housing units acquired through tax foreclosure proceeding in order to prevent abandonment and deterioration of such housing in primarily low and moderate income neighborhoods
- 8) HCDA 105 (a) (19)
The provision of technical assistance to public and nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost
- 9) HCDA 105 (a) (15)
Assistance to neighborhood based nonprofit organizations, local development corporations, and nonprofit organizations serving the development needs of the communities in nonentitlement areas.
- 10) HCDA 105 (a) (14)
The provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for profit entities to enable such entities to facilitate affordable housing in the targeted counties.

Funds will be provided for the establishment of a revolving loan fund which will provide short term, low interest financing for pre-development, site acquisition, site development, and construction of workforce housing. Repayments are program income; program income will be subject to all CDBG statutory and regulatory requirements for as long as it exists.

Eligible Applicants: Non profit and for profit developers with workforce housing experience

- 11) HCDA 105 (a)(8)
Emergency grant payment made over a period of three consecutive months directly to the provider for housing (mortgage or rent) on behalf of an individual

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or family. One-time grants, emergency type grants, or loans for such purposes may be authorized under the category of public service. The national objective is urgent need. All public services will be subject to the public service cap of 15% of program funds.

Mandatory counseling will be required. At least 51% of households will be at or below 80% or the area median area.

Any program income generated as a result of repayment will be returned to the State or may be retained to be used for the same purpose prior to requesting additional funds.

- 12) Under the provisions of the Housing and Community Development Act 105 (a) (15) (8), a qualified nonprofit development group will be allowed to carry out housing activities under the following provisions:
 - a) Neighborhood revitalization projects- Activities undertaken under this provision must be of sufficient size and scope to have an impact of a designated geographic location within the jurisdiction of the community (but not the entire jurisdictions of an entitlement community unless it has a population of 25,000 or less). The activities to be considered for this purposes are not limited to those funded (or to be funded) with CDBG assistance.
 - b) Community economic development projects – This type of project must include activities that increase economic opportunity, principally for low and moderate incomes persons, or that are expected to create or retain businesses or permanent jobs within a community. Housing activities may be included within this project type if they can clearly link the need for affordable housing accessible to existing or planned jobs.
 - c) Energy conservation projects- Activities carried out under this provision are clearly designed to conserve energy for the benefit of residents within the grant recipient’s jurisdiction. An example of this type of project may involve the construction of energy efficient housing where substantial savings in heating and/or cooling costs can expect to be realized.

The following are example of the types of entities that may qualify as nonprofit development organizations under HCDA Section 105 (a) (15):

- 1) Small Business Investment Companies organized under 15 USC Section 681,

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- 2) SBA Section 504 Certified Development Companies
- 3) Community Action Agencies
- 4) Community Development Corporations
- 5) Local Development Corporations, and
- 6) Community Housing Development Organizations (CHDOs) under the HOME program

Selection Process

The selection process for these projects was based on the following rating factors:

- 1) Feasibility Analysis (Cost Reasonableness) 20 points
 - Ability to leverage other sources of financing in order to complete the project.
 - Ability to demonstrate sufficient financial capacity to execute the proposal
- 2) Design/Concept 20 points
 - Preliminary plans and outline specifications
 - Employment of energy efficiency and conservation principles/appliances
 - Ability to create a mixed income property that includes households with varied incomes
 - Evidence that the project is located in an MDA-Preferred Location. MDA-Preferred Locations are accessible to some or all of the following community amenities:
 - Defined Downtown Districts
 - Workforce/Employment Centers
 - Schools
 - Public Transportation
 - Hospitals and Healthcare
 - Emergency Response Services such as Fire Department, Police, and Ambulance
 - Proximity to power plants, heavy industrial areas, etc. would be unfavorable
- Project Need 15 points
 - Present need for housing in the community
- Readiness to Proceed 20 points
 - Ability to deliver proposed product
Timelines, major milestones, major deliverables, completion dates, mobilization dates (Work breakdown schedule)
- Development Team Experience and Capacity 10 points
 - Statements of Applicant’s and General Contractor’s current workload

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- Resumes for all team members (Developer, Management Agent, General Contractor, Architect, Engineer)
- Evidence of comparable properties, owned, developed, managed or constructed.

Past Performance 10 points

- Satisfactory participation in federal, owned, developed, managed or constructed.
- References from other lenders of properties owned or developed by applicant

Local Community Participation 5 points

- Support letters such as those from City Council, Planning Commission, or community groups
- Services such as recreation, transportation, or other resident services

The State will make applications available for round two and three and competitively score received applications if the total requests exceed the round's funding. Activities funded will be in compliance with HUD regulations or approved waivers.

MDA, in its sole discretion, reserves the right to set a minimum scoring requirement for application acceptance.

Complaint Referral

Complaints alleging a specific violation of a statutory requirement, including Congressional inquiries, received by HUD at the Headquarters, Regional, or Field Office level will be forwarded to the appropriate State office for the response.

Appeals

MDA will establish an appeals policy for applicants to appeal the award decision; compliance notifications and the demand notification for lack of plan compliance by recipient.

Fair Housing

The State has a current Analysis of Impediments (AI) to Fair Housing, which was submitted to HUD in July 2004. This study has been updated to include impacts caused by Hurricane Katrina in the lower six counties. Many of the identified impediments have been or will be addressed in Housing Action Plans. An action plan addressing each of the impediments has been forwarded to HUD for approval.

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The Community Services Division of the MDA is responsible for the consolidated plan for the CDBG, HOME, and ESG programs. This division is in the planning process of statewide impediments study. This study will include the impact of Hurricane Katrina to fair housing across the state. It is anticipated that the study will be completed no later than October 30, 2008.

The State certifies that it will affirmatively further fair housing through conducting and implementing the AI and that it will maintain records reflecting the analysis and actions taken.

Environmental

MDA has determined that due to the nature and design of this program, these actions are subject to an environment review administered by MDA. It is the intent of this program to pass the CDBG funds through to the subrecipients. Therefore, the subrecipient will be required to hire an administrator to carry out the environmental requirements. MDA will review and certify all environmental reviews. MDA will provide technical assistance to assist in making sure the environmental requirements are met and documented.

Citizen Participant Plan

MDA solicited public comments on this Action Plan. No comments were received.

Minority and Women's Businesses

MDA recognizes HUD's policy to award a fair share of contracts to minority and women's businesses and shall require grant subrecipients and CBDOs provide the opportunity for participation to minority and women's businesses. Grant subrecipients and CBDOs shall comply with MDA's policy regarding this issue.

Program Income

The State will receive program income based on the type of activity and/or repayment terms. The State requires that all program income be returned; however, MDA may permit the retention of program income to continue the activity from which such income is derived on a case-by-case basis. If program income is retained, it must be expended prior to requesting additional funds.

Program income returned to the State will be redistributed for eligible CDBG programs.

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Recaptured Funds

The State will recapture funds previously awarded to a CDBG recipient for reasons such as, failure to satisfy a national policy objective, failure to comply with contractual conditions, or if awarded funds are not expended prior to the formal closeout of a project. The State may allocate any recaptured funds into any disaster related program category.

Waivers

Affordable rental continues to be a major concern in the four coastal counties. A waiver is being requested to allow CDBG funds to be used for tenant based rental assistance to individuals at or below 80% of AMI. All assistance will be administered through the Public Housing Authority due to their experience in these programs.

Public Comments

Mississippi Development Authority released a press release announcing the availability of the plan for public comment. MDA placed the draft plan of Long Term Workforce Housing on its website at www.mississippi.org on April 3, 2008. Comments could be faxed to 601.359.4003, or e-mailed to publiccommentltwf@mississippi.org. The deadline for submitting comments was April 18, 2008.

No public comments were received on the draft action plan.