



Katrina Supplemental CDBG Funds

For

Long Term Workforce Housing

CDBG Disaster Recovery Program

Amendment 6 Modification 1

Mississippi Development Authority
Long Term Workforce Housing Program
Amendment 6 Modification 1

Background and Scope

Public Law 109-234 provided funding for necessary expenses related to disaster relief, long term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005 in States for which the President declared a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The Mississippi Development Authority (MDA) submits this Long Term Workforce Housing Program Amendment 6 Modification Number 1 of the Final Plan approved by The Department of Housing and Urban Development on June 25, 2008. MDA has determined that this modification represents a substantial amendment and must be submitted for public comment. The nature, purpose, scope and beneficiaries are defined in this modification.

Program Purpose and National Objective

Mississippi's Long Term Workforce Housing Action Plan provides activities for much needed housing in Hancock, Harrison, Jackson and Pearl River counties on the Mississippi Gulf Coast. This modification will extend specific activities to the counties of Stone and George allowing the use of direct assistance to facilitate and expand homeownership as well as the use of revolving loan programs to assist in the development of affordable housing. New construction activities may also be funded on a case by case basis.

A competitive process was used to award Round 1 and 2 projects. These rounds resulted in the awarding of approximately \$243 million dollars. In order to effectively address the evolving needs of the Long Term Workforce Housing program, MDA will utilize an application process to disburse the remaining funds. The entity must first submit a detailed narrative and budget for the proposed project. Based on need and project feasibility, MDA may meet with relevant parties to discuss the project. MDA will then issue a letter inviting a Long Term Workforce Housing application. The letter inviting the application will state the amount of LTWH funds available to the applicant. Specific selection criteria will be used to objectively rate the application. Funding decisions will be based on the score attained. MDA, in its sole discretion, reserves the right to set a minimum scoring requirement for application acceptance.

The action plan provides a recapture provision for such reasons 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 application process outlined above will also be used to reallocate any recaptured or remaining funds.

Available Funds

Funds for this program will come from the \$350 million HUD Action Plan Amendment 6 and any approved modifications made to this plan.

Overview

Eligible Applicants

Local government, for profit and non-profit organizations will be eligible applicants. MDA will provide loans and grants to any qualified Community Based Development Organization (CBDO) to carry out a neighborhood revitalization, community economic development, or energy conservation project.

Eligible Activities

The Long Term Workforce Housing (LTWH) program has determined that homeownership development is a stabilizing force in a neighborhood and has reviewed the types of planning, design, and marketing issues that will need to be addressed to successfully develop housing in a deteriorated or declining neighborhood.

For purposes of the LTWH program , a "Neighborhood Revitalization Area" is defined as an area in which there is a predominance of housing or vacant lots which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare.

All projects must address how the project achieves at least one of the following national objectives:

- Provides benefit to household earning low to moderate incomes
- Aid in the prevention or elimination of slum or blight
- Meet other community development needs having particular urgency, posing a serious of immediate threat or welfare of a community

Eligible activities are housing activities including acquisition, disposition, clearance, relocation and rehabilitation. In order to receive LTWH funds for purposes of neighborhood revitalization, a project must have a substantial impact to improve a neighborhood in a Katrina disaster affected area. A neighborhood shall be defined as an area encompassing at least 50 contiguous homes of which at least 25% have been identified as requiring assistance to have a significant impact.

Threshold Requirements

The activities shown in the application must meet a national objective. All activities must relate to the consequences of Hurricane Katrina. These requirements must be adequately documented to support that the activity meets the thresholds and is an eligible activity in order to be rated and considered for funding.

Explanation of Rating Factors

The selection process for LTWH projects will be 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
- 3) Project Need 15 points
 - Present need for housing in the community
- 4) Readiness to Proceed 20 points
 - Ability to deliver proposed product
Timelines, major milestones, major deliverables, completion dates, mobilization dates (Work breakdown schedule)
- 5) Development Team Experience and Capacity 10 points
 - Statements of Applicant's and General Contractor's current workload
 - Resumes for all team members (Developer, Management Agent, General Contractor, Architect, Engineer)
 - Evidence of comparable properties, owned, developed, managed or constructed.

- 6) Past Performance 10 points
- Satisfactory participation in federal, owned, developed, managed or constructed.
 - References from other lenders of properties owned or developed by applicant
- 7) 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

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. Many of the identified impediments have been or will be addressed in Housing Action Plans.

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 environmental 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 Participation Plan

MDA will solicit public comments to this modification for 10 days.

Minority and Women's Businesses

MDA encourages subrecipients to provide the opportunity for participation to minority and women's businesses. Grant subrecipients 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.

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.

Substantial Amendments

MDA recognizes that adding or deleting an activity or changing the planned beneficiaries of an activity will constitute a substantial change requiring an amendment of the action plan.

Public Comments

This proposed amendment – Amendment 6 Modification 1 was published as a draft to solicit public comments to the website at disasterrecoverycomments@mississippi.org, with the public comment period ending on December 13, 2008.

As required by regulations, a summary of comments or views and MDA's response are as follows:

- **Stone County is in much need for this type of housing. (1)**

Response: This modification will allow this program to expand to Stone County.