



Mississippi Development Authority

Katrina Disaster Assistance Program

Modification # 17
Program Funding Allocation

CDBG Disaster Recovery Program

October 29, 2010

Mississippi Development Authority

Partial Action Plan

For

Funding Reallocation

Overview

This Amended Action Plan pertains to the reprogramming of portions of the \$5.058 billion allocation in Community Development Block Grant (“CDBG”) funding from the U.S. Department of Housing and Urban Development (“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 109-148) and to the additional use of portions 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.” These funds are being administered by the Mississippi Development Authority (“MDA”) for the State of Mississippi.

Background

Pursuant to the above captioned Public Laws and implementing CDBG waivers and alternative requirements issued by HUD, MDA issued in March 2006 its first Partial Action Plan, providing for a Homeowners Assistance Program (“HAP”) designed to provide Coastal residents with immediate recovery dollars based on the damage inflicted on their home by Katrina’s storm surge. Since that time MDA has issued numerous partial action plans to address various vital aspects of recovery, including rate payer and wind pool mitigation, the development of small rental and long term workforce housing stock, repair of infrastructure, community revitalization, and economic development, including restoration of one of the largest economic engines of the Coast – the Mississippi State Port at Gulfport.

Throughout its recovery efforts, the State’s focus has primarily rested upon (1) the rebuilding of the thousands of homes destroyed by Hurricane Katrina and (2) addressing the needs of low to moderate income citizens, not just through the unprecedented efforts to create housing stock but also through job growth for this sector.

Housing

The housing needs of the Coast have been addressed through a wide variety of activities under several partial action plans. As referenced earlier, the first of these was HAP, through both Phase I – a grant program to provide immediate assistance to those who suffered from storm surge inundation and lived outside the FEMA flood maps as established in 2005 – and Phase II – a targeted grant program for low to moderate income citizens. The Elevation Grant Program provided critical assistance to homeowners that needed additional funding to meet new FEMA flood elevation requirements. CDBG dollars were also allocated to the public housing agencies through the Public Housing Program, allowing them to not only rebuild to pre-storm levels but to increase the public housing stock by more than 1,000 units. The Small Rental Assistance Program (“SRAP”) has provided millions of dollars in loans to property owners to construct or rehabilitate their property into rental housing for low to moderate income families. The Tax Credit Assistance Fund has provided gap-financing to at-risk Low Income Housing Tax Credit projects. Finally, the Long Term Workforce Housing Program (“LTWH”) delivered a wide array of activities, from single and multi-family rehabilitation and new construction to down payment assistance in the form of both loans and grants, again targeted at low to moderate income citizens.

In summary, as of September 30, 2010, approximately \$2.4 billion have been disbursed to directly address housing needs. In addition, almost \$800 million have been disbursed to address indirect housing needs under the rate payer/windpool mitigation program, the water/wastewater infrastructure program, and the code enforcement program.

In October of 2008, the State produced a detailed housing study to help guide future housing policy. This study revealed that the recovery programs, in combination with private and nonprofit rebuilding, would return the Coast to pre-Katrina housing levels by 2011. Indeed, when compared to population estimates, it became clear that the housing supply would be more than adequate to meet demand – by mid-2011 the housing supply would be at 100% of pre-Katrina totals compared to 96.2% of pre-Katrina population. However, the study indicated that lingering problems existed due to the increased costs of construction to meet new federal and local rebuilding standards, the advent of higher insurance costs in the wake of the storm, and the availability of permanent employment in key sectors. In light of this, the study recommended additional efforts for very low income individuals. These shortcomings have been addressed by Congress’ allocation, at the State’s request, of 2,930 HUD housing vouchers. The State has also placed a higher emphasis on very low income housing in the implementation of its housing programs.

Unmet Needs

Moreover, Mississippi is creating an “unmet” needs program – the “Neighborhood Home Program” – within the LTWH Program to address additional housing repair and rehabilitation efforts for an identified population of approximately 4,400 households that have not been previously addressed by other programs, as well as conducting further outreach efforts with the

cooperation of HUD and various governmental and non-profit agencies, which are listed in Exhibit “A.” MDA believes that this program will address the remaining housing needs created by the storm. (The “Neighborhood Home Program” is addressed in a separate Action Plan Amendment that is concurrently being released along with this Amendment for Public Comment.)

Presently, \$295.7 million of the \$350 million LTWH allocation is obligated to various LTWH projects. Out of these existing projects, \$30 million coming from the following CDBG sources are dedicated to the “Neighborhood Home Program:” \$10 million from the Pearl River Valley Opportunity housing and rehabilitation project and \$20 million from the Mississippi Emergency Management Agency’s “Mississippi Alternative Housing Program” (“Katrina Cottages”). In addition, \$31,571,267 of presently unobligated LTWH funds will be committed to the “Neighborhood Home Program, resulting in a total obligation of \$61,571,267 to this new initiative.

Beyond the commitment of LTWH CDBG funding, an additional infusion of funds will come from two sources: \$30 million of non-CDBG funds from the Mississippi Emergency Management Agency’s “Mississippi Alternative Housing Program” and \$1,292,500 of private dollars from the Gulf Coast Renaissance Corporation. Thus, the “Neighborhood Home Program” will be funded as follows:

	CDBG	Other Sources	Total
Unmet Needs Program	\$ 61,571,267	\$ 31,292,500	\$ 92,863,767

In addition, \$40 million dollars in CDBG funds will be maintained in a reserve fund under the Port of Gulfport Restoration Program to cover over subscriptions in the “Neighborhood Home Program.” This consists of \$20 million of remaining unobligated LTWH funds and a reallocation of \$20 million from the HAP Phase II funds into the Port of Gulfport Restoration Program. Thus, there will be a total designation of \$101,571,267 in Katrina CDBG funds to the “Neighborhood Home Program.”

In addition under this Action Plan Amendment, \$7.2 million are being transferred to the HAP Phase I to cover over subscriptions and another \$18.2 million are being transferred to the Public Housing Program to cover additional Public Housing needs due to the failure of anticipated financing. The additional funds allocated to the Public Housing Program through this amendment will not be subject to the *Calculation of Funding* requirements as defined in Public Housing Program Recovery Partial Action Plan Amendment 1.

Economic Development

With housing stock now meeting pre-Katrina levels (if not exceeding that) and the remaining unmet housing needs being addressed, Mississippi must now make further efforts to restore the economy of its Gulf Coast, especially focusing on the area of job growth for persons of low to moderate income, as indicated by the housing study. The jobs lost to Katrina have been slow in returning, stymied by the blows inflicted by the greatest financial crisis and economic downturn since the Great Depression and the BP oil spill disaster. The infusion of new CDBG funds here are critical to ensure a full, complete recovery.

Therefore, to bolster the creation of jobs, particularly jobs for persons of low to moderate income, the State will move the remaining unobligated funds to its economic development programs under the Economic Development Program Action Plan (Amendment 4 Partial Action Plan) and the Port of Gulfport Restoration Program Action Plan (Amendment 5 Partial Action Plan). Under this amendment \$74 million are being reallocated to the economic development program. Additionally, this amendment adds \$11,100,000 to the Port of Gulfport Restoration Action Plan. In addition, the amendment reflects the reallocation of the “Neighborhood Home Program” reserve fund of \$40 million to the Port of Gulfport Restoration Program Action Plan.

Purpose

MDA seeks to ensure its ongoing CDBG recovery initiatives are fully funded to meet program demands as continuously defined by program and eligibility determinations. The purpose of this Action Plan Amendment is to reprogram funding across Partial Action Plans previously issued by the Mississippi Development Authority for Katrina Recovery. Toward that goal, MDA is to reprogram its Katrina CDBG recovery package as follows. *(See Table 1)*.

Table 1 - Reallocation of Katrina CDBG Funding			
Description	Current Program Allocations/Action Plans	Reallocation of Funds	Proposed Program Allocations
Homeowner's Assistance P1	\$ 1,534,916,303	\$ 7,200,000	\$ 1,542,116,303
Homeowner's Assistance P2	\$ 552,947,756	\$ (82,000,000)	\$ 470,947,756
Elevation Grants	\$ 70,500,000	\$ (24,000,000)	\$ 46,500,000
Public Housing	\$ 110,000,000	\$ 18,200,000	\$ 128,200,000
Small Rental	\$ 232,500,000	\$ (5,600,000)	\$ 226,900,000
Long Term Workforce Housing*	\$ 350,000,000	\$ (20,500,000)	\$ 329,500,000
Water/Wastewater Infrastructure	\$ 641,075,000	\$ (10,000,000)	\$ 631,075,000
Building/Code Inspectors Grant	\$ 9,500,000	\$ -	\$ 9,500,000
Ratepayer/Windpool	\$ 440,000,000	\$ -	\$ 440,000,000
Economic Dev. Grants/Loans	\$ 267,182,000	\$ 74,000,000	\$ 341,182,000
Community Revitalization Grants	\$ 252,600,000	\$ (1,000,000)	\$ 251,600,000
Tourism	\$ 5,000,000	\$ -	\$ 5,000,000
GO Zone	\$ 42,400,000	\$ -	\$ 42,400,000
Planning Grants	\$ 10,000,000	\$ -	\$ 10,000,000
Port of Gulfport	\$ 570,000,000	\$ 51,100,000	\$ 621,100,000
Hancock Co LTR/Ground Zero	\$ 200,000,000	\$ (2,400,000)	\$ 197,600,000
Fraud Investigation/Contractor Fraud	\$ 5,000,000	\$ -	\$ 5,000,000
Low-Inc. Housing Tax Cr. Asst. Fund	\$ 30,000,000	\$ (5,000,000)	\$ 25,000,000
State Administration	\$ 157,600,000	\$ -	\$ 157,600,000
	\$ 5,481,221,059	\$ -	\$ 5,481,221,059

**This \$20 million reallocation does not impact the \$92,863,767 established for the unmet needs program outlined herein.*

Eligible Activities

All activities eligible under Section 105(a) of the Act are eligible consistent with those identified in the separate Partial Action Plans and related amendments.

National Objectives

This amendment is designed to be consistent with the primary objective of providing funds for local 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
- Slums or Blight
- Urgent Need

Companion Action Plan

This Amendment is being submitted in conjunction and co-ordination with the MDA's Katrina Disaster Assistance Program Long Term Workforce Housing Action Plan Amendment 6, Modification 3, dated October 29, 2010.

Citizen Participation

This Amended Action Plan will be submitted for public comment in English, Spanish, and Vietnamese versions to the website at www.msdisasterrecovery.com on October 29, 2010, with seven (7) day public comment period agreed to by HUD ending on November 5, 2010. Written comments regarding this proposed modification may be mailed to MDA, Post Office Box 849, Jackson, MS 39205, Attention: Disaster Recovery, or sent via facsimile to (601)359-4004. Comments may also be submitted online to disasterrecoverycomments@mississippi.org. Changes may be made at that time and the final amendment to the Action Plan will then be submitted to HUD for approval.

Public Comment

Exhibit A – Contributors to Unmet Housing Need Data Collection Project

Mississippi Center for Justice
International Relief and Development
Hancock County Housing Resource Center
Hope Community Development
Disability Rights Mississippi (DRMS)
L.I.F.E. Resource Center/ MANNA Ministries
Lutheran Episcopal Services in MS Ministries
Recover, Rebuild, Restore Southeast MS (R3SM)
Recovery Assistance Inc, MS
Waveland Citizens Fund
American Red Cross
Lutheran Episcopal Services in MS-KAT
Pine Belt Restoration
Recovery Assistance International, RAI
Mississippi Coast Interfaith Disaster Task Force
FEMA - VAL
MS - VOAD
MS Case Management Consortium