



Mississippi Development Authority

**Gulf Coast Regional Infrastructure Program
Homeowner Assistance Program**

Modification #15
Program Funding Reallocation

May 12, 2009

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Funding Reallocation**

Overview

This Modification pertains to the additional use of the \$5.058 billion 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 109-148). 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.”

Purpose

MDA is increasing the funds allocated to this activity from \$611 million to \$641 million. These additional funds will be redirected from Phase II of the Homeowner’s Assistance program which, through a substantial modification, received \$30 million redirected from the Gulf Coast Regional Infrastructure fund on 09/12/2008. MDA began accepting Phase II applications nearly two years ago and closed out the application process in March of 2008. Over 8,900 applicants benefitted from this demand driven program designed to assist low/mod income individuals. To date approximately \$498M has been disbursed.

Table 1 – Reallocation of Homeowners Assistance Program (Phase II)

Program	Current Program Allocations/Action Plans	Reallocation of Funds	Proposed Program Allocations
Gulf Coast Regional Infrastructure	\$ 611,075,000	\$ 30,000,000	\$ 641,075,000
Community Revitalization	\$ 235,000,000	\$ 17,600,000	\$ 252,600,000
Public Housing	\$ 106,000,000	\$ 4,000,000	\$ 110,000,000
Homeowner's Assistance Program - Phase II	\$ 604,601,697	\$ (51,600,000)	\$ 553,001,697

Eligible Activities

The principle eligible activities for this grant program will be the provision of public infrastructure (water, wastewater, and storm water), and other eligible activities as found in Section 105(a) of the 1974 Housing and Community Development Act.

National Objectives

The national objectives of urgent needs will be used for this program.

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.

Environmental

It is the intent of this program to pass the CDBG funds through to the utility authorities and local governments. Therefore, environmental requirements will be carried out by these entities. MDA and MDEQ will provide technical assistance to the utility authorities and local governments to assist in making sure the environmental requirements are met and documented.

Citizen Participant Plan

MDA will solicit public comments on this Action Plan Modification.

Public Comments

This proposed amendment – Amendment 15 – will be submitted for public comment to the website at www.mississippi.org on May 19, 2009 with the public comment period ending on June 3, 2009. 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.

The comment period for this amendment ended on June 3, 2009 and as required by regulations, below is a summary of the comments or views received and MDA's response:

Comment:

- **Opposed to the amendment saying that the reallocation would exacerbate an affordable housing "crisis" along the Coast. Groups contend that wind damage for residents, particularly rental residents should have been included in the state's initial recovery program formulation and budget allocations. The comments particularly object to any reallocation from Phase 2 of the Homeowners Assistance Program (HAP) to the Regional Water and Waste Water Infrastructure program.**

Response:

The Homeowners Assistance Budget is one of 17 recovery programs. It has traditionally been a fluctuating budget determined by the demand of the HAP program as defined by the number of active applications. The HAP Phase 1 and Phase 2 are essentially completed programs which have disbursed grants averaging around \$70,000 to almost 28,000 households in the three Coastal counties hardest hit by Hurricane Katrina, a total of almost \$2 billion disbursed directly to homeowners. No qualifying HAP applicant was denied a HAP grant based on lack of budgeted funds. MDA did transfer monies into the HAP toward the end of the program as a response to an application surge which resulted from extensive advertising of the HAP program deadline of March 15, 2008. But, again, this action was the result of an increased application population and the state's commitment to ensure the HAP has more than enough resources to meet demand, even in the unlikely event that *every* application qualifies. As the HAP program drew to a close, the state had HAP resources which could be reprogrammed to other recovery needs.

With regard to the assertion that the Coast suffers from an affordable housing shortfall, we point out that MDA has budgeted almost \$1 billion to building about 10,000 affordable rental units throughout the Coastal counties. These affordable housing construction programs are well underway. For example, 2000 of the expected 2,500 public housing units being built or rebuilt through MDA's Katrina Recovery Public Housing Program are now finished or under construction. These units in particular target the lower end of the LMI population. The Small Rental and Long Term Workforce Housing programs are moving quickly. With more than 96 percent of HAP recipients saying they plan to rebuild their homes, and with Small Rental, Public Housing and our Long Term Workforce Housing programs well on the way to building about 10,000 affordable units, independent studies show affordable housing stock along the Coast will be more plentiful than before Katrina. In fact, by 2011 MDA expects that affordable housing stock along the Coast will be slightly overbuilt for the market. Therefore MDA has enacted strategies to make existing stock more affordable, particularly for those in the very low income "deep subsidy" category. The agency has enacted several programs to address affordability, including requesting the federal government to increase the state's housing voucher allocation. And, MDA and its local partners have launched several initiatives designed to provide supplemental financing that help make both existing and new single-family and rental units more affordable.

MDA reminds all interested parties how important the Regional Water and Wastewater Plan is to the Coast's overall recovery. For both environmental reasons and that of public safety, population along the Coast is shifting slightly northward following Hurricane Katrina. With more residents choosing to live away from surge-prone areas, the state must ensure that the population has access to safe, dependable water and wastewater systems which comply with modern environmental standards and help mitigate damage in the event of another Katrina-like event. Individual septic tanks along the Coastline, which would be required without a regional wastewater plan, are not a viable option for residents or a responsible plan for the future. For these reasons MDA remains committed to this modification amendment and to the Regional Water and Wastewater Plan as a whole.