

Mississippi Development Authority

Small Rental Assistance Program

Substantial Modification One To Amendment One

CDBG Disaster Recovery Action Plan

I. Background and Scope

The Mississippi Development Authority (MDA) submits this Substantial Modification One to the CDBG Disaster Recovery Action Plan Amendment One as approved by the Department of Housing and Urban Development. This Substantial Modification adds certain processing modifications to aid MDA in the expeditious and accurate processing of applications.

II. Substantial Modifications

MDA makes the following modifications to Amendment 1 of the Small Rental Assistance Program Action Plan.

A. Allocation of Funding per Option

In regards to the allocation of funding per Program Option, Amendment 1 states the following:

Each Program Option is funded at \$40,000,000. Each includes a nonprofit set-aside of \$5,000,000, which will be awarded for use in any of the four eligible counties. The remaining \$35,000,000 is earmarked for use in the specified counties – Hancock, Harrison, and Jackson Counties have been allocated \$10,000,000 each, and Pearl River County has been allocated \$5,000,000. Schedule I reflects the breakdown.

MDA, in its sole discretion, reserves the right to adjust the funding pools for Round 1.

This schedule and allocation of funding applied solely to Round 1. Therefore, MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that the cited language is replaced with:

Each Program Option is funded at \$40,000,000. Each includes a nonprofit set-aside of \$5,000,000, which will be awarded for use in any of the four eligible counties. The remaining \$35,000,000 is earmarked for use in the specified counties – Hancock, Harrison, and Jackson Counties have been allocated \$10,000,000 each, and Pearl River County has been allocated \$5,000,000. Schedule I reflects the breakdown.

MDA, in its sole discretion, reserves the right to adjust the funding pools.

B. Completion Bonus

In regards to the scheduled tiered completion bonus, Amendment 1 states the following:

A tiered completion bonus is available under Program Options B, C, and D. Units with a Certificate of Occupancy dated within 6 months of the first disbursement receive the full completion bonus. Units with a Certificate of Occupancy dated

within 9 months of the date of first disbursement receive two-thirds (2/3) of the full bonus. Units with a Certificate of Occupancy dated within 12 months of the date of first disbursement receive one-third (1/3) of the full bonus. All bonus amounts will be rounded to the nearest \$100. Schedule G shows the range of completion bonuses.

The tiered completion bonus has been replaced in Round 2 with a static completion bonus payout. Any applicant applying under Options B, C, or D that obtains a Certificate of Occupancy within 9 months of the date of first disbursement receives the full completion bonus.

Therefore, MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that the cited language is replaced with:

A completion bonus is available under Program Options B, C, and D. Units with a Certificate of Occupancy dated within 9 months of the first disbursement receive the full completion bonus.

C. Restricted Rent Adjustment

In regards to the annual adjustment of Program rental rates, Amendment 1 states the following:

Restricted rents in the rental program will be adjusted upward annually with the publication of new rent tables by the federal government and/or MDA. AMI levels will also be adjusted yearly.

MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that the cited language now reads as:

Restricted rents in the rental program will be adjusted annually with the publication of new rent tables by the federal government and/or MDA. AMI levels will also be adjusted yearly.

D. Section 8 Rental Rates

In regards to the Small Rental Assistance Program's rental rates, Amendment 1 states the following:

Rental rates will be affordable as defined by HUD and/or MDA.

MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that the cited language now reads as:

Rental rates will be affordable as defined by HUD and/or MDA. If an applicant chooses to participate in HUD's Section 8 Rental Voucher Program and the applicant is approved for a rent amount by HUD which is greater than the rent amount approved by MDA, the applicant may charge the greater rent amount that

is allowed by the Section 8 Rental Voucher Program. Applicants who participate in the Section 8 Rental Voucher Program are allowed to use a HUD approved Section 8 lease instead of the MDA lease for those units which are participating in the Section 8 Rental Voucher Program. All other applicants must continue to use the required MDA lease and rental rates which are posted on www.mississippi.org.

E. Round Specific Language

MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that all references to “Round 1” or “Round One” are no longer round specific.

F. Non-compliance Period

In regards to the Small Rental Assistance Program’s rental rates, Amendment 1 states the following:

MDA or its vendor will review all information for propriety and accuracy and will perform periodic on-site inspections, for tenant income verification, record keeping, and for compliance with HUD’s physical conditions standards. Responsible staff will report to the Mississippi Development Authority. Should there be findings of noncompliance in any of the abovementioned, such noncompliance will be conveyed to the owner, who will have a 45 day period in which to correct the noncompliance, and to send verification of correcting such non-compliance to the MDA or its approved vendor. Should the noncompliance not be corrected within that time frame, an amount that is prorated based on the percentage of the 5 year period of the loan shall immediately become due and payable.

MDA has determined that it is in the best interests of the Program to lengthen the non-compliance period from 45 days to 90 days. Therefore, MDA modifies CDBG Disaster Recovery Action Plan Amendment 1 such that the cited language now reads as:

MDA or its vendor will review all information for propriety and accuracy and will perform periodic on-site inspections, for tenant income verification, record keeping, and for compliance with HUD’s physical conditions standards. Responsible staff will report to the Mississippi Development Authority. Should there be findings of noncompliance in any of the abovementioned, such noncompliance will be conveyed to the owner, who will have a 90 day period in which to correct the noncompliance, and to send verification of correcting such non-compliance to the MDA or its approved vendor. Should the noncompliance not be corrected within that time frame, an amount that is prorated based on the percentage of the 5 year period of the loan shall immediately become due and payable.

III. Substantial Modification

MDA has determined that this represents a major modification to the plan requiring submission for public comment and formal submission to HUD.

IV. Public Comments

The State of Mississippi is publishing this draft modification to solicit public comment. The draft plan will be available at county courthouses, administrative offices, and city halls. The draft modification is also available on the Internet at www.msdisasterrecovery.com. Comments may be emailed to disasterrecoverycomments@mississippi.org. Comments can be faxed to 601-359-4004. Additionally, comments will be accepted by postal mail sent to the following address: Post Office Box 849, Jackson, MS 39205, Attention: Disaster Recovery. Comments that are received by March 12, 2009 will be considered. Changes may be made at that time and then the final modification will be submitted to HUD for approval.

The comment period ended on March 12, 2009 and no public comments were received on Substantial Modification 1 to Amendment 1.

V. Waivers

All waivers received from the original action plan are considered to be effective for this modification.