

DISASTER RECOVERY INITIATIVE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5337-N-01]

*Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009
H.R. 2638 / Public Law 110-329*

LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT-DISASTER RECOVERY UNIT,
DIVISION OF ADMINISTRATION

**STATE OF LOUISIANA PROPOSED ACTION PLAN AMENDMENT
No. 24
FOR THE UTILIZATION OF
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
IN RESPONSE TO HURRICANES GUSTAV AND IKE**

Public Comment Period: December 6 – December 19, 2017

Submitted to HUD: January 10, 2018

Approved by HUD: February 15, 2018

John Bel Edwards
Governor

Billy Nungesser
Lieutenant Governor

Jay Dardenne
Commissioner of Administration

I. Overview

This Action Plan Amendment No. 24:

1. Amends allocations to the following programs: State Affordable Rental, Interoperable Communications, Municipal Infrastructure, Economic Revitalization (Business Grant and Loan), Recovery Public Service, Fisheries, and Comprehensive Resiliency;
2. Creates and allocates funds to the Soft Second Mortgage Program; and
3. Creates the Healthy Food Retail Program.

Program	Previous Total	Reallocation	Proposed Total	% Change
State Affordable Rental	\$50,602,543.00	(\$174,370.00)	\$50,428,173.00	(<1%)
Soft Second Mortgage Program	\$0.00	\$5,104,455.18	\$5,104,455.18	N/A
Interoperable Communications	\$17,099,040.00	(\$24,382.86)	\$17,074,657.14	(<1%)
Municipalities Infrastructure	\$35,000,000.00	\$92,337.80	\$35,092,337.80	<1%
Economic Revitalization (Business Grant and Loan)	\$68,054,527.00	(\$4,273,385.76)	\$63,781,141.24	(6.3%)
Recovery Public Service	\$20,000,000.00	(\$154,527.93)	\$19,845,472.07	(<1%)
Fisheries	\$33,816,799.05	(\$300,843.11)	\$33,515,955.94	(<1%)
Comprehensive Resiliency	\$13,300,000.00	(\$269,283.32)	\$13,030,716.68	(2%)
Total:	\$237,872,909.05	\$0	\$237,872,909.05	

II. Reallocation of funds for existing programs

A. State Affordable Rental Program

The State Affordable Rental Program budget is decreased to \$50,428,173.00 because funds have been deobligated from activities that are completed and closed out. This program was created in Action Plan Amendment 1, and amended in Amendments 2, 4, 8, 14, 15, 16 and 19.

B. Interoperable Communications Program

The Interoperable Communications Program is reduced to \$17,074,657.14 because this program is now completed. Funds are being transferred from this program to bring the balance to \$0 for closeout. This program was created in Action Plan Amendment 4, and amended in Amendment 10.

C. Municipalities Infrastructure Program

The Municipalities Infrastructure Program is increased to \$35,092,337.80 to fund the final eligible activity. This program was created in Action Plan Amendment 3, and amended in Amendments 8.

D. Economic Revitalization (Business Grant and Loan) Program

The Economic Revitalization (Business Grant and Loan) Program budget is reduced to \$63,781,141.24 because funds have been deobligated from activities that are completed and closed out. This program was created in Action Plan Amendment 3, and amended in Amendments 5, 8, 9, 12, 14, 15, 18, 21 and 22.

E. Recovery Public Service Program

The Recovery Public Service Program budget is reduced to \$19,845,472.07 because this program is now completed. Funds are being transferred from this program to bring the balance to \$0 for closeout. This program was created in Action Plan Amendment 17.

F. Fisheries

The Fisheries Program budget is reduced to \$33,515,955.94 because the Vessel Monitoring System and Fisheries Technical Assistance Programs are now completed. This program was created in Action Plan Amendment 1, and amended in Amendments 2, 3, 5, 6, 8, 13, 18, and 22.

G. Comprehensive Resiliency Program

The Comprehensive Resiliency Program budget is reduced to \$13,030,716.68 because funds have been deobligated from activities that are completed and closed out. This program was created in Action Plan Amendment 3, and amended in Amendments 5, 8 and 18.

III. Creation of New Programs

A. Soft Second Mortgage Program

1. Program Summary:

The Soft Second Mortgage Program seeks to provide homeownership assistance to first time homebuyers located in eligible disaster-impacted areas by providing soft second loans and closing cost assistance. The LSU Public Administration Institute's report, *Housing Needs Assessment of Louisiana*, demonstrated that 33 of the 53 FEMA IA declared parishes are still facing rent burdens. Citizens living in these affected parishes are paying thirty-five percent of income or more on gross rent. Although housing stock has improved in the affected areas with assistance of state, federal, and municipal housing repair programs, this program offers homeownership opportunities to rent-burdened citizens.

2. Method of Distribution:

The Louisiana Housing Corporation (LHC) will provide funding to prospective applicants through approved participating lenders. Funds will be distributed on a first come, first served basis, as applicants complete their applications and qualify for the program.

3. Eligible Activity:

Acquisition of real property to be used as borrower's primary residence.

4. National Objective:

Low to moderate income families

5. Program Budget:

\$5,104,455.18

6. Proposed Use of Funds:

For the purchase of a primary residence CDBG funds will be provided in the form of a soft second loan up to 20% of the purchase price up to but not exceeding \$30,000 with an additional up to \$5,000 for closing costs. The award may be structured as a loan, soft second fully/partially forgivable loan and/or a grant.

7. Eligible Applicants:

First time homebuyers whose household income is at or below 80% of area median income.

8. Criteria for Participation:

In order to be eligible for the program, applicants must be first time homebuyers and the household income must be at or below 80% of area median income. Applicants must provide a minimum investment of at least 1% of the purchase price or \$1,500, whichever is greater. Borrowers must meet the credit score requirements for the first mortgage loan. Applicants must complete a Homeownership Education class that meets the National Industry standards. Applicants must meet all qualifications for eligibility to receive a 30 year fixed rate FHA/VA, Rural Development or Conventional first mortgage loan product. Homes must be located in designated Gustav/Ike parishes.

Repayment of a portion of the principal amount, up to \$35,000 shall be due if the first Mortgage Loan is paid in full either through sale or refinance within five (5) years from the date of closing the first mortgage as follows:

0-36 Months	100% of the Soft Second Loan
37-48 Months	80% of the Soft Second Loan
49-60 Months	60% of the Soft Second Loan
After 60 Months	0%

9. Maximum Award:

A second mortgage loan of 20% of the purchase price up to \$30,000 per loan application and up to \$5,000 for closing costs for a maximum total amount of \$35,000.

B. Healthy Food Retail Program

1. Program Summary:

The Healthy Food Retail Program (HFRP) will provide financing for healthy food retailers operating in underserved communities in Gustav and/or Ike affected parishes in Louisiana, in both urban and rural areas to increase access to affordable healthy food so as to improve diets and health, to promote the sale and consumption of fresh fruits and vegetables, particularly those that are Louisiana grown and to support expanded economic opportunities in low-income and rural communities. The intent of the program is to enable operators to open, renovate or expand retail outlets that sell fresh fruits and vegetables.

Across Louisiana, 1.3 million residents (29% of Louisiana's total population) live in communities designated by USDA as having low access to grocery stores. The problem affects every parish in the state, with 83% of parishes containing communities with a severe enough concentration of low-access residents to merit the designation of "food desert" by the USDA. This designation states that for urban settings, at least 500 people or 33% of the census tract where people reside is one mile or greater from a supermarket. In rural settings, the distance is ten or more miles.

While many parishes in the state were considered food deserts before Hurricanes Gustav and Ike, this problem has been exacerbated by frequent and destructive hurricanes affecting the physical and economic structures of grocery stores, farmers markets and other food distribution systems.

Hurricane Gustav federally declared disaster areas include: Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson Davis, Jefferson, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, Rapides, Sabine, Saint Bernard, Saint Charles, Saint James, Saint John the Baptist, Saint Landry, Saint Martin, Saint Mary, Terrebonne, Vermilion, Vernon, West Baton Rouge, and West Feliciana. From Sept. 2008 to Sept. 2016, 59% of these parishes had an increase in unemployment. As of September 2016, the average unemployment rate in these parishes was 7%; Median 6.8%. The average increase in unemployment was .8%; Median .4% from 2009 to 2016. Additionally, from 2009 to 2013 the average poverty rate in these parishes was 21.69%; Median 19.85%. This data illustrates the slow economic recovery from Hurricane Gustav in the impacted parishes.

Hurricane Ike federally declared disaster areas include: Acadia, Beauregard, Calcasieu, Cameron, Iberia, Jefferson Davis, Jefferson, Lafourche, Plaquemines, Sabine, Saint Mary, Terrebonne, Vermilion and Vernon. From Sept. 2008 to Sept. 2016, 79% of these parishes have had an increase in unemployment. As of September 2016, the average unemployment rate in these parishes is 6.5%; Median 6.3%. The average increase in unemployment was 1.7%; Median 1.7%. Additionally, from 2009 to 2013 the average poverty rate in these parishes was 22.59%; Median 22.25%. This data helps underscore the slow economic recovery in these storm-affected areas.

In higher income and growth areas, economic revitalization of an area's retail grocery stores may be able to occur with minimal or no government subsidy. However, this program can be key in a lower-income neighborhood or rural community that has either lost its grocery store or where the area will continue to be a food desert, due to the cost of reopening. Oftentimes, grocers, particularly family-owned independent stores, cannot procure financing with flexible enough rates and terms to service the debt. Other costs such as land assembly and workforce development can be more challenging in food desert areas. With margins being so tight in the grocery industry, flexible public assistance can often be the deciding factor in whether a store

opens or not. Also, in many instances, the areas affected by disasters already faced food access disparities previously, which are then worsened following a disaster.

Furthermore, Hurricanes Gustav and Ike presented huge losses to the farm community and agricultural economy in Louisiana. Data from the LSU Ag Center estimates the losses to the Louisiana agricultural economy to be \$1.1 billion in total impact and \$5.32 billion in aggregate farm gate value. Approximately 97,000 businesses and small farms were affected.

The Healthy Food Retail Program will improve low food access in Louisiana through providing increased access to a variety of healthy foods, particularly Louisiana-grown fresh fruits and vegetables. The program will contribute to the economic revitalization of storm-impacted areas by providing grants, loans and/or partially forgivable loans for grocery stores, farmers markets and other food distribution methods to reopen and/or locate in low food access areas located in one of the Gustav and/or Ike affected parishes.

The program will also provide increased economic opportunity for farmers to sell their products such as rice, sweet potatoes, citrus and other crops. The residents of the storm affected areas in which the new healthy food retail outlets will be located will benefit not only from having access to healthy foods, but also from increased economic activity that this program will ignite through the flexible financing of grocery stores, farmers markets and other food distribution mechanisms. The investment in healthy food grocery stores will help eliminate food deserts in parishes affected by Gustav and/or Ike while helping those communities revitalize and continue to rebuild and reestablish from the lingering effects of the storms.

2. Method of Distribution:

The state will administer the program through the Louisiana Agricultural Finance Authority (LAFA). LAFA is a public agency organized pursuant to Louisiana Revised Statutes 3:264 et al. and regulations promulgated. Through LAFA, with administrative assistance provided by Louisiana Department of Agriculture and Forestry, the state will manage and monitor HFRP. The LDAF and LAFA will engage subrecipient(s) to implement the program. LDAF and LAFA will enter into subrecipient agreements and will designate them under Section 105(a)15 of the HCDA. LAFA will select experienced lenders to serve as subrecipients to the program.

This program will be funded with program income collected from the Louisiana Farm Recovery and Grant Program and Louisiana Agri-Business Recovery Loan Assistance Program that was remitted to the Office of Community Development.

3. Eligible Activities:

HCDA Section 105(a) 14-15, 105 (a) 17 and 105(a) 22

4. National Objective:

Activities that benefit persons of low to moderate income

5. Program Budget:
\$0 original grant; funded with program income funds generated from other G/I CDBG-DR activities.
6. Proposed Use of Funds:
The program will provide grants, low-interest loans and/or partially forgivable loans for grocery stores, farmers markets and other direct food distributors to open, renovate and/or expand in low food access areas located in one of the Gustav and/or Ike affected parishes.
7. Eligible Program Applicants:
For-profit businesses and non-profit organizations that provide fresh food retail to community residents and are located in or will be located in a food desert and in one of the parishes impacted by Hurricanes Gustav or Ike.

IV. Public Comment

- A. Per the state's initial Action Plan, this Amendment is considered substantial as it creates the new Soft Second Mortgage and Healthy Food Retail programs. The formal public comment period for the plan begins Wed., December 6th and runs through Tues., December 19th at 5 p.m. CST. Citizens and organizations can comment on this amendment via:
 - The OCD-DRU website, http://www.doa.la.gov/Pages/oed-dru/Action_Plans.aspx;
 - Emailing them to ocd@la.gov;
 - Mailing them to Disaster Recovery Unit, P.O. Box 94095, 70804-9095, Attn: Janice Lovett; or
 - Faxing them to the attention of Janice Lovett at (225) 219-9605.

The plan will be translated into Vietnamese and Spanish to reach the limited English proficiency citizens in the impacted areas. Citizens with disabilities or those who need other technical assistance can contact the OCD-DRU office for assistance via the methods listed above.

- B. Summary of Public Comments and State's Response:
The proposed Action Plan Amendment was published for Public Comment on December 6, 2017 through December 19, 2017. The state did not receive any comments.