

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

Allocations, Waivers and Alternative Requirements for Grantees Receiving Community Development Block Grant
Disaster Recovery Funds in Response to Disasters Occurring in 2011, 2012 and 2013
The Disaster Relief Appropriations Act, 2013 (Public Law 113-2)
Federal Register Docket No. FR-5696-N-03

LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT-DISASTER RECOVERY UNIT

**STATE OF LOUISIANA PROPOSED PARTIAL ACTION PLAN
No. 11
FOR THE UTILIZATION OF
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
IN RESPONSE TO HURRICANE ISAAC**

Public Comment Period: February 21 – March 6, 2018

Submitted to HUD: March 12, 2018

Approved by HUD: May 4, 2018

John Bel Edwards
Governor

Billy Nungesser
Lieutenant Governor

Jay Dardenne
Commissioner of Administration

I. Overview

This Partial Action Plan No. 11:

1. Amends allocations for St. John the Baptist Parish’s Homeowner Rehabilitation, Housing Elevation, Small Rental Rehabilitation, Small Business Grant and Loan Programs and the Demolition and Clearance Program;
2. Reduces the allocation for St. John the Baptist Parish;
3. Reduces allocation for State Administration and Planning;
4. Reduces allocations for the State-Run Hazard Mitigation Cost-Share for LMI Households and Homeowner Rehabilitation Programs; and
5. Creates and allocates funds for the State-Run Soft-Second Mortgage Program.

Parish/Program	Previous Allocation	Adjusted Amount	Proposed Allocation
St. John the Baptist Parish	\$32,674,000.00	(\$6,662.48)	\$32,667,337.52
Plaquemines Parish	\$18,903,745.00	\$0	\$18,903,745.00
FEMA Cost-Share	\$5,886,000.00	\$0	\$5,886,000.00
State Administration and Planning	\$3,055,300.00	(\$600,000.00)	\$2,455,300.00
Parish Recovery Priority Projects	\$1,729,863.00	\$0	\$1,729,863.00
Hazard Mitigation Cost-Share for LMI Households	\$1,664,573.00	(\$212,221.81)	\$1,452,351.19
Homeowner Rehabilitation Program	\$465,603.00	(\$131,000.00)	\$334,603.00
Soft-Second Mortgage Program	\$0	\$949,884.29	\$949,884.29
Total:	\$64,379,084.00	\$0	\$64,379,084.00

II. St. John the Baptist Parish Program Allocations

St. John the Baptist Parish Programs	Previous Allocation	Adjusted Amount	Proposed Allocation
Homeowner Rehabilitation Program	\$13,996,148.96	\$2,204,216.36	\$16,200,365.32
Garyville Redevelopment Project	\$5,565,000.00	\$0	\$5,565,000.00
St. John the Baptist Parish School Board	\$5,000,000.00	\$0	\$5,000,000.00
Housing Elevation Program	\$3,500,000.00	(\$480,909.57)	\$3,019,090.43
Small Rental Rehabilitation Program	\$1,827,990.00	(\$1,468,289.17)	\$359,700.83
Small Business Grant and Loan Program	\$1,720,626.14	(\$194,785.60)	\$1,525,840.54
Homebuyer Assistance Program	\$550,864.90	\$0	\$550,864.90
Demolition and Clearance Program	\$350,000.00	(\$66,894.50)	\$283,105.50
Admin.	\$163,370.00	\$0	\$163,370.00
Total:	\$32,674,000.00	(\$6,662.48)	32,667,337.52*

**Note: \$6,662.48 was de-obligated from St. John the Baptist’s Allocation per HUD’s Audit in 2016.*

1. Homeowner Rehabilitation Program

The Homeowner Rehabilitation Program budget is increased to \$16,200,365.32 due to the higher than anticipated costs to rehabilitate the homes in the program.

2. Housing Elevation Program

The Housing Elevation Program budget is reduced to \$3,019,090.43 due to identification of final applicants and their contract values.

3. Small Rental Rehabilitation Program

The Small Rental Rehabilitation Program budget is reduced to \$359,700.83 due to identification of final applicants and their contract values.

4. Small Business Grant and Loan Program

The Small Business Grant and Loan Program is reduced to \$1,525,840.54 due to identification of final applicants and their awards.

5. Demolition and Clearance Program

The Demolition and Clearance Program budget is reduced to \$283,105.50 due to identification of the remaining homes to be demolished and estimated costs.

III. **State-Run Program Allocations**

A. **State Administration and Planning**

State Administration and Planning Budget	Previous Allocation	Adjusted Amount	Proposed Allocation
Administration	\$3,020,961.88	(\$600,000.00)	\$2,420,961.88
Planning	\$34,338.12	\$0	\$34,338.12
Total	\$3,055,300.00	(\$600,000.00)	\$2,455,300.00

The state administration and planning budget is reduced to \$2,455,300 due to revised projections as close-out of various projects occurs.

B. **Hazard Mitigation Cost-Share for LMI Households**

Hazard Mitigation Cost-Share Parish Allocations	Previous Allocation	Adjusted Amount	Proposed Allocation
Lafourche	\$165,633.00	\$0	\$165,633.00
Livingston	\$249,937.00	\$0	\$249,937.00
St. Martin	\$367,500.00	(\$302,415.75)	\$65,084.25
Tangipahoa	\$35,350.00	\$0	\$35,350.00
Terrebonne	\$598,153.00	\$187,404.00	\$785,557.00
Washington	\$248,000.00	(\$97,210.06)	\$150,789.94
Total	\$1,664,573.00	(\$212,221.81)	\$1,452,351.19

The Hazard Mitigation Cost-Share for LMI Households budget is reduced to \$1,452,351.19 due to a decrease in eligible households in St. Martin and Washington parishes.

C. Homeowner Rehabilitation Program

The Homeowner Rehabilitation Program budget is reduced from \$465,603.00 to \$334,603 due to identification of final applicants and their contract values.

D. Creation of Soft Second Mortgage Program and Allocation of Funds

1. Program Description

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 17 of the 26 FEMA Individual Assistance (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, which is above the acceptable standard and under HUD definition qualifies them as rent-burdened. 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.

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.

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.

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.

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%

2. 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.
3. Eligible Parishes
Allen, Ascension, Assumption, East Baton Rouge, East Feliciana, Iberville, Jefferson, Lafourche, Livingston, Morehouse, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Washington, West Baton Rouge and West Feliciana.
4. Eligible Activity
105(a)(24)
5. National Objective
Low- and Moderate-Income Benefit
6. Allocation
\$949,884.29
7. Overview and Delivery
The Soft Second Mortgage Program will be administered through the Louisiana Housing Corporation, with overview, technical assistance and guidance provided by the state through OCD-DRU.
8. Project Monitoring
The Louisiana Housing Corporation will monitor the Soft Second Mortgage Program in accordance with OCD-DRU's Monitoring Plan.

IV. Public Comment

- A. This Partial Action Plan is considered substantial as it creates a new program and reallocates funds exceeding \$1,000,000, per the allowable activities described in the Master Action Plan. The formal public comment period for the plan was Wed., February 21, 2018 through Tues., March 6, 2018 at 5 p.m.

Citizens and organizations could comment on this amendment via:

- The OCD-DRU website, http://www.doa.la.gov/Pages/ocd-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.

This Partial Action Plan was translated into Vietnamese and Spanish to reach limited English proficiency citizens in the impacted areas. Citizens with disabilities or those who needed other technical assistance could contact OCD-DRU for assistance via the methods listed above.

B. Summary of Public Comments and State's Response

One public comment was received from Terrebonne Parish, which requested an additional \$187,404 for newly identified households to participate in their Hazard Mitigation Cost-Share for LMI Households program. The state granted their request as reflected in this Partial Action Plan by adjusting the total funds in the Soft Second and Hazard Mitigation Cost-Share for LMI Households programs.