



Mississippi Development Authority

Katrina Supplemental CDBG Funds

For

**Hancock County Long Term Recovery
CDBG Disaster Recovery Program**

Amendment 7 Partial Action Plan

July 2, 2008

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For
Hancock County Long Term Recovery**

OVERVIEW

Hurricane Katrina made landfall in Mississippi on August 29, 2005 and turned out to be the worst natural disaster to ever hit the United States. While the entire Gulf Coast sustained significant loss of housing, public facilities, and infrastructure as a result of Hurricane Katrina, Hancock County was deemed “ground zero” because the eastern edge of the eye wall passed through the county, subjecting it to the powerful winds in the upper-right quadrant and the brunt of the hurricane’s force.

FEMA reported there were 65,380 homes in south Mississippi damaged or destroyed and estimated there were 44 million cubic yards of debris in south Mississippi. According to the US Department of Housing and Urban Development (HUD) Housing Unit Damage Estimates, 15,202 homes in Hancock County received damage from Hurricane Katrina. Based on HUD estimates, the percentage of households damaged by Hurricane Katrina was more significant in Hancock County than other coastal Mississippi counties.

County	Percentage of Housing Units Damaged	Percentage of Housing Units with Major/Severe Damage
Hancock	90%	70%
Harrison	68%	34%
Jackson	64%	34%

SOURCE: HUD, February 12, 2006

While most of the damage estimate data available relates to housing, it is reflective of the extensive scope of the damage that was sustained in Hancock County. Not only was a significant amount of Hancock County’s housing damaged, but also its public facilities, infrastructure, and businesses.

To assist communities affected by Hurricane Katrina in their recovery, the Community Revitalization program, as described in the Economic Development Program Amendment 4 Partial Action Plan, has accepted proposals and invited applications for approximately \$211.6 million in the three coastal counties.

County of Applicant	Funding Amount Invited
Hancock County	\$52,842,605
Harrison County	\$99,097,601
Jackson County	\$59,646,931

The Gulf Coast Regional Infrastructure Program addresses rebuilding, repairing and relocating water, wastewater and storm water infrastructure. This program has currently dedicated approximately \$117 million to Hancock County.

The recovery resources that have been made available will have a tremendous impact on the recovery effort in Hancock County, however there remains a significant need for both immediate and long term recovery. The local governmental entities of Hancock County continue to face a considerable challenge in restoring their communities. This amendment is essential to the rebuilding and long term recovery of Hancock County.

PROGRAMS

Purpose, Funding & Eligible Applicants

This amendment provides \$200 million from the Homeowner Assistance Program, Phase I and Phase II, and the Homeowner Elevation Program to support the recovery and restoration of Hancock County, Mississippi. The program budgets and funding levels required for the Homeowner Assistance Programs and the Homeowner Elevation Program are determined by the number of eligible applications that were received from individual homeowners. The funds that will be available after reprogramming funds for the Hancock County Long Term Recovery Plan will be sufficient to fund the number of applicants who will be eligible for assistance.

These funds will be distributed through three programs, the Hancock County Infrastructure program, the Hancock County Economic Development Program and the Hancock County Community Revitalization Program. The Hancock County Community Revitalization Program offers \$160 million in grants to Hancock County governmental entities that suffered damage as a result of Hurricane Katrina. In addition, \$25 million will be added to the Gulf Coast Regional Infrastructure Program specifically for Hancock County, Mississippi and \$15 million will be added to the Economic Development program specifically for Hancock County, Mississippi. The Mississippi Development Authority (MDA) is the State's designated agency responsible for administering CDBG funds.

HANCOCK COUNTY COMMUNITY REVITALIZATION PROGRAM

Grant Size

The maximum grant size will be \$10,000,000. The State has the authority to increase the maximum grant size on a case by case basis and may waive the maximum amount. The State reserves the right to negotiate the grant amount on each project.

Eligible Activities

All proposed activities must meet the HUD eligible activities found in Section 105(a) of the Housing and Community Development Act of 1974, and any related waivers and alternative requirements authorized by HUD, including the waiver previously provided for buildings for the general conduct of government. Projects may include more than one activity

The following is a listing of possible eligible activities:

- (1) the acquisition of real property (including air rights, water rights, and other interest therein) which is:

- a. blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;
 - b. appropriate for rehabilitation or conservation activities;
 - c. appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;
 - d. to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or
 - e. to be used for other public purposes
- (2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;
 - (A) Water and sewer facilities
 - (B) Community, Senior and Health Centers
 - (C) Fire protection facilities
 - (D) Parking, streets, curbs, gutters and sidewalks, parks and playground
 - (E) Shelters for the homeless
 - (F) Flood and Drainage Improvements
 - (3) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
 - (4) clearance, demolition, removal of buildings and improvements, and movement of structures and other sites.
 - (5) rehabilitate, preserve and restore historic properties, provided such activities meet a national objective.
 - (6) rehabilitation of commercial or industrial buildings, provided rehabilitation meets a national objective. However, the rehabilitation of a commercial or industrial building owned by a private for-profit business may qualify under the rehabilitation category only if the rehabilitation is limited to improvements to the exterior of the building and correction of code violations.
 - (7) eligible activities not listed here must be approved by MDA staff prior to project being submitted.

Application Process

Based on MDA's long-standing project review process, the local government or public entity seeking these funds must first submit a project proposal. Based upon an initial review of the proposal, MDA may require a meeting with relevant parties to discuss the project. Then MDA may issue a letter inviting a CDBG grant application.

Proposal Period – The proposal period will be for the invitation of applications for \$160,000,000. Proposals for grants will be accepted beginning June 30, 2008 through August 8, 2008.

Applicants will be informed by August 22, 2008 if they are invited to submit a grant application. Applications will be due within 60 days. This time frame is needed to allow the locals to perform required citizen participation and start environmental and engineering activities.

Selection Process

The selection process for these projects will be based on the following rating factors:

1.	Project readiness	10 Points
2.	How project fits into the overall plans of the community	15 Points
3.	Documentation of need and how the project will assist in the long term recovery from the damage caused by Hurricane Katrina	50 Points
4.	Project benefits low/moderate income persons	20 Points
5.	Level of local investment into the project	<u>5 Points</u>
	Total	100 Points

Applicants must receive 70 points to be eligible for funding.

Explanation of Rating Factors

1.	Project readiness	
	When will the project be ready to go to bid?	
	1-6 Months	10 Points
	7-12 Months	5 Points
	Over 12 Months	0 Points
2.	How project fits into overall plans of the community?	
	Does the project show documentation that it is consistent with One or all of the following plans; (1) Community Comprehensive Plan, (2) Governors Charrettes, or (3) Mainstreet Plans or (4) other similar types of plans developed prior to or post Katrina.	15 Points
	Project is not consistent with local plans	0 Points
3.	Documented need relates to Hurricane Katrina:	
	Critical – The need for the project is a direct result of the consequences of Hurricane Katrina and will allow communities to restore facilities and services as well as provide the infrastructure to rebuild the community.	50 Points
	Substantial – The need for the project is a direct result of the consequences of Hurricane Katrina. The project will return facilities and infrastructure to pre-storm conditions.	40 Points
	Moderate – The need for the project is a result of the impact of Hurricane Katrina and is a need of reasonable or average importance or extent, but not urgent or of a considerable importance	30 Points

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| 4. | Project benefits low/moderate income persons
Project will provide a benefit to low and moderate income persons
Project qualifies under the low/moderate income national objective | 20 Points |
| | No low/moderate income benefit
Project does not qualify under the low/moderate income national objective | 0 Points |
| 5. | Level of local investment
Investment by local government | 5 Points |
| | No investment | 0 Points |

HANCOCK COUNTY INFRASTRUCTURE PROGRAM

The Hancock County Infrastructure Program will be administered by MDA’s sub-grantee, the Mississippi Department of Environmental Quality (DEQ). MDA will amend its sub-recipient agreement with DEQ to include this additional funding. DEQ will be responsible for processing the local entity’s grant application(s) and award(s), as originally defined in the Gulf Coast Regional Infrastructure Program Amendment 2 Modification 2.

HANCOCK COUNTY ECONOMIC DEVELOPMENT PROGRAM

The Hancock County Economic Development Program will be administered by MDA through its existing Economic Development Program. MDA will process the local entity’s grant application(s) and award(s), as originally defined in the Economic Development Program Amendment 4.

OTHER GENERAL INFORMATION

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 Needs

Threshold Requirements

1. The proposed activities must meet one of the three National Policy Objectives.
2. A letter from the local government or public entity must accompany the application and must state that the proposed use of CDBG funds is not reimbursable by FEMA or other federal agencies. However, CDBG funds may be used to provide the match or unfunded portions for projects funded by FEMA or other Federal programs.

Waivers

The state reserves the ability to waive certain program requirements so long as HUD requirements are met.

The State will utilize the waiver previously requested and received concerning restrictions on the repair or reconstruction of buildings used for the general conduct of government at 42 USC 5035(a)(2) and (a)(14) and 24 CFR 570.207(a)(1). The State will utilize this waiver, provided at Federal Register Vol. 72 No. 43/Tuesday, March 6, 2007, because several communities lost every public building in the community as a result of this disaster. These communities will need assistance in rebuilding or repairing these damaged structures.

In order for the Hancock County Long Term Recovery program to be successfully implemented, the State will request specific waivers. As the program is being implemented, there may be a need to request additional waivers. This area of Mississippi was struck with the worst natural disaster to ever hit the United States and the recovery program needs to be designed for those disaster funds to be flexible to meet the local needs.

The State is requesting a waiver of the 50% low/mod participation requirement for the programs addressed in this amendment, as provided for the initial Economic Development Program Amendment 4. Having the upfront requirement places undue constraints on the ability to administer these programs and speed recovery. The State anticipates it will have significant low/mod participation within all the CDBG disaster recovery programs it has and is establishing. Certain programs, such as the one for public housing assistance, small rental assistance, and long term workforce housing, are targeted specifically at low/moderate individuals while others, i.e. a planned regional water/sewer system, serve all of the general public and by doing so, significantly enhance recovery for all citizens of the disaster-affected areas.

The Public Housing Program is designed to provide long-term recovery assistance by replacing public housing facilities that existed prior to the storm on at least a “one-for-one” basis. An estimated 2,534 units in Hancock, Harrison, and Jackson counties sustained damage from Hurricane Katrina. Through the public housing program, \$100,000,000 has been allocated to five coastal public housing authorities to repair or reconstruct damaged public housing facilities. An estimated 3500 low-income housing units will be constructed through the program. The Bay St. Louis and Waveland housing authorities will be replacing the 176 units destroyed by Hurricane Katrina with approximately 300 units.

The action plan for the Long Term Workforce Housing program was submitted to HUD on April 1, 2008. This program will benefit households which are 120% or less of the Area Median Income (AMI). The program, totaling \$350 million, will provide grants or loans to provide long term affordable housing in Hancock, Harrison, Jackson, and Pearl River counties. The first round of the program anticipates providing assistance to 5850 households.

The HUD data for the low/moderate income residents along the Gulf Coast shows the following County or City information:

<u>Local Government</u>	<u>Low/Mod %</u>
Hancock County	42.6

Bay St. Louis	40.7
Waveland	43.4

The State will make every effort to qualify projects under the low/moderate national objective and report these projects to HUD. The above figures further document the need for the waiver on all of the projects.

Environmental

It is the intent of the Hancock County Community Revitalization and Hancock County Economic Development programs to pass the CDBG funds through to the Hancock County units of local government. The units of local government will assume responsibility for meeting all environmental requirements. MDA will provide technical assistance and monitor the local governments to ensure the environmental requirements are met and documented.

For the Hancock County Infrastructure Program, MDA will be the Responsible Entity (RE) for obtaining compliance with HUD environmental laws and implementing regulations as provided for in 24 CFR Part 58. MDA, with assistance from DEQ, will be responsible for ensuring that environmental reviews are completed and approved by HUD prior to requesting a release of funds from HUD.

Duplication of Benefits

Activities/projects will be approved and included in the sub-recipient agreement(s) only after documentation is provided to ensure all sources of funding have been considered in accordance with the Stafford Act. Examples of these sources may include, but are not limited to, FEMA, U.S. Corps of Engineers, and insurance proceeds.

Monitoring

MDA has a bureau dedicated to the monitoring of current and future disaster recovery programs funded with CDBG funds. This staff reports to both the Executive Director of MDA and the Governor of Mississippi. In addition, The State will require the applicant receiving funds under this amendment to enter into sub-recipient agreements with MDA. Among other provisions, these agreements will require regular progress reports, permit MDA access to grant records and sites, and require that all procurement is in accordance with State and Federal requirements. Monitoring programs have been developed and will be amended to include this program.

Audit Requirements

Funds disbursed under this program are subject to the audit requirement of the Single Audit Act of 1996 and OMB Circular A-133.

Investigation and Mitigating Occurrences of Fraud, Abuse and Mismanagement

The MDA will work with all Federal agencies to investigate and mitigate instances of fraud, abuse and/or mismanagement of any CDBG funds. The Auditor for the State of Mississippi has an investigative team assigned to investigate suspected instances of fraud.

The projects will flow through local governmental entities. The Mississippi State Auditor has the responsibility to audit all county governments on a yearly basis. The municipal governments are required by State law to have audits on all funds on an annual basis and must provide copies of audits to the State Auditor. The State Auditor is a state-wide elected official independent of

the MDA. The MDA will make it a requirement for the audits to be sent to its offices for review on an annual basis.

Complaint Referrals

Complaints alleging a specific violation of a statutory or regulatory requirement, received by HUD at the Headquarters, Regional, or Field Office level will be forwarded to the appropriate State office for the response

Substantial Amendments

MDA recognizes that any change which changes the nature, purpose, or scope of the programs contained herein, will constitute a substantial amendment requiring public comment and approval by HUD. Additions or deletions of program activities or changes in eligible beneficiaries would also constitute the need for a program amendment requiring public comment and approval by HUD.

Citizen Participation / Public Comment

This proposed amendment – Amendment 7 – was submitted for public comment to the website at www.mississippi.org on June 9, 2008 with the public comment period ending June 24, 2008. Written comments regarding this proposed modification could be mailed to MDA, Post Office Box 849, Jackson, MS 39205, Attention: Disaster Recovery, or sent via facsimile to (601)359-9280. Comments were also accepted online at hancockrecovery@mississippi.org.

As required by regulations, a summary of comments or reviews received (the number received is shown in parenthesis) by the June 24, 2008, deadline and MDA's responses are as follows:

- **Opposed to “diversion of housing funds;” requests making housing first priority of any program; opposed to low/mod waivers; requests more rental units;. (1)**

Response – The Homeowners Assistance Program (HAP) estimated budget was initially based on FEMA data for flood surge damaged homes immediately after the storm. HAP's initial objective was to provide assistance to those homeowners outside the 100-year flood plain who received damage from storm surge and relied on the recommendation of the National Flood Insurance Program to determine the need for flood insurance. A requirement of the first phase was that the homeowner must have had, at a minimum, hazard insurance. The program was extended to assist those homeowners who received surge damage regardless of their location or insurance coverage. The second phase included a household income limit not to exceed 120% of the Area Median Income (AMI). The amended budget for Phase I and II of the HAP could provide homeowner grants for up to 30,000 homes. As of June 30, 2008, 27,050 Phase I and II applications have been approved, and grants have been disbursed for \$1.53 billion. The benefit to low/mod individuals in households at or below 80% of AMI is 29.2% for Phase I and 65.4% for Phase II.

The following are additional housing programs funded with CDBG Disaster monies that specifically address housing needs of low-to-moderate-income households.

The **Public Housing Authority** Program provides long-term recovery assistance to the five Public Housing Authorities located in Jackson, Hancock and Harrison Counties. This program replaces critical public housing that existed prior to the storm on at least a “one-for-

one” basis. There were 2,500 units damaged of the nearly 2,700 existing units. HUD approved this \$105 million program in August 2006.

The **Small Rental Assistance Program** provides forgivable loans to owners of small rental properties in Jackson, Hancock, Harrison and Pearl River Counties. The primary stipulations are that the units be rented to tenants at 120% of AMI, with the requirement that 51% of these tenants have incomes of 80% or less of AMI. Owners are also restricted in the rents that can be charged to each tenant based on HUD defined affordable rates. The conditions must be met for five years for the loans to be forgiven. HUD approved this \$262.5 million program in July 2007. The period for the first round of applications ended on October 26, 2007, 2,100 applications were received and it is estimated that these would provide 3,700 units. Applications are made by property.

MDA issued a Request for Proposal from qualified individuals and non-profit and for profit entities to develop **Long Term Workforce Housing Programs**. MDA is currently negotiating contracts with 14 entities in the amount of 150 million dollars from a Round 1 request for proposals. A subsequent round of applications were due on June 9, 2008. Round 2 involved an additional 100 million dollars. A final round of \$100 million is expected to be released in the near future. The total of 350 million dollars earmarked for Long Term Workforce Housing is expected to generate approximately 12,000 units of affordable housing in the counties of Hancock, Harrison, Jackson and Pearl River.

In addition to the CDBG funds, the Mississippi Home Corporation (MHC) provides low-interest mortgages and assistance with closing costs equal to three percent of the mortgage. Over 740 households in the southern-most six counties have received these low-interest mortgages, which have totaled over \$90 million.

The **Gulf Opportunity Zone Act** authorizes MHC to allocate approximately \$35 million annually in Low Income Housing Tax Credits in 2006, 2007 and 2008. These credits encourage the construction and rehabilitation of low-and-moderate-income rental housing. As of June, 2008 over \$71 million had been allocated to the lower six counties to help build or rehabilitate 5,827 units.

- **Opposes any action in Hancock County until completion, release and action upon recommendations from the Unmet Housing Needs Report (1)**

Response – Timely assistance in Hancock County is essential. Implementation of the plan will not be delayed.

- **Opposed to Port of Gulfport (1)**

Response – The Port of Gulfport is not addressed in this Action Plan.

- **Opposed to any marina (1)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Opposed to use of funds for Highway 603 (1)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Include projects in excess of \$10 million (1)**

Response – The Action Plan already contains a provision for the State to “increase the maximum grant size on a case by case basis and may waive the maximum amount.”

- **Fund Hancock County Jail (1)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Fund Waveland Fire and Police stations (1)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Fund Bay St. Louis downtown harbor (1)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Fund WQRZ Amateur Radio Association station (3)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Provide for small business revitalization plan; small business loan/grant program similar to the one in Louisiana (citizen petition with 1,469 signatures, 15 comments from community and government organizations, 1 individual)**

Response – Assistance for small businesses is not part of the design of this Plan. The plan will not be amended.

- **Fund Farmers' Market (1 individual, citizen petition with 190 signatures)**

Response – Specific projects are not predetermined in this plan. It will be the responsibility of local units of government to submit proposals for individual projects and, based upon an initial review of the proposal, MDA may issue an invitation for application.

- **Money likely to be used for the Medicaid deficit. (1)**

Response – All CDBG funds are for Katrina recovery in Hancock County.

- **Grant program for landlords who are willing to rebuild or repair (1)**

Response – Grant programs for landlords are not part of the design of this plan. The plan will not be amended.