



Mississippi Development Authority

Katrina Supplemental CDBG Funds

For

Economic Development Program

**Amendment 4
Modification 3**

May 15, 2009

BACKGROUND AND SCOPE

Public Law 109-148 provided funding for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005 in States for which the President declared a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The conference report (HR Rep No. 109-359) expands on this direction, stating that the legislation provides funding for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and mitigation in communities in any declared disaster area. Mississippi was allocated \$5,058,185,000.

The Mississippi Development Authority (MDA) submits this Economic Development Program Amendment 4, Modification Number 3, of the Final Plan approved by HUD on Sept. 2, 2008. MDA has determined that this represents a substantial amendment to the plan requiring formal submission to HUD and submittal for public comment. The nature, purpose, scope, and beneficiaries are defined in this modification.

PROGRAM PURPOSE

The Economic Development Program provides activities for Economic Development, Community Revitalization and Planning. This modification increases the allocation of funds to the Community Revitalization activity, allows for participation by non-profit organizations, and addresses project and applicant eligibility. The Community Revitalization Program has been allocated \$235 million for grants in the lower six counties of Mississippi and \$42.4 million has been allocated to the Go Zone Counties to provide funding for eligible CDBG community development activities in the other 49 Presidential Declared Disaster counties. In the lower six counties funds were allocated through three competitive rounds resulting in 62 projects. In the Go Zone counties only one round was necessary resulting in 39 grants. The Mississippi Development Authority (MDA) is the state's designated agency responsible for administering CDBG funds.

In order to effectively address the changing needs of the affected counties, this amendment will allow the MDA to utilize an application process to disburse the remaining funds and any additional funds provided through this modification. An applicant must first submit a detailed narrative and budget for the proposed project. Based on need, project feasibility, and available funding, MDA may meet with relevant parties to discuss the project. MDA will then issue a letter inviting submission of a full application. The letter inviting the application will state the amount of funds available to the applicant. Specific selection criteria will be used to objectively rate the application. Funding decisions will be based on the score attained. MDA in its sole discretion, reserves the right to set a minimum scoring requirement for application acceptance.

All projects must address how the project achieves at least one of the following national objectives:

- Benefit to low and moderate income persons
- Aid in the prevention or elimination of slum or blight
- Meet other community development needs having particular urgency, posing a serious or immediate threat or welfare of a community

OVERVIEW

Since August 29, 2005, the communities of Mississippi's disaster declared counties have suffered significant hardships as a result of Hurricane Katrina. This modification is designed to increase the allocation for Community Revitalization grants and make Go-Zone counties and non-profit organizations also eligible for additional funds. These activities will help drive and stabilize economic development, which is vital to the recovery of these communities. MDA in its sole discretion may decide the amount of funding to be allocated to the lower six counties, Go-Zone counties and non-profit organizations.

ELIGIBLE APPLICANTS

Local jurisdictions in the lower six counties, the 43 counties declared as a disaster by the President (Go Zone) and non-profit organizations, may be eligible to participate.

COMMUNITY REVITALIZATION, GO ZONE AND NON-PROFIT ORGANIZATIONS

Available Funds

MDA is increasing the funds allocated to this activity from \$235 million to \$252.6 million. These additional funds will be redirected from Phase II of the Homeowner's Assistance program which, through a substantial modification, received \$17.6 million redirected from the Community Revitalization 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
Community Revitalization	\$ 235,000,000	\$ 17,600,000	\$ 252,600,000
Gulf Coast Regional Infrastructure	\$ 611,075,000	\$ 30,000,000	\$ 641,075,000
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

Grant Size

The maximum grant size is \$10,000,000.00. Eligible participants may submit more than one application. MDA in its sole discretion may adjust the maximum grant amount. This adjustment will be based on the verification of reasonable cost, need, and availability of Katrina CDBG funds.

Threshold Requirements

The activities shown in the application must meet one of the National Objectives of the Community Development Block Grant Program (CDBG) and must relate to the consequences of Hurricane Katrina. These requirements must be adequately documented to support that the activity meets the thresholds and is an eligible activity in order to be rated and considered for funding.

Additionally, a letter must accompany the application, signed by the local government or the non-profit organization, stating it understands that the use of the CDBG funds is not reimbursable by FEMA, SBA or any other Federal agency. Waivers for audits should be requested prior to the due date of the application. Request for audit waivers will be considered if accompanied by an acceptable statement from the state Auditor's Office or a Certified Public Accountant, giving MDA the current status of the audit and the expected completion date.

Eligible Activities

Section 105(a) of the Housing and Community Development Act of 1974, as amended, lists all eligible activities that an applicant may undertake. The following is a listing of possible eligible activities for community revitalization:

1. The acquisition of real property (including air rights, water rights and other interests therein) which are:
 - 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, and site or other improvements, including:

- a. Water and sewer facilities
 - b. Community, senior and health centers
 - c. Fire protection facilities
 - d. Parking, streets, curbs, gutters and sidewalks, parks and playgrounds
 - 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. Rehabilitation, preservation and restoration of historic properties, provided such activities meet a national objective, including aesthetic amenities on public property such as trees, sculptures, pools of water and fountains, and other works of art.
 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.

Application Process

Based on MDA's long-standing project review process, applicants seeking funding through the Community Revitalization or Go Zone Revitalization Grants must submit an application upon request from MDA. Based upon an initial review of the application, MDA may require a meeting with relevant parties to discuss the project.

Maps

A general project area map, showing the general location of the proposed project, with a more detailed insert (detailing project location), is required to be submitted with the application.

Site Visits and Inspections

At the site visit and inspection, applicants must provide a signed HUD Disclosure form, 504 ADA Assessment and Environmental Checklist.

Selection Process

Rating criteria for the lower six counties, the Go-Zone counties and non-profit organizations remain the same and the proposal process will remain the same, as MDA will request proposals and will then invite applications. MDA will rate all applications and assign points to each rating criterion based on the data provided in the application.

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

Explanation of Rating Factors

- 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
- How project fits into overall plans of the community?
Does the project show documentation that it is consistent with 15 Points
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.

Project is not consistent with local plans 0 Points
- 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 |
| 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 | 0 Points |
| Project does not qualify under the low/moderate income national objective | |
| 5. Level of local investment: | |
| Investment by local government | 5 Points |
| No investment | 0 Points |

Waivers

MDA requests that waivers currently in place from the original Economic Development Program Amendment 4 be considered still in effect.

Environmental

It is the intent of this program to pass the CDBG funds through to the local governments or non-profit organizations. Therefore the environmental requirements will have to be carried out by these applicants. MDA will provide technical assistance to the applicants to assist in making sure the environmental requirements are met and documented.

Monitoring

MDA will utilize monitoring processes to ensure program requirements are met. This will include processes and procedures to ensure non-duplication of benefits, provide for continual quality assurance, investigation, and internal audit functions.

INVESTIGATION AND MITIGATING OCCURRENCES OF FRAUD, ABUSE AND MISMANAGEMENT

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.

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 a response.

SUBSTANTIAL AMENDMENTS

MDA recognizes that adding or deleting an activity or changing the planned beneficiaries of an activity may necessarily constitute a substantial change requiring an amendment of the action plan. For example not every technical change in the design of the construction project constitutes a substantial change requiring an amendment to the action plan as long as that change does not go outside the overall scope of work set forth in the action plan.

CITIZEN PARTICIPATION / PUBLIC COMMENT

This proposed amendment – Amendment 4 – 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.

PUBLIC COMMENTS

The public comment period ended on June 3, 2009 and no comments were received.