

Mississippi Development Authority
Homeowner Assistance Program
Modification 9
**Phase III Post Katrina Conveyance (Sold
Home) Program**

MISSISSIPPI DEVELOPMENT AUTHORITY
HOMEOWNER ASSISTANCE PROGRAM
MODIFICATION 9 – PHASE III SOLD HOME PROGRAM

Background and Scope

The Mississippi Development Authority (MDA) submits this Homeowner Assistance Program Partial Action Plan Modification 9 of the Final Plan approved by HUD on April 1, 2006. MDA has determined that this represents a major modification to the plan requiring formal submission to HUD and submittal for public comment. Homeowner Assistance Program's policies on Phase I and II are not modified by this addendum.

Overview

Many coastal homeowners sold their damaged residences in the wake of Hurricane Katrina, before knowledge of Phase I or Phase II of the Homeowner Assistance Program (HAP) was made publicly available. These Homeowners were intended recipients of the HAP as they were included in the MDA's damaged estimates of 30,000 primary owned flood surge damaged homes. Due to the impact and hardship post storm, many of these homeowners either voluntarily or involuntarily sold their homes as part of their post storm recovery plan.

To partially address this issue, for Phase I, MDA adopted a policy on sold homes that allowed applicants to receive the grant funds if they could obtain a covenant on the damaged residence. These documents were known as the "Sold Home Covenants." Because they no longer owned the residence, these applicants were required to obtain the signatures of the new owners of the damaged residence. MDA has also adopted this policy for Phase II sold homes.

MDA has identified over 500 cases of applicants who sold their damaged residences prior to closing on a Phase I grant award. Of those, approximately one-quarter of the applicants have been told that the new homeowners will not sign the covenants. As a result, these applicants cannot receive HAP grants, even though they meet the remaining eligibility requirements. For Phase II, MDA has identified 600 post Katrina Storm sold home conveyances for applicants.

Many of these applicants have stated that they would not have sold their homes if they had known that it would make it difficult or impossible to obtain an HAP grant. Specifically, many applicants have pointed out that they made the decision to sell their homes before MDA announced the program and submitted it for public comment.

MDA believes it is in the interest of the overall HAP program to create a new Phase III to allow sold home applicants to qualify, independent of the cooperation of the new owner(s) of their

Katrina-damaged residence. Payment of these grants was considered in the original budgets of Phase II and I. This Modification proposes the following process for doing so.

Eligibility for Assistance

MDA proposes a program to qualify applicants who sold their homes, but could not obtain the signatures of the new owners on the Phase I or Phase II Sold Home Covenants. This program may result in new applicants who had previously self-determined that they were ineligible for Phase I or Phase II.

MDA proposes qualifying these applicants under Phase III of the Homeowner Assistance Program. MDA will move any qualified applicant from Phase I or Phase II who cannot obtain the signature of the new owner on the Sold Home Covenants into Phase III for consideration. These applicants may qualify for Phase III pursuant to the following restrictions:

Option 1:

Eligibility:

- (1) The applicant must currently own a residence in Hancock, Harrison, Jackson, or Pearl River Counties, Mississippi;
- (2) The applicant must certify that the residence cited in (1) is his or her primary residence;
- (3) The applicant must agree to execute a HAP covenant on the residence cited in (1); and,
- (4) The applicant must meet either the standard Phase I or Phase II eligibility requirements

Calculation:

These applicants will be subject to the standard Phase I or Phase II grant calculation based on which program they qualify for eligibility, subject to the following adjustment:

- (1) The applicant will receive 70% of their grant award under Phase I or Phase II.

Option 2:

Eligibility:

- (1) Same as Option 1: but if the applicant cannot execute a covenant on their new primary residence located in one the four coastal, county identified areas; or if the applicant rents their housing in one of the four coastal counties; or if the applicant has relocated out of the four coastal county identified area;

Calculation:

- (1) The applicant will receive 50% of their grant award as calculated under Phase I or Phase II.

Grant disbursement, grant closing and homeowner grant obligations will follow Phase I or Phase II depending on which program an applicant is determined to be grant qualified under.

This proposal does not preclude an applicant from, at his or her own discretion, attempting to apply the Phase I or Phase II sold home covenants to the damaged residence in order to qualify for Phase I or Phase II of the grant program.

Appeal Policy

Any homeowner may appeal the decision (including, but not limited to, eligibility, damage assessment, amount of assistance and offsets) made by MDA with respect to the Homeowner Assistance Program. The final appeal policy is included in Modification Number Three.

Public Comments

MDA officially posted a draft modification for public comment to the website at www.mississippi.org on September 7, 2007, with public comment period ending September 24, 2007. 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 hoacomment@mississippi.org.

As required by regulations, a summary of comments or views received (the number received is shown in parenthesis) by the September 24, 2007 deadline and MDA's responses are as follows:

- **Support the program and ask to be considered for inclusion (40)**
- **Oppose any program to assist sold home applicants (2)**
- **Simplify the sold home program: there are too many requirements and the options are confusing (2)**

Response – MDA has three service centers in the Gulf Coast Region to provide applicant support. The Hancock County Service Center is located in the Hancock Government Center at 3068 Longfellow Drive, Building 6A, Bay St. Louis, MS. The Harrison County Service Center is located in Prime Outlets Mall at 10000 Factory Shops Blvd, Suite 110, Gulfport, MS. The Jackson County Service Center is located in Singing River Mall at 2800 Hwy 90, Suite 1146, Gautier, MS. In addition, applicants may contact the MDA call center at 866-369-6302.

- **Request that grants be paid at 100% and/or reduce the deduction (63). These included special consideration to pay elderly (1) and military families who sold because of military assignment (6) 100% of the grant.**
- **Expand the number of Mississippi counties to which applicants could relocate and be eligible for 70% (2)**

- **Eliminate the covenant flood insurance requirement (2)**

Response – The Homeowners Assistance Program provides compensation grants and requires mitigation against future damages by placing a covenant on the damaged property that provides for compliance with building and elevation regulations and maintaining flood insurance in perpetuity. Phase I and II grants are discounted because there is no mitigation provided for the damaged property that was used as the basis to calculate the grant award. This calculation will remain unchanged.

- **Request elimination of requirement that sale of damaged property occur prior to application to program (18)**

Response - The modification was changed to remove this requirement.

- **Allow persons in manufactured and mobile homes who cannot attach a covenant because they do not own the property to be approved for a grant (1)**

Response – Phase III requires applicants to meet the Phase I or Phase II standard eligibility requirements. This modification will not be changed to include this proposed provision for manufactured or mobile homes.

Substantial Amendments

The State 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 deletion of program activities or changes in beneficiaries would also constitute the need for a program amendment requiring public comment and HUD approval.

Waivers

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