

GUSTAV/IKE ACTION PLAN AMENDMENT 16

**DISASTER RECOVERY INITIATIVE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CONSOLIDATED SECURITY, DISASTER ASSISTANCE,
AND CONTINUING APPROPRIATIONS
ACT, 2009
H.R. 2638 / Public Law 110-329**

Louisiana Office of Community Development/Disaster Recovery Unit

***NON-SUBSTANTIAL* AMENDMENT No. 16 TO STATE OF LOUISIANA ACTION
PLAN FOR THE UTILIZATION OF CDBG FUNDS IN RESPONSE TO
HURRICANES GUSTAV AND IKE**

- **Clarification of Financing Tools Under the State-Implemented Affordable Rental Housing programs for grants to Public Housing**

Submitted to HUD: July 12, 2012

Approved: August 20, 2012

**Bobby Jindal
Governor**

**Jay Dardenne
Lieutenant Governor**

**Paul Rainwater
Commissioner of Administration**

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Non-Substantial Amendment Number 16 to State of Louisiana Action Plan for Disaster Recovery – Utilizing Funding from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110-329).

I. Introduction

The State of Louisiana has submitted and received approval for its Action Plan and ensuing Action Plan Amendments (APAs) for programs covering the total Gustav/Ike disaster award under P.L. 110-329, of \$1,093,212,571 under this appropriation. The original submission of the State's Disaster Recovery Action Plan to HUD was on January 8, 2009. This **non-substantial Action Plan Amendment Number Sixteen (APA 16)** is submitted to HUD as a clarification of the *Financing Tools for Affordable Rental Housing* as it relates to the intention to assist the public housing recovery. This amendment clarifies the incentive grants to cover the unmet needs identified as a result of the insurance gap to foster the rebuilding affordable housing in public housing units impacted by the storms Gustav/Ike.

This amendment is non-substantial as it does not create new programs, is less than 15% change in funds from and to existing programs, and does not change any beneficiaries.

II. Non-Substantial Amendment Request

Clarification to the Affordable Rental Financing Tools available to support Affordable Rental Housing for Public Housing entities.

The State Action Plan and APA 1 allows for the State-Implemented Affordable Rental Housing program(s) to be administered by OCD in coordination with other relevant entities...[and that] the State will review each proposed program for eligibility¹. APA 2 lists Gap Financing Tools as a project type under Affordable Rental Housing. APA 4 further clarifies the Financing Tools to include grant funding to public housing as follows:

Financing Tools:

- **Grants/Loans to foster affordable rental in Public Housing.** The program will include funds, at the direction of the executive director to promote the viability of public housing redevelopment projects in critical housing shortage areas. This can be to projects that have already been awarded funding under a prior piggyback competitive process, or priority development in the form of *grant funding to eligible entities assuring there is no duplication of funds.*²

The State has identified an unmet need in the funding ability of several public housing establishments to recover from the severe impacts of hurricanes Gustav and Ike. The elevated storm deductibles left a gap between the cost to fully rebuild and what was covered by insurance and/or other resources, such as FEMA. This gap caused an imposing challenge and unmet need for getting affordable housing supported by public housing authorities back into full operation.

The Public Housing incentive grant, to be administered by the Louisiana Housing Council (LHC) will provide a grant to fill the identified gap for eligible rental units owned and operated by Louisiana Public Housing Authorities and Mixed Finance Dwellings that received damages as a direct result of Hurricane Gustav or Hurricane Ike. These grant awards will provide a financing tool to cover the unmet need derived from the increased deductibles experienced as a result of the storms, which will indirectly allow that more of the impacted housing units can be restored and resettled to help the State of Louisiana address the ongoing housing needs of low to moderate income renters in the most heavily damaged areas.

¹ APA Number 1, page 6: 1) State-Implemented

² APA Number 4, page 9.

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Participating public housing authorities and mixed finance dwellings must have incurred damages to dwelling units as a direct result of Hurricane Gustav and/or Hurricane Ike; and the restored and redeveloped dwelling units must remain habitable and rented to low-to-moderate income/eligible residents for at least three years after the grants have been distributed. The eligible recipients will be identified through the Louisiana Housing Council, whose membership covers the state and provides affordable housing for approximately 17,000 of Louisiana's low-income residents; of which more than one fourth are elderly and handicapped. The eligibility and grant amount determination will be made to those members in the impacted parishes on a first come, first served basis for as long as the funding exists, as evaluated by the LHC. The LHC will evaluate the gap based on insurance deductibles, FEMA payments and other resources to ensure no duplication of benefits. The LHC will determine a minimum grant amount for effective implementation and in order to focus funds for the largest impact. The pre-determined minimum eligible grant amount is \$10,000, unless adjusted by approval of the State based on identified demand.

The gap financing for the public housing is in line with the approved description in APA 4 that allows for the redevelopment of public housing. This amendment is to clarify that the recovery grant funding will be based on the eligible activity of an incentive program as allowed in 74FR7244 (February 13, 2009, Docket # FR5256-N-01).