

Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)
[Docket No. FR-5051-N-01]
Federal Register / Volume 71, Number 29
Department of Defense Appropriations Act, 2006

**Louisiana Office of Community Development/Disaster Recovery Unit,
(OCD-DRU), Division of Administration**

Proposed Action Plan Amendment No. 66

- 1) Reallocation of funds from the Housing Development Loan Fund Program, Support for Faith-Based and Community-Based Housing Recovery Program, Rapid Rehousing Program, Soft Seconds Mortgage Program, and First Time Homebuyer Pilot Program, to the Small Rental Property Repair Program, and**
- 2) Clarification of Action Plan Amendment 22 allocation to the Parish Recovery Planning Capacity Building Program**

Public Comment Period: July 29 – Aug. 11, 2016
Submitted to HUD: Sept. 21, 2016 Approved by HUD: Oct. 14, 2016



John Bel Edwards
Governor

Billy Nungesser
Lieutenant Governor

Jay Dardenne
Commissioner of Administration

Office of Community Development
617 N. 3rd Street, 6th Floor
Baton Rouge, LA 70802
P.O. Box 94095
Baton Rouge, LA 70804-9095
<http://www.doa.la.gov/Pages/ocd-dru/Index.aspx>

Substantial Action Plan Number 66 to Katrina/Rita First Appropriation:

1) Reallocation of funds from the Housing Development Loan Fund Program, Support for Faith-Based and Community-Based Housing Recovery Program, Rapid Rehousing Program, Soft Seconds Mortgage Program, and First Time Homebuyer Pilot Program; to the Small Rental Property Repair Program;

2) Clarification of Action Plan Amendment 22 allocation to the Parish Recovery Planning Capacity Building Program.

1) REALLOCATION OF FUNDS

The purpose of this amendment is to reallocate \$1,079,582.86 from the *Housing Development Loan Fund Program*; \$8,982.50 from the *Support for Faith-Based and Community-Based Housing Recovery Program*; \$516.00 from the *Rapid Rehousing Program*; \$151.85 from the *Soft Seconds Mortgage Program*; \$18,419.00 from the *First Time Homebuyer Pilot Program*. All aforementioned funds are being reallocated to the *Small Rental Property Repair Program*. A breakdown of each program's allocation is broken out in the below chart:

Program	Previous Total	Reallocation	New Total	% Change
Housing Development Loan Fund	\$6,689,653.99	(\$1,079,582.86)	\$5,610,071.13	(16.1%)
Support for Faith-Based and Community-Based Housing Recovery	\$1,940,916.21	(\$8,982.50)	\$1,931,933.71	(<1%)
Rapid Rehousing	\$4,890,795.43	(\$516.00)	\$4,890,279.43	(<1%)
Soft Seconds Mortgage	\$72,600,000.00	(\$151.85)	\$72,599,848.15	(<1%)
First Time Homebuyer Pilot	\$39,100,000.00	(\$18,419.00)	\$39,081,581.00	(<1%)
Small Rental Property Repair	\$232,300,000.00	\$1,107,652.21	\$233,407,652.21	<1%

This funding transfer is necessary as a result of a continued need in the Small Rental Property Repair Program to fully fund existing approved projects and to maintain a robust monitoring function to ensure that all participants are brought into compliance with programmatic and CDBG guidelines.

The *Housing Development Loan Fund*, *Support for Faith-Based and Community-Based Housing Recovery*, *Rapid Rehousing*, *St. Tammany Soft Seconds* (under the *Soft Seconds Mortgage Program*), and *St. Bernard First Time Homebuyer* (under the *First Time Homebuyer Pilot Program*) have all completed program activities and are being closed out. Funds are being transferred from these programs to bring the balance in each to \$0 for closeout.

The *Housing Development Loan Fund Program* was created in Action Plan Amendment 1, and amended in APA's 56, 63 and 64; the *Support for Faith-Based and Community-Based Housing Recovery Program* was created in Action Plan Amendment 1, and amended in APA 62; the *Rapid Rehousing Program* was created in Action Plan Amendment 36, and amended in APA 63; the *Soft Seconds Mortgage Program* was created in Action Plan Amendment 24, and was

amended in APA 54; the *First Time Homebuyer Pilot Program* was created in Action Plan Amendment 4, and amended in APA 54.

The *Small Rental Property Repair Program* was created in Action Plan Amendment 1, and amended in APA's 4, 9, 11, 18, 21, 24, 32, 33, 36 and 50. The program aims to restore and rebuild the stock of one- to four-unit rental properties in order to address the housing needs of low to moderate income people in the most heavily damaged areas. The program provides affordable rents for working families by encouraging redevelopment in impacted communities. The goal is to help the housing market and provide neighborhoods with new or renovated, best-practice, mixed-income units.

This amendment is considered substantial because the reallocation of funds from the *Housing Development Loan Fund Program* is greater than 15% of the program's total allocation, which triggers a substantial amendment under the state's initial Action Plan.

This Amendment does not change any policies, procedures, methods of distribution, or eligibility criteria associated with any of the affected programs, only the total amount of money that is allocated to each program. The Action Plan or Action Plan Amendments that created or revised the policies and procedures of each program still remain as the current policy document(s) for each of these programs.

2) CLARIFICATION OF ALLOCATION AMOUNT

The purpose of this amendment is to clarify the total amount of funding allocated to the *Planning Initiatives Program* is \$15.5 million. The state has uncovered a typographical error in its Action Plan Amendment 22, and seeks to clarify the total allocation amount, via this APA 66.

The Planning program was created in the state's Initial Action Plan, with an initial activity amount of \$9.5 million. The state, via Action Plan Amendment 16, reallocated an additional \$3 million to the Planning Program, bringing the total Planning allocation to \$12.5 million.

In APA 22, the state added another \$3 million to the Planning Program. However, the budget shown in APA 22 reflects only the original \$9.5 million allocation as the "Previous Total." The amount that should have been used under the "Previous Total" column was \$12.5 million – the program's allocation from APA 16. Via APA 22, adding an additional \$3 million to the \$12.5 million brought the total program allocation to \$15.5 million.

For clarification, the state in its various reports detailing program allocations and expenditures for the entire Katrina/Rita grant, has reflected the \$15.5 million amount since the approval of APA 22 in 2008. These reports are made public via the Office of Community Development website, and are regularly shared with various stakeholders.

The error in APA 22 was typographical only, was limited to the budget, and does not adjust the intent of APA 22. The state's Planning program has a total allocation amount of \$15.5 million.

3) PUBLIC COMMENT

This amendment was posted for formal public comment at 8 a.m. Friday, July 29 and ran until 5 p.m. Thursday, Aug. 11, 2016. It was posted in Vietnamese and Spanish translations, as well as in English. Members of the public could submit comments in several ways: Using the online form at 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.

APPENDIX: SUMMARY OF PUBLIC COMMENTS AND RESPONSES

Substantial Action Plan Number 66 to Katrina/Rita First Appropriation was published for public comment from Friday, July 29 through Thursday, Aug. 11, 2016. Two public comments were received, one from a private citizen and one from an alliance of nonprofit/for profit housing organizations. The comments and OCD-DRU's proposed responses are copied below.

NOTE: The flooding that affected south Louisiana in August 2016 delayed a more timely response from OCD-DRU to the following comments.

COMMENT

From: Gene Lemoine [<mailto:gene@loftonstaffing.com>]

Sent: Friday, July 29, 2016 1:39 PM

To: OCDHUD <OCDHUD@LA.GOV>

Subject: RE: State Accepting Public Comments on Disaster Recovery Reallocation Plan

In reference to this plan, I would like to recommend that some of these funds be giving to individual that had to get SBA loans to help them rebuild their homes after Hurricane Katrina. Any help or assistance reducing my SBA loan would be greatly appreciated.

Gene A Lemoine Jr.

Area Manager

Covington, Laplace, New Orleans

3501 North Causeway Blvd, Suite 100, Metairie, LA 70002

(504) 210-0500 Office (504) 835-8752 Fax

RESPONSE

The state is prohibited from creating a new program through which funds would be awarded to pay down SBA loans following Hurricane Katrina because HUD regulations consider this a Duplication of Benefits. This regulation is codified in 2011 FR 221, Page 71063, section IV, #4 (full citation below), which states that SBA loans are considered a DOB because they are "pursuant to a government program," which dictates that federal grants/loans cannot be used to repay federal grants/loans.

2011 FR 221, Page 71063, Section IV, #4: Private loans. Similarly, for duplication of benefits purposes, private loans may be excluded from the final award calculation. Unlike SBA loans (or any other subsidized loan or Federal loan guarantee program that provides assistance after a major disaster or emergency), private loans not guaranteed by SBA need not be considered duplicative assistance. Congress provided for SBA loans (both direct and guaranteed) as part of the overall statutory scheme for disaster recovery. As such, SBA loans are made pursuant to a

government program. Since private loans are not provided under a government program, they do not need to be considered as potentially duplicative assistance.

COMMENT

From: Ross Hunter [<mailto:rhunter@gnoha.org>]

Sent: Thursday, August 11, 2016 4:50 PM

To: OCDHUD <OCDHUD@LA.GOV>

Cc: Andreanecia Morris <amorris@gnoha.org>; Rosalind Peychaud <ROSALIND.PEYCHAUD@LA.GOV>; John Sullivan <jsullivan@enterprisecommunity.org>

Subject: GNOHA's Comments to OCD-DRU

Importance: High

Please accept the Greater New Orleans Housing Alliance's comments regarding the OCD-DRU's reallocation of funds to the Small Rental Property Repair Program: The Greater New Orleans Housing Alliance (GNOHA) is a collaborative of non-profit and for-profit housing builders, community development corporations, and advocacy organizations working to increase the affordable housing stock available in the city of New Orleans. As the State of Louisiana is accepting public comments on an Action Plan Amendment that reallocates over a million dollars from completed housing recovery programs to an ongoing rental property repair program, GNOHA would like to stress that while this action is commendable, it does not adequately resolve the issue. GNOHA recognizes the continued need to fully fund existing small rental projects and to maintain a robust monitoring function to ensure that all participants are brought into compliance with programmatic and CDBG-DR guidelines. The issue is that while the planned re-allocations of the Small Property Rental Program might make inroads in serving that purpose, it will likely fall short of the desired goal. As funding sources are drying up, policymakers and housing specialists must utilize every resource available to secure sufficient funding. *The HousingNOLA 10 Year Strategy and Implementation Plan* calls for the study and creation of a loan-loss reserve program that would assist landlords with property rehabilitation. We would therefore recommend that these funds, which would be used to directly fund rehabs instead be used to anchor a loan-loss reserve pool to assist even more small landlords. GNOHA welcomes further discourse with the State Office of Community Development on this subject. Please do not hesitate to contact me at amorris@gnoha.org.

Greater New Orleans Housing Alliance (GNOHA)

4640 S. Carrollton Ave, Suite 160

New Orleans, LA 70119

(504) 224-8304

RESPONSE

OCD-DRU has concluded that this reallocation of funds to the Small Rental Property Program represents the best use of D-CDBG funds toward the goal of maintaining the availability of affordable housing stock in the impacted areas. The agency concludes that additional investments in assuring compliance with 10 – 15 year affordable rent requirements on the more than 7,000 affordable units created by the program will have the most substantial, positive and long-term impact on the affordable rental housing market than any other use of these funds. We do, however, support the objectives of the HousingNOLA plan, and would be glad to further discuss the potential of the loan loss reserve program.