

**Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)
Consolidated Security, Disaster Assistance
and Continuing Appropriations Act, 2009
H.R. 2638/Public Law 110-329**

**Louisiana Recovery Authority
Louisiana Office of Community Development/Disaster Recovery Unit,
Division of Administration**

**Proposed Amendment No. 2 –
*To State of Louisiana Action Plan for the Utilization of CDBG Funds in Response
to Hurricanes Gustav and Ike***

Public Comment: September 3, 2009

HUD Approved: December 1, 2009



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PROPOSED GUSTAV/IKE ACTION PLAN AMENDMENT 2 PUBLIC COMMENT VERSION

Amendment Number 2 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)

The State of Louisiana was awarded an initial allocation of \$438,223,344 in CDBG Disaster Recovery funding from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 for the purposes of disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization directly related to the consequences of recent 2008 hurricanes Gustav and Ike. The State submitted its Disaster Recovery Action Plan to HUD for approval on January 8, 2009. The Action Plan submitted to HUD provided the framework for distribution of the initial \$438,223,344 of funding under the Act.

HUD approved \$309,791,652 of the Action Plan on March 19, 2009 and requested a clarifying Amendment be submitted for the remainder. The State submitted Action Plan Amendment Number One on May 18, 2009. HUD approved Action Plan Amendment Number One, approving all program areas and detailed activities defined under affordable housing, fisheries, agriculture, coastal restoration, and administration, on July 24, 2009.

HUD issued notice of a second allocation for grant funds for CDBG disaster recovery of \$620,467,205 to Louisiana, as published in the Federal Register on August 14 (FR-5336-N-01). This notice requires the State to submit an Amendment to Louisiana's initial Action Plan for Disaster Recovery to provide further details for the distribution of funds and the eligible program activities for the second allocation.

This Amendment Number Two requests approval for the entire second allocation of \$620,467,205. The majority of the second allocation will be added to the existing program areas described in the approved Action Plan and Action Plan Number One. Unless otherwise determined, those parameters will govern the funding of this additional allocation under these program areas. Additionally, new program areas to respond to statewide unmet needs will be further described for approval in a follow-on Action Plan Amendment request.

This Amendment will be posted for public comment on Monday, August 24, 2009.

This Amendment may be obtained via the Internet at:

<http://doa.louisiana.gov/cdbg/DRactionplans.htm>, or by contacting: Paul Catrou, Office of Community Development, Post Office Box 94095, Baton Rouge, Louisiana, 70804-9095. The Proposed Action Plan Amendment will be published in Vietnamese and Spanish translations at the same website.

Written comments on the proposed Action Plan Amendment will be accepted for seven days from the date it is posted. Comments may be submitted beginning Monday, August 24, 2009, and must be received no later than 5:00 PM (CST) on September 4, 2009.

Comments may be sent to the attention of Paul Catrou at the above address or sent via facsimile to (225) 219-9605 to the attention of Paul Catrou. Comments may also be submitted via email at ocd@la.gov or through the online form at <http://www.doa.louisiana.gov/cdbg/dractionplans.htm>.

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I. INTRODUCTION

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. Law 110-329), enacted on September 30, 2008, appropriates \$6.5 billion through the Community Development Block Grant (CDBG) program for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008 for which the President declared a major disaster...”.

The U. S. Department of Housing and Urban Development (HUD) was designated by Congress as the administering agency. In October 2008, HUD reduced the amount of funding to \$6.1 billion in response to a budget rescission requirement from Congress. On November 28, 2008, HUD made an initial one-third allocation to Louisiana of \$438,223,344. By Federal Notice of August 14, 2009, HUD made available the remainder of the Second 2008 Act (PL 110-329) the supplemental appropriation of \$3,971,360,080 for the CDBG program as noted above. The allocation was based on two factors: (i) sum of the estimated unmet housing, infrastructure, and business needs adjusted by (ii) a HUD calculated risk level for recovery challenge. The State of Louisiana received a second allocation of \$620,467,205.

The legislation specifically prohibits the use of funds for “activities reimbursable by, or for which funds are made available by, the Federal Emergency Management Agency or the Army Corps of Engineers” and that “none of the funds...may be used...as a matching requirement, share, or contribution for any other Federal program.” It also states that,

- At least 50 percent of the total funds allocated to the state of Louisiana must benefit low to moderate income individuals, unless this percentage is reduced by waiver of HUD.
- Additionally, the legislation states that, “not less than \$650,000,000 of the total Second 2008 Act to support repair, rehabilitation, and reconstruction (including demolition, site clearance and remediation) of the affordable rental housing stock (including public and other HUD-assisted housing) in the impacted areas where there is demonstrated need as determined by the Secretary.” Thus the state will set aside 11.2 percent of its entire allocation to this purpose in accordance with the legislation. Parishes can, and are encouraged to, add resources from their allocation to increase the amount of affordable housing in their communities.

The Louisiana Recovery Authority (LRA) and the Office of Community Development’s Disaster Recovery Unit (OCD-DRU) have developed the following Action Plan Amendment Number Two to confirm the intended distribution of funds of the second allocation of \$620,467,205, and particularly the approval of the allocation of a portion (\$408,368,165) to existing approved program areas noted in Action Plan Amendment Number One to meet the enduring needs from the 2008 hurricanes. Additionally, new program areas to respond to statewide unmet needs will be further described for approval in a follow-on Action Plan Amendment request.

Details of the distribution of funds, program delivery and eligible program activities are outlined below.

II. DISTRIBUTION OF FUNDS

A. National Objective: All funds will be distributed in accordance with the three national objectives: benefit of low and moderate income persons, elimination or prevention of slums and blight, or urgent need.

B. Allocations

The state’s second allocation from HUD is \$620,467,205. The allocation will be designated as follows in the following Table 1:

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Table 1: Overall Allocations

Summary	Initial Allocation	Second Allocation	Total Allocation	Percent
Total Allocation to LA	\$438,223,344	\$620,467,205	\$1,058,690,549	100.0%
Allocation to Parishes	\$309,791,652	\$255,749,470	\$ 565,541,122	53.4%
HUD Required to Affordable Hsg	\$ 46,520,525	\$ 72,062,147	\$ 118,582,672	11.2%
Fisheries	\$ 15,000,000	\$ 12,383,297	\$ 27,383,297	2.6%
Agriculture	\$ 30,000,000	\$ 24,766,594	\$ 54,766,594	5.2%
Coastal Restoration	\$ 15,000,000	\$ 12,383,297	\$ 27,383,297	2.6%
<i>Statewide Unmet Needs Initiatives*</i>		<i>\$212,099,040</i>	<i>\$ 212,099,040</i>	<i>20%</i>
Admin, Planning & Tech Assistance	\$ 21,911,167	\$ 31,023,360	\$ 52,934,527	5.0%

*To be detailed in a future Amendment for approval.

Allocation to Parishes (unchanged from APA 1)	Relative Damage	CDBG 1st Allocation	2nd Allocation	Final Allocation
Terrebonne	21.8%	\$67,729,927	\$ 55,540,220	\$123,270,148
Cameron	9.4%	\$29,201,919	\$ 23,946,298	\$ 53,148,217
Iberville	7.8%	\$24,284,217	\$ 19,913,660	\$ 44,197,877
East Baton Rouge	6.1%	\$18,803,751	\$ 15,419,542	\$ 34,223,293
Lafourche	6.0%	\$18,479,581	\$ 15,153,715	\$ 33,633,297
Jefferson	4.8%	\$14,914,047	\$ 12,229,888	\$ 27,143,935
Assumption	4.8%	\$14,768,693	\$ 12,110,694	\$ 26,879,387
St. Mary	3.4%	\$10,693,219	\$ 8,768,705	\$ 19,461,923
Ascension	3.4%	\$10,643,022	\$ 8,727,542	\$ 19,370,564
Calcasieu	3.1%	\$ 9,729,257	\$ 7,978,232	\$ 17,707,489
Rapides	2.9%	\$ 8,990,182	\$ 7,372,172	\$ 16,362,354
Pointe Coupee	2.8%	\$ 8,744,984	\$ 7,171,104	\$ 15,916,088
St. Landry	2.3%	\$ 7,016,274	\$ 5,753,519	\$ 12,769,792
Livingston	2.0%	\$ 6,189,381	\$ 5,075,446	\$ 11,264,828
Iberia	2.0%	\$ 6,063,380	\$ 4,972,122	\$ 11,035,502
St. James	1.9%	\$ 5,787,541	\$ 4,745,927	\$ 10,533,467
Tangipahoa	1.8%	\$ 5,512,324	\$ 4,520,242	\$ 10,032,566
Vermilion	1.5%	\$ 4,598,333	\$ 3,770,748	\$ 8,369,081
West Baton Rouge	1.5%	\$ 4,503,799	\$ 3,693,227	\$ 8,197,025
St. John the Baptist	1.2%	\$ 3,837,670	\$ 3,146,985	\$ 6,984,655
St. Martin	0.9%	\$ 2,918,998	\$ 2,393,651	\$ 5,312,648
St. Charles	0.9%	\$ 2,642,418	\$ 2,166,848	\$ 4,809,266
Franklin	0.8%	\$ 2,456,946	\$ 2,014,756	\$ 4,471,702
Avoyelles	0.7%	\$ 2,146,390	\$ 1,760,093	\$ 3,906,483
Lafayette	0.7%	\$ 2,112,903	\$ 1,732,633	\$ 3,845,537
St. Tammany	0.7%	\$ 2,084,591	\$ 1,709,416	\$ 3,794,007
Ouachita	0.7%	\$ 2,038,186	\$ 1,671,363	\$ 3,709,549
St. Helena	0.6%	\$ 1,869,333	\$ 1,532,899	\$ 3,402,232
East Feliciana	0.5%	\$ 1,654,637	\$ 1,356,844	\$ 3,011,481
Acadia	0.4%	\$ 1,381,167	\$ 1,132,592	\$ 2,513,759
Catahoula	0.4%	\$ 1,251,227	\$ 1,026,037	\$ 2,277,264
Evangeline	0.4%	\$ 1,229,197	\$ 1,007,972	\$ 2,237,170
Orleans	0.4%	\$ 1,089,341	\$ 893,287	\$ 1,982,628
Plaquemines	0.3%	\$ 1,060,223	\$ 869,409	\$ 1,929,632
West Feliciana	0.3%	\$ 792,177	\$ 649,605	\$ 1,441,783
East Carroll	0.2%	\$ 661,149	\$ 542,158	\$ 1,203,307
Beauregard	0.1%	\$ 387,101	\$ 317,433	\$ 704,534
Richland	0.1%	\$ 376,260	\$ 308,542	\$ 684,802

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Allen	0.1%	\$ 273,729	\$ 224,464	\$ 498,193
Concordia	0.1%	\$ 258,466	\$ 211,949	\$ 470,415
Grant	0.1%	\$ 233,162	\$ 191,198	\$ 424,360
Morehouse	0.1%	\$ 198,763	\$ 162,990	\$ 361,753
Jefferson Davis	0.1%	\$ 183,789	\$ 150,711	\$ 334,500
St. Bernard	0.0%	\$ -	\$ 250,549	\$ 250,549
Washington	0.0%	\$ -	\$ 228,287	\$ 228,287
West Carroll	0.0%	\$ -	\$ 179,056	\$ 179,056
La Salle	0.0%	\$ -	\$ 154,738	\$ 154,738
Vernon	0.0%	\$ -	\$ 150,000	\$ 150,000
Winn	0.0%	\$ -	\$ 150,000	\$ 150,000
Sabine	0.0%	\$ -	\$ 150,000	\$ 150,000
Madison	0.0%	\$ -	\$ 150,000	\$ 150,000
Tensas	0.0%	\$ -	\$ 150,000	\$ 150,000
Union	0.0%	\$ -	\$ 150,000	\$ 150,000
	100.0%	309,791,652	255,749,470	565,541,122

- The state received an initial allocation of \$438,223,344. The state spelled out in Action Plan Amendment Number One its intended distribution for an anticipated allocation up to \$800,000,000. As noted in the table above and previously detailed in the approved Action Plan Amendment Number One, the state will fully fund the anticipated allocations to the previously detailed state programs for Agriculture, Fisheries, Coastal Restoration, and the Parish-Implemented Programs, maintaining the same guidelines as detailed in Action Plan Amendment Number One.
- An adjustment has been made from figures anticipated in Action Plan Number One to the Administrative allocation amount and the HUD-required Affordable Rental Housing amount appropriate to reflect the actual amount of the second allocation to meet the maximum and minimum allowable, respectively.
- Parish-Implemented – In total allocation, over 50% of the funds will be directed to the most impacted parishes based on their level of damage. The State will use the same allocation methodology used by HUD originally down to the parish level. The HUD methodology uses a combination of FEMA and SBA damage estimates. In order to most effectively use program funds, eligible parishes must have damages that warrant an allocation of at least \$150,000. Parishes have also been provided damage estimates at the municipality level so that they can coordinate with the most impacted areas of their parish and engage in an inclusive process of establishing recovery programs.
- Affordable Rental Housing Programs – The state is required to spend at least 11.2 percent (\$118,582,672) of the entire allocation on affordable rental housing activities. This will be administered in a combination of parish-led and state-implemented programs as described in Action Plan Amendment Number One. From the initial allocation, a dedicated portion shall be allocated to the five most damaged parishes, in proportion to their damages, for eligible programs to be administered by the parish. The remaining 50 percent of the initial allocation will be administered by the state for implementation of affordable rental housing projects. The top 5 impacted parishes¹ will have the option of establishing their own affordable rental housing programs or utilizing their portion of affordable rental housing allocation to participate in the state-implemented program.
- State-implemented Programs – As described in the approved Action Plan Amendment Number One, the state will allocate 10 percent of the total funds (\$49,533,188 of the second allocation) for

¹ Terrebonne, Cameron, Iberville, Lafourche, East Baton Rouge. See Appendix A for allocation amounts.

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fisheries, agriculture, and coastal restoration and hurricane protection within the disaster areas. The second allocation will supplement the existing programs with the estimated funding levels requested to support these programs. The cumulative of first and second allocation is detailed below. The same program guidelines, criteria, and distribution method will apply, unless otherwise specified.

- Fisheries: \$27,383,297 will go to programs in support of the devastated fisheries industry. These programs will be managed in partnership with the Louisiana Department of Wildlife and Fisheries and allocations will be a combination of community development funds allocated directly to impacted coastal parishes as well as competitive projects.
- Agriculture: \$54,766,594 dollars will be targeted to agriculture projects throughout the State. These programs will be managed in partnership with the Louisiana Department of Agriculture and Forestry in coordination with other federal funding streams. Allocations will be made available to agribusinesses and farmers in the 64 disaster declared parishes based on damage assessments conducted by the LSU Agricultural Center.
- Coastal Restoration: \$27,383,297 will be allocated for coastal restoration and hurricane protection. These funds will be coordinated with other federal sources on a competitive basis. These programs will be managed jointly with the Louisiana Office of Coastal Protection and Restoration in keeping with the State's Master Plan for a Sustainable Coast as approved by the Coastal Protection and Restoration Authority.

A Parish may elect, without the need to amend this action plan, to use its allocated funds in one or more of the state-implemented programs.

- Administrative Costs, Planning and Technical Assistance – A maximum of five percent of the total funds will be used for administrative costs in support of the grant. This includes the state entities and local government entities' costs for allowable administrative costs, grants management and monitoring. The state anticipates assigning a portion of this allocation to support Technical Assistance in the form of capacity building of partner state agencies and local government entities. To maximize impact, the state is empowering technical agencies and the local government entities to be more fully engaged in the planning and implementation processes with these disaster CDBG funds. However, there is limited CDBG-specific knowledge and experience of several of these entities. The state proposes to employ a directed approach to increasing overall capacity of its subrecipients to ensure compliance and detailed program monitoring throughout the process. This funding will also help establish benchmarks and reporting standards across 53 parishes and the partner agencies to provide timely and accurate review of results and communication of that information to HUD.

C. Method of Distribution

The state shall utilize the same method of distribution of funds and application process for State-Implemented and Parish-Implemented programs as specified in the Action Plan and the approved Action Plan Amendment Number One.

D. Citizen Participation

The state of Louisiana developed a specific citizen participation plan for disaster recovery. It is included with the original Action Plan for Gustav and Ike Disaster Recovery CDBG. The parameters of these citizen participation requirements both for the state and for the parishes and other entities implementing activities under this grant apply to this second allocation, and remain as detailed in the Action Plan and approved Action Plan Amendment Number One. Parishes will be required to utilize this citizen participation plan at a minimum and any additional requirements possibly developed by LRA/OCD-DRU.

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III. MONITORING

The State will utilize an established monitoring process used for the regular CDBG program, with the modifications detailed in approved Action Plan Amendment Number One to specifically address the requirements of the CDBG Disaster Recovery Program and to ensure that all contracts funded under this disaster recovery allocation are carried out in accordance with federal and state laws, rules and regulations, and the requirements set out in the Federal Register notice.

IV. OVERVIEW OF ELIGIBLE PROGRAM ACTIVITIES

A portion of the funds from the second allocation (\$408,368,165) will be distributed to supplement the initial allocation under existing program areas as defined in approved Action Plan Amendment Number One. The program design, parameters and types of projects apply to the second allocation funding for these approved program areas as detailed in Table 2.

A. EXISTING PROGRAMS (Programs detailed in Action Plan and Action Plan Amendment Number One).

Table 2: Program Areas and Project Types

Existing Programs	Approved Project Types	Initial Approved Allocation	Second Allocation
Community Resiliency		Parish option	Parish option
Public Services		Parish option	Parish option
Affordable Rental		\$46,520,525	\$72,062,147
	Workforce Housing Units		
	Additional Affordable Units		
	Permanent Supportive Housing		
	Financing Tools		
Agriculture		\$30,000,000	\$24,766,594
	Farm Recovery Loan & Grant Program	\$15,000,000	\$17,302,097
	Agri-business Recovery Loan Program	\$5,000,000	\$ 5,000,000
	Critical Farm Infrastructure	\$10,000,000	
	LDAF Administrative Costs		\$ 2,464,497
Fisheries		\$15,000,000	\$12,383,297
	Critical Fishery Infrastructure Program		
	Commercial Fishing Gear Program		
	Sustainable Coastal Communities Prog		
	Recreational Fishing Access & Recovery		
Coastal Restoration		\$15,000,000	\$12,383,297
	Sustainable Coastal Communities		
	Public Facilities and Improvements		
	Wetlands Restoration		
Parish Allocations		\$309,791,652	\$255,749,470
	Housing (Homeowner Rehabilitation, Compensation/Incentive, Financing, Housing Relocation, Homelessness Prevention, Neighborhood Redevelopment		
	Infrastructure		
	Economic Recovery and Revitalization		
Admin, Planning, TA		\$21,911,167	\$31,023,360
TOTAL		\$438,223,344	\$408,368,165