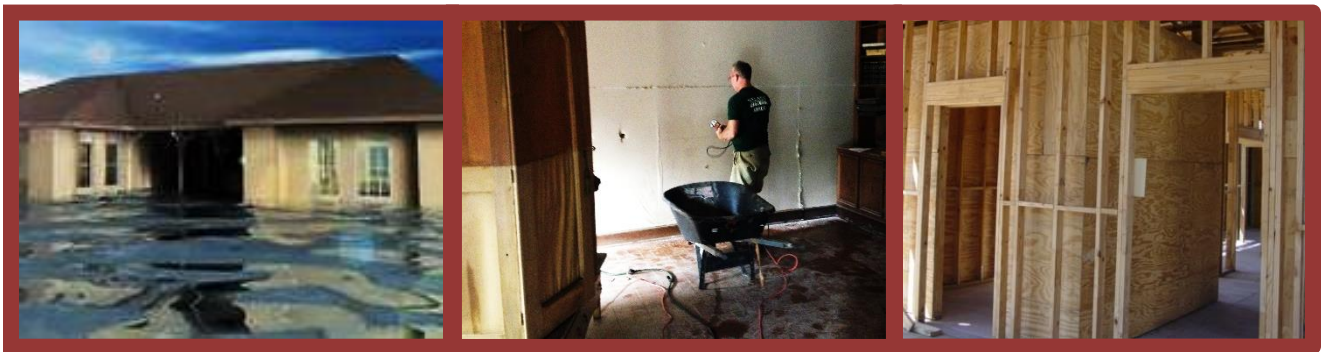


DISASTER RECOVERY INITIATIVE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Allocations, Waivers and Alternative Requirements for Grantees Receiving Community Development Block Grant
Disaster Recovery Funds in Response to Disasters Occurring in 2016
*The Continuing Appropriations Act, 2017, The Further Continuing and Security Assistance Appropriations Act, 2017
and The Consolidated Appropriations Act, 2017 (Public Law 114-223, 114-254 and 115-31)*
Federal Register Docket No.
FR-5989-N-01, FR-6012-N-01 and FR-6039-N-01

LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT, DISASTER RECOVERY UNIT



STATE OF LOUISIANA
NON SUBSTANTIAL ACTION PLAN AMENDMENT No. 9
FOR THE UTILIZATION OF
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
IN RESPONSE TO THE GREAT FLOODS OF 2016

DATE SUBMITTED TO HUD: JULY 18, 2018

[John Bel Edwards](#)

Governor



Billy Nungesser

Lieutenant Governor



1. Summary of Changes

This Action Plan Amendment No. 9 modifies the reimbursement award structure of the Restore Louisiana Homeowner Program. It also provides a technical clarification of award caps related to certain components of the Program, to include mobile homes and elevation in the cases of reconstruction. This Action Plan Amendment is considered non-substantial, as it does not amend program budgets and it does not change the beneficiaries of a program.

	Allocation
Total Allocation	\$1,708,407,000
Restore Louisiana Housing Programs	\$1,465,327,321
• Homeowner Program	\$1,331,163,919
• Rental Programs	\$134,163,422
Restore Louisiana Economic Recovery and Revitalization Programs	\$62,000,000
Infrastructure Program (FEMA Match)	\$105,000,000
Watershed Modeling and Planning	\$9,800,799
First Responders Public Services Program	\$8,000,000
Administration and Other Planning Expenses	\$58,278,880

2. Unmet Needs

In the immediate aftermath of and in the months following the Great Floods of 2016, the state assessed the unmet housing, infrastructure and economic development needs caused by the March and August 2016 floods that were not funded through other duplicative funding sources. Consistent with the requirements of the Federal Register Notice, the state's unmet housing recovery needs were the most detailed and of highest priority in the Unmet Needs Assessment and Proposed Use of Funds.

In order to calculate the owner-occupant housing unmet needs, the state reviewed data on homeowners who experienced major or severe damage, as defined by \$8,000 or more of FEMA inspected real property damage and/or more than 1 foot of flooding on the first floor. As described in the Federal Register Notice, for each household determined to have unmet housing needs, their estimated average unmet housing need less assumed assistance from FEMA, SBA, and Insurance was calculated at \$27,455 for major damage (low), \$45,688 for major damage (high) and \$59,493 for severe damage. Using this methodology, between DR-4263 and DR-4277, there were 57,631 owner-occupant households who experienced major to severe levels of damage, totaling an estimated \$2,448,293,435 in unmet owner-occupant housing unmet needs.

Based on the unmet needs assessment and due to the initial projection of \$2.45 billion in unmet owner-occupant housing needs, the state limited reimbursement of homeowners' unmet needs to 25% of the calculated repair expenses for homeowners in Phases III-VI. This approach allowed the state to provide some assistance to more homeowners, while prioritizing full assistance to LMI homeowners who were either elderly or had a person with disabilities living in the house (Phases I and II). This approach was prudent to ensure some funding was available to as many homeowners with unmet needs as possible, while prioritizing assistance to the most impacted and vulnerable populations. In APAs 1, 3 and 4 the state articulated the plan to continue to evaluate program demand, actual costs and other data to assess the unmet needs of program applicants and the availability of funding.

As the Restore LA Homeowner Program nears the survey and application deadlines, the state has been able to refine the unmet needs projections based on the homeowners who have applied to the program.

Though the state has engaged in extensive, comprehensive and prolonged outreach campaigns, there have been fewer applicants to the program than originally projected and there have been fewer applicants with program eligible unmet needs than originally projected. In mid-May, the state announced a survey deadline date of July 20, 2018, which has created an increase in survey responses. Taking this into consideration, as well as current rates of grant approvals, as of July 9 the state anticipates there will be fewer than 20,000 applicants who will ultimately receive a grant award from the program given the current SBA guidance. The state had initially projected over 30,000 households would be awarded some level of assistance.

There are two significant factors that the state has identified as the major contributors to the discrepancy that has developed between the initial projection and actual program participants:

- Despite extensive outreach, there are over 20,000 households who experienced major to severe levels of FEMA IA damages who have not submitted a survey to the Restore LA Homeowner Program. Over 12,000 of this population do not have an SBA or NFIP award, and therefore it is unclear as to why these households have not submitted a survey; and
- The state initially projected a 10-15% withdrawn and zero award rate through the program, but the current rate is 37%.

Considering these factors, under the current policies and program award structure, the state is projecting to spend \$535 million on the Homeowner Repair and Reconstruction Program, inclusive of project delivery expenses, out of the \$1.3 billion currently budgeted to the program. This does not reflect a decrease in unmet need for those families who have applied to the program, have been assessed for eligible expenses and duplication of benefits and have a remaining unmet need. LMI families who are not elderly or do not have a person with disabilities living in the house and non-LMI families who qualified under Phases III-VI were previously only eligible for 50% of eligible reimbursement unmet needs. Through this amendment, the program will be able to immediately provide an additional reimbursement to 1,200 LMI households and 3,800 non-LMI households who have depleted savings, retirement accounts and otherwise struggled to fund the flood repairs to their homes. Additionally, the program will be able to provide 100% reimbursement assistance to an additional 6,000 eligible LMI and non-LMI families in queue. Approved LMI homeowners under Phases I-II have been and are still eligible for 100% of program-approved reimbursement expenses.

Given the expenditure requirements associated with this CDBG-DR allocation, the state must expend at least 55% of its allocation toward the benefit of LMI populations. Under the award structure detailed in previous APAs, the state projected that 67% of the expended homeowner funds would go to benefit low to moderate income households. Under the change described within this amendment, the state anticipates the benefit to low to moderate income households under the homeowner program will be at 60%. In total, the state estimates that as a result of the homeowner program amendment, the state's overall LMI benefit for the Great Floods of 2016 will go from 63% to 58%, when considering all flood recovery programs, thereby remaining above the 55% requirement.

By increasing the reimbursement percentage from 50% to 100% for households eligible under Phases III-VI, the state anticipates spending \$649 million on the Homeowner Program, leaving an estimated \$682 million. In the context of the different pieces of legislation going through Congress related to how to account for SBA loans as a duplication of benefit, the state may hold the balance until Congress and HUD issue updated and definitive guidance on how to treat SBA loans when calculating eligible award amounts to serve that potential unmet need.

3. Proposed Use of Funds

Restore Louisiana Homeowner Rehabilitation, Reconstruction and Reimbursement Program

Eligible Activity	Rehabilitation, Reconstruction, Buyouts, Acquisitions, New Construction, Public Facilities, Interim Housing Assistance, Expansion of Homeownership (42 U.S.C. 5305(a)(4)); HCDA Sections 105 (a)(1-4), 105(a)(7-8), 105(a)24). Housing Incentive, as identified in Federal Register Docket No. FR-5989-N-01. Also eligible are elevation expenses related to rehabilitation and reconstruction activities and reimbursement of eligible rehabilitation and reconstruction activities.
National Objective	Urgent Need or benefit to low to moderate income persons

Administering Entity: State of Louisiana

Proposed Use of Funds: Homeowners will continue to have four potential program solutions from which to choose based on their progress in the rebuilding process and their capacity to complete the rebuilding process, as described in Action Plan Amendment (APA) 1, APA 3 and APA 4.

Eligible Applicants: This APA does not change eligibility requirements for the program. Homeowners will continue to be eligible for the program if they meet the following criteria:

- Owner occupant at time of disaster event
- Damaged address was the applicant’s primary residence at the time of disaster event
- Located in one of 51 disaster declared parishes
- Suffered major or severe damages (1+ feet of flooding or \$8,000 FEMA Verified Loss) as a result of the 2016 Severe Storms and Flooding events
- Eligible structure as determined by program, including but not exclusive to, one or two family home structures, mobile/manufactured, and modular homes

Maximum Award:

Stick-Built Homes

The state is updating this section to increase award percentage amounts that were previously described in APAs 1 and 4. The reimbursement for program eligible completed work for homeowners eligible in Phases III-VI is increasing from 50% to 100%.

For stick built homes, the maximum award will continue to be determined by the scope of work based on a consistent economy grade of building materials as calculated by the program using national building standard estimating software, less any duplication of benefits (e.g. NFIP, FEMA and/or SBA). Duplication of Benefits is defined further in the program policies and procedures. The state will include details of the program standards in its policies and procedures. The state may, through program policies and procedures, impose a maximum dollar amount cap on awards following further analysis of the impact of the changes introduced through this APA.

Through this amendment, the state will no longer implement the program using a dual-tiered award approach for a) prospective work (Solutions 1 and 2) or b) reimbursement (Solution 3). Below are the details of the updated award calculation processes:

a) **Prospective Work (Solutions 1 and 2)**

- At the time of application, homeowners still have repairs or reconstruction work to complete on their homes
- Program completes an inspection and generates a scope of work based on economy grade materials
- Program completes a duplication of benefits check
- Program deducts the duplication of benefits from the scope of work
- Program determines an eligible prospective award amount
- The program applies a single-tiered award approach for all eligible homeowners. Homeowners of all household incomes are eligible for 100% of the eligible award amount for prospective work.

b) **Reimbursement (Solution 3)**

- At the time of application, homeowners may have completed all or partial repairs or reconstruction of their homes
- Program completes an inspection and generates a scope of repaired work based on economy grade materials
- Program completes a duplication of benefits check
- Program deducts the duplication of benefits from the scope of work
- Program determines an eligible reimbursement award amount
- The program applies a single-tiered award approach for all eligible homeowners. Homeowners of all household incomes are eligible for 100% of the eligible award amount for reimbursement work.

Furthermore, if a stick-built home is required to be reconstructed with elevation (rather than repaired and elevated), the program will provide the lesser of the actual cost of elevation or the program cap, based on the table below. For elevations between two given values, the value of the Cost per Floorplan corresponding to the higher of the two elevations shall be utilized. In cases where the square footage of the proposed floor plan lies between two given floorplans, the value of the Cost per Floorplan corresponding to the lower square footage of the two floor plans shall be utilized.

	Cost per Floorplan Square Footage					
Elevation	850	1100	1300	1400	1700	2100
6'	\$36.63	\$33.90	\$32.81	\$33.27	\$30.87	\$28.35
9'	\$40.73	\$37.62	\$36.42	\$36.95	\$34.28	\$31.47

Homes requiring elevation higher than nine feet will be reviewed on a case-by-case basis by the Exceptions Panel.

Mobile Homes

The state also clarifies through this amendment that the program cap is \$45,000 for homeowners whose damaged structure was a single-wide mobile home and \$65,000 for homeowners who damaged structure was a double-wide mobile home. The program will provide the lesser of the actual cost of a replacement mobile home or the program cap, less any applicable duplication of benefits. The program will provide additional assistance for costs necessary to elevate a mobile home to meet federal floodplain elevation requirements.

Mobile homes requiring elevation above three feet are eligible for additional funding, as is detailed in the program policies and procedures.