

# Sustainability Plan

## Overview

HUD awarded CDBG–NDR funds to the State of Louisiana in 2016 to implement the Isle de Jean Charles (IDJC) resettlement. To achieve the long-term resiliency and recovery goals of the CDBG-NDR project, HUD has granted a waiver and alternative requirements that provides for the creation of the Residential Assistance Fund (the “Fund”). The Fund covers costs necessary to achieve the long-term resiliency and recovery goals of the project and ensure the affordability and sustainability of New Isle and the approved elements of the “IDJC Resettlement Project” eligible activity including acquisition, infrastructure, housing, economic development, and public service activities. In part, the Fund will assist homeowners that executed a five-year forgivable mortgage and resettled from the IDJC community to the New Isle.

The creation of the Fund requires the development of a Substantial Action Plan Amendment which provides details on the new “IDJC Resettlement Project” eligible activity, the Fund and the costs necessary to achieve the long-term resiliency and recovery goals of the project and ensure the affordability and sustainability of New Isle and the approved elements of the “IDJC Resettlement Project” eligible activity including acquisition, infrastructure, housing, economic development, and public service activities and how these activities meet a national objective as required by HUD in 89 FR 3942. The Substantial Action Plan Amendment can be found at <https://www.doa.la.gov/doa/ocd/policy-and-reports/apa/>.

In addition, HUD requires the State to develop a Sustainability Plan with the following information:

- An estimate of the amount of taxes and insurance required for each home per year;
- A detailed description of the process and timeline for New Isle residents to pay for housing costs that were once covered by the Fund, after their assistance from the Fund has ended (i.e., reaches five years of assistance or maximum amount set by the State) and/or the State concludes its use of the Fund;
- A description of other financial resources, if any, that will be available to support beneficiaries with housing costs after the State concludes use of the Fund;
- A detailed description of how the State will inform beneficiaries about the Fund, terms and conditions for Fund assistance, and the beneficiaries’ financial responsibilities after assistance from the Fund ends; and
- How the State will detect and prevent fraud, waste, and abuse in the administration and use of the Fund.

This Sustainability Plan includes detailed information in response to the content requirements above. In accordance with 89 FR 3942, this Sustainability Plan is posted on the State of Louisiana's website at <https://www.doa.la.gov/doa/ocd/policy-and-reports/apa/>. The State notified impacted citizens through means described in the "Beneficiary Education" section within the Sustainability Plan.

## Estimated Fund Costs

Eligible costs under the Fund include amounts paid for homeowners' insurance coverage for five years from the date of closing for each eligible homeowner. Flood insurance, property taxes, and termite treatment are not eligible costs under the Fund. Homeowners insurance costs for a five-year period after closing are allowable in accordance with 2 CFR Part 200, subpart E. These costs are necessary for HUD and the State to achieve the long-term resiliency and recovery goals of the project and ensure the affordability and sustainability of New Isle so resettled households can successfully remain in their new residences. The State is paying only for actual costs incurred by the homeowners and charged by property insurers. Other eligible costs include those allowable in accordance with 2 CFR Part 200, subpart E that are necessary to achieve the long-term resiliency and recovery goals of the project and ensure the affordability and sustainability of New Isle and the approved elements of the "IDJC Resettlement Project" eligible activity including acquisition, infrastructure, housing, economic development, and public service activities. Other budgeted and planned activities and detailed information on the intended administration of the Fund may be found in the Cooperative Endeavor Agreement to be executed between the State and the intended administrator of the Fund, South Central Planning and Development Commission.

Individual homeowners are still responsible for covering the cost of property taxes on their new properties. The anticipated taxes required for each home each year is \$1,200. The cost of taxes are not covered by the Fund.

A summary of the total expected costs for homeowners' insurance can be found in Appendix A. Homeowners' insurance costs for 2022-2023 were determined using actual homeowners' insurance premium data from New Isle residents. Anticipated homeowners' insurance costs for future years were developed using historic data and applying an assumed annual percentage increase each year as outlined in Table 1 below. This annual percentage increase is based on historic homeowners' insurance premium data nationally and within the State of Louisiana. The budget for the Fund will be updated as homeowners' insurance costs are realized by each homeowner each year.

**Table 1: Assumed annual percentage increases**

Year	Base case
2024 Cost	20% increase over 2023
2025 Cost	10% increase over 2024
2026 Cost	5% increase over 2025
2027 Cost	5% increase over 2026
2028 Cost	5% increase over 2027

## Process and Timeline

As noted in the section above, eligible costs under the Fund are to cover homeowners' insurance costs for five years from the date of closing for each eligible homeowner. For example, if a home has a date of closing of August 4, 2022, homeowners' insurance costs shall be paid by the Fund through 2027. Dates of closing and the final date of eligibility for assistance through the Fund for each home are in Appendix B.

During the five-year period, homeowners' insurance is paid directly to the insurer on record by the Fund administrator for each eligible homeowner. This payment will be made by the administrator annually at the time payments are due. Homeowners' insurance policies and invoices are provided directly to the administrator every year through the five-year period. If homeowners' insurance lapses or is cancelled, the State is notified as the mortgagee listed on the homeowners' insurance policy and will take appropriate action.

After the five-year period ends, residents will become responsible for direct payment of homeowners' insurance to property insurers. Residents will receive documents from the administrator of the Fund notifying them of the end of the five-year period at least six (6) months prior to the expiration of Fund benefits.

## Beneficiary Education

The State is taking the following actions to inform beneficiaries about the Fund, terms and conditions for Fund Assistance, and the beneficiaries' financial responsibilities after assistance from the Fund ends:

- This Sustainability Plan is posted on the State's website at <https://www.doa.la.gov/doa/ocd/policy-and-reports/apa/> for Public Comment from October 23, 2024, to November 7, 2024.

- A Resident Meeting was held on September 5, 2024, with eligible homeowners of the New Isle.
- A Public Hearing to discuss the Substantial Action Plan Amendment and this Sustainability Plan for the Fund will be held and as of this publication it is scheduled for October 31, 2024.
- All IDJC Resettlement Program households that have executed a five-year forgivable mortgage and resettled from the IDJC community to The New Isle or are pending execution of a five-year forgivable mortgage and resettlement in New Isle are receiving a hard copy version of the Sustainability Plan via mail to their current address and, when available, their email address.
- The State is notifying affected citizens about the Sustainability Plan for the Fund through a press release provided to area news outlets.
- The State will execute contracts with eligible households with a start date of the date of the initial closing on the New Isle property outlining the terms and conditions for payment of homeowners insurance costs for a period of five years.

Upon making the last payment, to ensure the homeowner knows it will be their responsibility from the next year forward, the administrator of the Fund will issue a notice to each homeowner. In addition, at the end of the five-year period the State will release the mortgage on the property and no longer will be listed as mortgagee on the homeowners' insurance.

## Financial Resources Available Upon Conclusion of Fund

All program participants resettling to the New Isle community participated in homeowner education courses and individual credit counseling sessions before closing on their New Isle home. The courses were offered through the Mid-City Redevelopment Alliance, a community development nonprofit in Louisiana. In addition, Table 2 below summarizes resources that are available to support beneficiaries after assistance from the Fund concludes.

Table 2: Other resources for Fund beneficiaries	
Resource	Description
<a href="#">LHC Homebuyer Education Course</a>	<ul style="list-style-type: none"> <li>▪ 2-day webinar that covers budgeting and credit management, down payment assistance, low-interest loans, and homebuyer rights</li> </ul>
<a href="#">LHC Homebuyer Counseling</a>	<ul style="list-style-type: none"> <li>▪ 2-hour homeowner course that provides a checklist of maintenance activities that can help their home run efficiently and effectively and reviews red flags for health and safety</li> </ul>

**Table 2: Other resources for Fund beneficiaries**

Resource	Description
<a href="#">HUD Certified Housing Counseling</a>	<ul style="list-style-type: none"><li>All New Isle residents have completed one-on-one counseling with HUD certified housing counselors.</li></ul>
<a href="#">HUD Foreclosure Counseling</a>	<ul style="list-style-type: none"><li>All New Isle residents have been made aware of counseling available in a potential foreclosure.</li></ul>
<a href="#">Catholic Charities, Diocese of Houma-Thibodaux services and programs</a>	<ul style="list-style-type: none"><li>Houma’s Catholic Charities accepts applications for financial assistance in situations where families cannot pay monthly expenses</li></ul>
<a href="#">Terrebonne Parish Consolidated Government community services</a>	<ul style="list-style-type: none"><li>The Emergency Rent, Hotel and Mortgage Assistance Program provides financial assistance to eligible low-income families who meet a stringent criterion to enable them to maintain a current residence.</li></ul>
<a href="#">Louisiana Department of Children and Family Services Cash Assistance - Temporary Assistance for Needy Families (TANF)</a>	<ul style="list-style-type: none"><li>Louisiana DCFS issues Temporary Assistance for Needy Families (TANF) benefits through the Family Independence Temporary Assistance Program (FITAP) and Kinship Care Subsidy Program (KCSP).</li><li>These programs, intended to be used to meet families’ basic needs, such as food, shelter and clothing, are fully funded by federal dollars.</li></ul>

## Fraud, waste, and abuse prevention

As noted in the “Process and Timeline” section above, the administrator pays the homeowners insurance companies directly as invoices come due on behalf of each New Isle residence eliminating the risk of misuse of the Fund for ineligible costs. Homeowners’ insurance policies and invoices are provided directly to the administrator every year through the five-year period. The Louisiana Office of Community Development – Disaster Recovery (LOCD-DR) is listed as mortgagee on the homeowners’ insurance policy, therefore if the policy lapses or is cancelled, LOCD-DR is notified and will notify the Fund’s administrator, if necessary, and/or take other appropriate action. Over the Fund’s life, the administrator will monitor to ensure that the budget for the Fund as costs are incurred are adequately covered by the sources of CDBG-NDR grant funding and/or program income generated by economic development activities.

More generally, LOCD-DR has developed the CDBG Grantee Administrative Manual which includes guidance, policies, and procedures related to financial management and monitoring. LOCD-DR’s [Detection of Fraud, Waste, and Abuse of Funds Policy](#) defines the guidelines that LOCD-DR follows to detect fraud, waste, and abuse of CDBG-DR funds. The processes defined in this document involve not only LOCD-DR, but the Division of Administration’s Internal Auditor,

the Louisiana Legislative Auditor, the Office of Inspector General, and the Office of Finance and Support Services. The administrator of the fund will be required to adhere to this policy.

## **Contingency Plan**

In the event the Fund does not have sufficient funding to cover homeowners' insurance costs for the full five years for any eligible homeowner, the administrator will distribute remaining funding on a pro rata basis to cover the remaining homeowners' insurance costs. The administrator will distribute funds to homeowners in an amount proportional to the amount of anticipated future homeowners' insurance costs for that homeowner as a percentage of eligible anticipated future costs for all homeowners. For example, if an eligible homeowner's anticipated future eligible costs constitute 3% of eligible costs across all homeowners, the administrator will distribute 3% of available funding to that homeowner, not to exceed the total amount of anticipated future costs.

## Appendix A: Homeowners insurance costs by property

2022-2024 costs (highlighted in blue) have already been incurred and paid on behalf of the homeowners. 2024-2028 costs (highlighted in green) are future estimated costs which shall be paid by the administrator of the Fund. These numbers total out to an estimated \$697,250.31 in total costs of homeowners insurance for eligible New Isle homeowners.

Base case homeowners' insurance costs for each property							
	2022	2023	2024	2025	2026	2027	2028
Lot 1	2,457.01	2,691.01	2,674.67	2,942.14	3,089.24		
Lot 2	2,739.00	2,999.47	2,993.13	3,292.44	3,457.07		
Lot 3	2,625.76	2,892.13	2,888.93	3,177.82	3,336.71		
Lot 4	3,150.76	3,454.59	3,450.07	3,795.08	3,984.83		
Lot 5	3,337.18	3,666.16	3,663.66	4,030.03	4,231.53		
Lot 6	5,553.00	4,150.00	4,019.52	4,421.47	4,642.55		
Lot 7	3,887.71	4,039.48	4,362.53	4,798.78	5,038.72		
Lot 8	2,984.74	3,118.72	3,351.48	3,686.63	3,870.96		
Lot 9	5,823.00	2,655.00	2,888.00	3,176.80	3,335.64		
Lot 10	2,541.52	2,801.28	2,786.75	3,065.43	3,218.70		
Lot 11	5,621.00	2,773.00	3,113.19	3,424.51	3,595.73		
Lot 12	3,001.84	3,297.89	3,292.63	3,621.89	3,802.99		
Lot 13	2,452.88	2,711.95	2,695.25	2,964.78	3,113.01		
Lot 14	2,633.57	2,891.25	2,880.66	3,168.73	3,327.16		
Lot 15	5,553.00	3,283.00	3,746.00	4,120.60	4,326.63		
Lot 16	3,928.93	4,080.20	4,407.97	4,848.77	5,091.21		
Lot 17	3,930.66	4,048.36	4,352.19	4,787.41	5,026.78		
Lot 18	2,307.04	2,416.85	2,581.47	2,839.62	2,981.60		
Lot 19	4,056.34	4,080.47	4,328.69	4,761.56	4,999.64		
Lot 20	2,874.47	2,892.28	3,047.00	3,351.70	3,519.29		
Lot 21	3,969.38	3,962.26	4,176.92	4,594.61	4,824.34		
Lot 22	2,804.87	2,818.23	2,960.45	3,256.50	3,419.32		
Lot 23	3,874.56	3,882.15	4,100.61	4,510.67	4,736.20		

Base case homeowners' insurance costs for each property							
	2022	2023	2024	2025	2026	2027	2028
Lot 24	3,493.66	3,519.28	3,747.47	4,122.22	4,328.33		
Lot 25	5,733.00	3,811.66	4,573.99	5,031.39	5,282.96		
Lot 26	5,553.00	2,913.00	3,172.00	3,489.20	3,663.66		
Lot 27	2,401.50	2,424.95	2,546.02	2,800.62	2,940.65		
Lot 28	6,096.00	3,179.00	3,436.00	3,779.60	3,968.55		
Lot 29	5,543.00	3,484.00	3,677.00	4,044.70	4,246.94		
Lot 30	3,584.93	3,604.87	3,775.53	4,153.08	4,360.74		
Lot 31	3,675.72	3,690.84	3,902.54	4,292.79	4,507.43		
Lot 32	3,346.44	3,365.17	4,038.20	4,442.02	4,664.12		
Lot 33	2,809.27	2,831.32	3,397.58	3,737.34	3,924.20		
Lot 34			3,432.00	3,775.20	3,963.96	4,162.16	4,370.27
Lot 35			3,959.97	4,355.97	4,573.77	4,802.45	5,042.58
Lot 42	5,779.00	2,701.00	3,241.20	3,565.32	3,743.59		
Lot 43 <sup>1</sup>			4,980.00	5,478.00	5,751.90	6,039.50	6,341.47

<sup>1</sup> Lot 43 is currently under construction and has not closed. Homeowners insurance costs will be updated at closing and paid for a period of five years.



## Appendix B: Coverage eligibility dates by property

Insurance coverage eligibility dates by property		
Property	Coverage eligibility start date	Coverage eligibility end date
Lot 1	8/24/2022	8/24/2027
Lot 2	8/24/2022	8/24/2027
Lot 3	8/24/2022	8/24/2027
Lot 4	8/24/2022	8/24/2027
Lot 5	8/24/2022	8/24/2027
Lot 6	8/24/2022	8/24/2027
Lot 7	10/6/2022	10/6/2027
Lot 8	10/6/2022	10/6/2027
Lot 9	10/6/2022	10/6/2027
Lot 10	8/24/2022	8/24/2027
Lot 11	8/24/2022	8/24/2027
Lot 12	8/24/2022	8/24/2027
Lot 13	8/24/2022	8/24/2027
Lot 14	8/24/2022	8/24/2027
Lot 15	8/24/2022	8/24/2027
Lot 16	10/6/2022	10/6/2027
Lot 17	10/6/2022	10/6/2027
Lot 18	10/6/2022	10/6/2027
Lot 19	10/26/2022	10/26/2027
Lot 20	10/26/2022	10/26/2027
Lot 21	10/26/2022	10/26/2027
Lot 22	11/9/2022	11/9/2027
Lot 23	11/9/2022	11/9/2027
Lot 24	11/9/2022	11/9/2027
Lot 25	11/16/2022	11/16/2027
Lot 26	10/26/2022	10/26/2027
Lot 27	10/26/2022	10/26/2027

Lot 28	10/26/2022	10/26/2027
Lot 29	11/9/2022	11/9/2027
Lot 30	11/9/2022	11/9/2027
Lot 31	11/9/2022	11/9/2027
Lot 32	11/16/2022	11/16/2027
Lot 33	11/16/2022	11/16/2027
Lot 34	6/26/2024	6/26/2029
Lot 35	6/26/2024	6/26/2029
Lot 42	12/20/2022	12/20/2027
Lot 43 <sup>2</sup>	TBD	TBD

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<sup>2</sup> Lot 43 is currently under construction and has not closed. Eligibility dates will be updated at closing.