

DISASTER RECOVERY INITIATIVE

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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 2011, 2012 and 2013*

*The Disaster Relief Appropriations Act, 2013 (Public Law 113-2)*

*Federal Register Docket No. FR-5696-N-03*

LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT-DISASTER RECOVERY

**STATE OF LOUISIANA  
ACTION PLAN AMENDMENT NO. 8 (SUBSTANTIAL)  
FOR THE UTILIZATION OF  
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
UNDER THE NATIONAL DISASTER RESILIENCE COMPETITION (NDRC)  
LOUISIANA'S RESETTLEMENT OF ISLE DE JEAN CHARLES**  
Public Comment Period: October 23, 2024 – November 7, 2024

**Jeff Landry**, Governor

**Billy Nungesser**, Lieutenant Governor

**Taylor F. Barras**, Commissioner of Administration



**Louisiana Office of  
Community Development  
Disaster Recovery**



## Overview

HUD awarded \$92.6 million in CDBG–NDR funds to the State of Louisiana in 2016, including \$48.3 million to implement the Isle de Jean Charles (IDJC) resettlement. Since the award of the CDBG–NDR funds, the State has moved forward in the planning and development of the new community, The New Isle, and has identified several challenges related to the eligibility of some project activities and the timeline for certain project activities to meet a national objective, as provided in the CDBG–NDR Notice (81 FR 36557). The State has also identified challenges associated with maintaining the affordability of New Isle homes for resettled residents.

In order to achieve the long-term resiliency and recovery goals of the CDBG-NDR project, HUD has granted a waiver and alternative requirements to allow the State to treat the “IDJC Resettlement Project,” a large complex project with multiple components that contribute to long-term recovery and resilience, as a single eligible activity. HUD’s Federal Register notice effective on January 29, 2024 (89 FR 3942) creates the “IDJC Resettlement Project” as a new eligible activity. This new eligible activity includes two components: (1) the creation of a Residential Assistance Fund (the “Fund”) and (2) the acquisition, infrastructure, housing, economic development, and public service activities described in the State’s HUD-approved, amended [Substantial CDBG-NDR Action Plan Amendment 5](#).

The Fund is being created to assist with certain costs in order to achieve the long-term resiliency and recovery goals of the project, and to ensure the affordability and sustainability of both The New Isle as well as the approved elements of the “IDJC Resettlement Project” eligible activity (as noted above, these elements may include acquisition, infrastructure, housing, economic development, and public service activities). Most immediately, the Fund will assist with the homeowner’s insurance cost for homeowners that executed a five-year forgivable mortgage and resettled from the IDJC community to the New Isle.

This Substantial Action Plan Amendment provides details on the new “IDJC Resettlement Project” eligible activity, the Fund, and how these activities meet a national objective as

required by HUD in 89 FR 3942. The resettlement of the Isle de Jean Charles community and the development of the more resilient New Isle community is a unique effort by the State of Louisiana to demonstrate, with the support of CDBG–NDR funds, how communities nationwide may implement the voluntary resettlement of a community with diverse cultural identities and traditions, when confronted with repetitive disaster-related losses of land mass due to climate change. The IDJC Resettlement Project has the potential to serve as a model for other communities seeking to manage the retreat and resettlement of communities threatened by climate change.

The State intends to execute a Cooperative Endeavor Agreement (CEA) with the South Central Planning and Development Commission (SCPDC) in late 2024. The SCPDC is a Special District of the State and a 501(c)1 non-profit organization that administers both Federal and State grants and projects and represents economic development interests and people in several parishes, including Terrebonne, where The New Isle is located to administer the Fund and carry out the other eligible activities.

## **IDJC Resettlement Project eligible activity**

HUD determined that the components of the IDJC Resettlement Project are largely eligible CDBG–NDR activities but that the complexity of managing multiple separate eligible activities as components of the overall relocation would detrimentally delay the timeline of this critical recovery project. As such, HUD created the “IDJC Resettlement Project” as a new, eligible activity. This new eligible activity includes two components:

- The creation of the Residential Assistance Fund (the “Fund”); and
- The acquisition, infrastructure, housing, economic development, and public service activities described in the State’s HUD-approved, amended [Substantial CDBG-NDR Action Plan Amendment 5](#).

This amendment outlines the requirements related to the creation of the Fund.

## **Budget for the Fund**

The Fund will be initially capitalized with the remaining unobligated CDBG-NDR grant funding in an amount of at least \$1,360,948. At the time the Fund is capitalized the budget included in the CEA will be adjusted as required. This amount is to be used by the fund administrator for the following activities:

- Homeowners Insurance Premium Payments
- Economic Development Assistance
- Public Facilities and Improvements
- Housing Development

The fund will thereafter be replenished by:

- CDBG-NDR program income generated by economic development activities at The New Isle; and/or
- CDBG-NDR program income generated from other sources

The incurred and estimated costs for homeowner's insurance for all eligible homeowners for the full five-year period are \$697,250.31. As of October 16, 2024, the estimated remaining homeowners insurance payments for all eligible homeowners are \$364,072.05.

The insurance premium payments budget is calculated using the projected homeowners insurance costs for each homeowner based on historical and forecast homeowners' insurance premium data.

## **Eligible costs under the Fund**

Eligible Costs under the Fund include the following:

- Five years of homeowners insurance costs for homeowners that executed a five-year forgivable mortgage and resettled from the IDJC community to The New Isle, and
- 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 The New Isle and the approved elements of the "IDJC Resettlement Project" eligible activity.

### **Homeowners insurance costs**

As noted above, homeowners that executed a five-year forgivable mortgage and resettled from the IDJC community to the New Isle may have their homeowners insurance costs covered for a five-year period from the date of closing.

Flood insurance, property taxes, and termite treatment are not eligible costs under the Fund. Beneficiaries to the Fund must be primary owners of the New Isle residence. Heirs and later owners are not included in 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 Fund is to be used to pay for actual costs incurred by the homeowners and charged by property insurers. Payments are made directly to property insurers, which ensures the proper and efficient administration of the funds.

Eligible beneficiaries for home insurance payments are former residents of IDJC that resettled as part of the CDBG-NDR project (as described in [Substantial CDBG-NDR Action Plan Amendment 5](#) under “Resettlement Options: Eligibility and Benefits” as the “A New Home in the New Community” option).

The Fund shall not be used to compensate beneficiaries or any other New Isle households for losses from disaster-related impacts.

### **Other eligible costs**

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.

## **Mechanisms and process for providing assistance**

The five years during which a homeowner is eligible to receive assistance begins on the date of closing for each New Isle household. As such, the Fund was established effective with the first New Isle Community closing on August 24, 2022. Currently, homeowners insurance is paid directly to the insurer on record for each homeowner by the State.

The use of the Fund for the other eligible activities including acquisition, infrastructure, housing, economic development, and public service activities described in the State's HUD-approved, amended [Substantial CDBG-NDR Action Plan Amendment 5](#) are to be carried out as directed via the CEA between the State and the SCPDC.

## **Monitoring the administration and use of the Fund**

The CEA contemplated by the State and the SCPDC includes the following:

- The transfer (from the State to SCPDC) of approximately 500 acres of land at The New Isle, which includes commercial use property (including the community center and marketplace), residential use property, and residual community property; and
- The transfer (from the State to SCPDC) of the Residential Assistance Fund in the amount of at least \$1,360,948 for administration and management by the SCPDC in accordance with this Action Plan Amendment, the associated Sustainability Plan and the CEA; acceptance and management of the Fund and associated Sustainability Plan, and acceptance and management of the Homeowner's Association at the New Isle.

Through this CEA, the SCPDC is also willing and able to oversee the development of the remainder of the residential property supporting the interest of the current New Isle residents and SCPDC's newly created entity, the South Central Regional Affordable Community Housing Authority (SCRACH) and its mission to develop affordable housing in this area and resettling persons that have been displaced and/or are at risk of displacement. The SCPDC will be allowed to dispose of land or otherwise generate program income to deposit into the Fund for payment of the eligible homeowners' insurance costs and other eligible activities. The SCPDC must first

use the funds to pay all eligible homeowners' insurance costs for the five-year period. Other eligible activities 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. Additionally, as part of the CEA, the State will require SCPDC to provide various reports to the Louisiana Office of Community Development – Disaster Recovery (LOCD-DR) detailing, at minimum, payments made to insurers on behalf of eligible households, economic development activities, property disposition, and deposits, and payments and balances of the Fund.

Currently, the State pays homeowners insurance costs directly to insurance companies. After execution of the agreement with the SCPDC, homeowners' insurance policies and invoices will be provided directly to the SCPDC every year through the five-year period. If a policy lapses or is cancelled, the LOCD-DR is notified as the mortgagee listed on the insurance policy and will notify the SCPDC. As described, the SCPDC will pay 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 non-eligible costs.

The CEA will be executed subsequent to approval of this Substantial Action Plan Amendment by the U.S. Department of Housing and Urban Development and will be available to the public.

### **Ensuring public transparency**

In addition to the publication of this Substantial Action Plan Amendment, the State has developed a detailed Sustainability Plan that is available online and is being provided to all New Isle homeowners eligible for assistance from the Fund. The State hosted a meeting open to all residents of The New Isle to provide an overview of the Sustainability Plan, information on the Fund and the SCPDC and the details of the Action Plan Amendment on September 5, 2024, at the Community Center in The New Isle. The State will notify affected citizens through electronic mailings, press releases, statements by public officials, media advertisements, public



service announcements, and/or contacts with organizations located in or serving the target area or neighborhood. The State will also hold a public hearing and as of this publication, the hearing is scheduled for October 31, 2024.

### **National objective**

HUD has established alternative requirements for addressing the objective of benefitting low- and moderate-income (LMI persons) to enable the State to accomplish its IDJC Resettlement Project goals which includes relocating households as well as carrying out acquisition, infrastructure, housing, economic development, and public service activities intended to create a sustainable, long-term community for resettled residents in New Isle. This section describes how the IDJC Resettlement Project meets all criteria of the LMI National Objective required by HUD in 89 FR 3942 including:

- The service area of New Isle is primarily residential with related cultural and recreational components;
- At least 70 percent of resettled households qualify as LMI;
- The New Isle community includes the community center, marketplace, recreational facilities, parks, and additional site improvements;
- The economic development activities funded by the IDJC Resettlement Project will increase economic opportunity, primarily for LMI persons, through the creation of permanent jobs;
- The creation of a Sustainability Plan used to assist resettled households with housing costs for five years.

### **Service area benefit**

The State has determined the service area benefiting from the IDJC Resettlement Project is primarily residential in character with related cultural and recreational components including the community center and marketplace.

### **Household LMI status**

The State verified the income of each household during the application phase of the program to

determine whether they qualified as LMI. At least 70% of the households that are part of the original IDJC resettlement to the New Isle qualify as LMI. Appropriate documentation for each household is contained in the State program files.

### **Community center, marketplace, recreational facilities, parks, and additional site improvements**

The State has completed the marketplace and the community center, parks, recreational facilities and made additional site improvements described in its approved action plan as part of the New Isle community.

### **LMI job creation**

The State, through its CEA with the SCPDC, will require that economic development activities funded through the IDJC Resettlement Project are complete and will increase economic opportunity primarily for LMI persons, through the creation of permanent jobs. Any jobs held or created because of the economic development activities located in the New Isle community are presumed to be held by or made available to primarily LMI persons.

### **Sustainability plan**

The Sustainability Plan is available on OCD's website at <https://www.doa.la.gov/oa/ocd/policy-and-reports/apa/>. Along with this Action Plan Amendment, the Sustainability Plan is also posted for Public Comment from October 23, 2024, to November 7, 2024. A Public Hearing to discuss this Action Plan Amendment and the Sustainability Plan is scheduled for October 31, 2024.

All IDJC project households that have resettled or are pending resettlement in New Isle are receiving a hard copy version of the Action Plan Amendment as well as the Sustainability Plan via mail to their current address and, when available, their email address. In addition, LOCD-DR is notifying affected citizens about the Sustainability Plan through a press release provided to area news outlets.

### **Program budget**

The IDJC Resettlement project is a single activity and the total funding for this project is \$48,300,000.

## Public comments

### STATE ACCEPTING PUBLIC COMMENTS, HOSTING PUBLIC HEARING ON NATIONAL DISASTER RESILIENCE ACTION PLAN AMENDMENT 8

The Louisiana Office of Community Development – Disaster Recovery is accepting public comments and hosting a public hearing on the state’s National Disaster Resilience Action Plan Amendment 8 to describe the Isle de Jean Charles waiver, alternative requirements for eligibility and national objective compliance, and use of program income. The public comment period starts October 23, 2024 and ends November 7, 2024.

The resident meeting for this proposed amendment was held September 5, 2024, 5:30-6:30pm at the New Isle Community Center. A Public Hearing will be held on October 31, 2024, 10:30-11:30am at the New Isle Community Center.

A copy of the Action Plan Amendment is available at [doa.la.gov/doa/ocd/policy-and-reports/apa/](https://doa.la.gov/doa/ocd/policy-and-reports/apa/) or by calling 225.219.9600.

Members of the public can submit comments several ways:

- Emailing them to [ocd@la.gov](mailto: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

The plan is available in Vietnamese and Spanish to reach the limited English proficiency citizens in the impacted areas. Citizens with disabilities or those who need other technical assistance should contact the LOCD-DR office for assistance via the methods listed above.

At the end of the official public comment period, the State will submit the action plan amendment to the U.S. Department of Housing and Urban Development for approval.