

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**

Action Plan Amendment No. 55

Clarification on Eligibility for the Soft Seconds and Homeownership Programs

Public Comment Period: September 12 – 21, 2012

Submitted to HUD: September 24, 2012

HUD Approved: October 26, 2012



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Action Plan Number 55 to Katrina/Rita First Appropriation: Clarification of Eligibility for the Soft Second and Homeowner Assistance Programs

Program: Homeownership Assistance under the Homebuyer Assistance and Soft Second programs, funded from the Small Rental Allocation

Activity Amount: No funds involved

I. Summary

To promote homeownership and to expand housing opportunities for the existing low and moderate income renter households, the State designated a portion of the Small Rental allocation to the Homebuyer Assistance Pilot Program and the Soft Second Program. These programs were described in Action Plan Amendment (APA) 4 and later revised in APA 24, which underwent public comment in June 2008 and was approved by HUD on December 4, 2008.

HUD granted a waiver to the State of Louisiana for Hurricanes Katrina and Rita, effective December 17, 2008, pertaining to Section 105 (a) (24) of the Housing and Community Development Act of 1974. The waiver allows provision of homeownership assistance to families whose income is up to 120 percent of median income and payment of up to 100 percent of a housing downpayment.

This waiver allowed the state's homeownership assistance programs to serve households between 81 and 120%. The State proceeded to apply this waiver to the programs created in APA 24 and later amended in APA 50 related to the Homebuyer Assistance Pilot Program and the Soft Second program. This waiver was reflected and documented in subsequent program guidelines and subrecipient agreements.

Through the Amendment 55, the State intends to update the language in APA 24 and APA 50 to be consistent with the granted waiver. Since this update clarifies the State's inclusion of the additional beneficiaries from 81-120% AMI in these programs, it is considered substantial. This amendment is to clarify that the wording of the APA is consistent with the implementation of the waiver.

The State received further clarification from HUD on the application of national objective related to this waiver, which is also reflected in the program guidelines and agreements. Under the homeownership programs, the state will use the national objective of benefit to low and moderate income for all households at or below 80 percent of the AMI. The state will use elimination of slum and blight for properties that are purchased and rehabilitated by households of 81 to 120 percent of the AMI in those parishes designated as meeting slum and blighted conditions, and urgent need for all other homes purchased by households earning 81 to 120 percent of the AMI.

II. Changes to APA 24 and APA 50

A. ACTION PLAN AMENDMENT (APA) 24

Page 9, para. 3. Re: Homebuyer Assistance Pilot program

[original language]

A Homebuyer Assistance Pilot program would allow low-and moderate-income households to purchase one-family and two-family properties that are “ready to occupy”, as well as un-repaired one-family and two-family properties where the purchaser would carry the home through the repair process.

[revised language]

A Homebuyer Assistance Pilot program would allow low-and moderate-income households, up to 120 percent, to purchase one-family and two-family properties that are “ready to occupy”, as well as un-repaired one-family and two-family properties where the purchaser would carry the home through the repair process.

Page 10, para 4. Re: Soft Second Program

[original language]

Funding for this initiative will be subject to the guiding principles of the Small Rental Program....All program beneficiaries must earn less than 80% of the area median income.

Change: Remove “must earn less than 80% of the area median income” and replace with “based on the HUD waiver of section 105 (a) 24, will earn up to 120% of median income.”

[revised language]

Funding for this initiative will be subject to the guiding principles of the Small Rental Program....All program beneficiaries, based on the HUD waiver of section 105 (a) 24, will earn up to 120% of median income.

Page 11, para 3. Re: Soft Second Program

[original language]

All units receiving CDBG subsidies must benefit households earning 80% of the area median or less.

Change: Replace 80% with 120%

[revised language]

All units receiving CDBG subsidies must benefit households earning 120% of the area median or less.

B. ACTION PLAN AMENDMENT (APA) 50

APA 50 contains a selected restatement of APA 24. Where applicable in APA 50, this revised language supersedes that restatement of APA 24. It does not affect any of the approved changes in APA 50.

Monitoring

This activity is considered to be a low risk activity. Monitoring will be performed by the OCD-DRU staff in accordance with the contracts and the OCD-DRU Monitoring Plan.

Appendix 1 – Summary of Public Comments and State’s Response

The proposed Action Plan Amendment was published for Public Comment on September 12 through September 21, 2012. The State did not receive any comments.