

## Louisiana Recovery Authority

### Resolution to Approve Strategic Allocation of Remaining Unspent Funds

May 17, 2010

**Overview:** A resolution to inform Congress and the U.S. Department of Housing and Urban Development (HUD) of the Louisiana Recovery Authority's strategy to reallocate any remaining Community Development Block Grant (CDBG) funds allocated to the state for disaster recovery from Hurricanes Katrina and Rita and implemented pursuant to an Action Plan, partial Action Plan, or an amendment to an Action Plan or partial Action Plan, approved by HUD to support the recovery in response to the 2005 storms not restricted by federal law, legally encumbered or otherwise obligated.

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**Whereas,** the Louisiana Recovery Authority was created in the aftermath of Hurricanes Katrina and Rita to communicate the impacts of the disaster, seek federal resources for recovery, coordinate and prioritize the use of recovery dollars, and develop policies to rebuild coastal Louisiana safer, stronger and smarter;

**Whereas,** Congress has provided \$13.4 billion in Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to Louisiana for recovery and rebuilding from the 2005 storms in three separate allocations: the first allocation in the amount of \$6.2 billion, the second allocation in the amount of \$4.2 billion and the third allocation in the amount of \$3 billion;

**Whereas,** the entire CDBG allocation of \$13.4 billion has been allocated and committed to various recovery and rebuilding programs including economic development, community rebuilding, infrastructure and housing rehab and development through the formal approval process which includes approval by the Louisiana Recovery Authority, the legislature and HUD;

**Whereas,** Louisiana is required by law to spend 50 percent of all funds to benefit low to moderate income individuals (or those whose incomes are less than 80 percent of the area median income);

**Whereas,** Congress requires that the 19.33 percent (\$811,907,984) of the second allocation of \$4.2 billion approved in June 2006 be spent on the development and restoration of affordable rental housing and that the entire \$3 billion from the third allocation be spent specifically on completion of the Road Home program;

**Whereas,** Louisiana has not yet met the requirements of the second allocation, thus requiring the state to continue to spend money towards the development and restoration of affordable rental housing until the 19.33 percent requirement is met;

**Whereas,** Louisiana has yet to spend the entire \$3 billion on completion of the Road Home program and if there are any remaining funds from that amount, federal law currently requires that it be spent on completion of the Road Home program;

**Whereas**, the Louisiana Recovery Authority understands that there are vast unmet recovery needs still remaining throughout south Louisiana that need to be addressed including blight removal, neighborhood stabilization and remaining infrastructure needs;

**Whereas**, the Louisiana Recovery Authority seeks prior to the sunset of the board on June 30, 2010, to provide guidance for the potential that funds remain or are hereafter reasonably deemed unencumbered;

**Whereas**, the Housing programs will be affected by deadlines this year, namely the December 31, 2010 deadline requirements accepted by the LRA for the Piggyback program and the Small Rental Program; and, the series of deadlines being established related to the Road Home Program, and could potentially be unencumbered funds and reallocated, but must be kept in rental or housing programs per federal law.

**Whereas**, the Infrastructure funding will be affected by deadlines this year, namely the October 31, 2010 deadline requirements accepted by the LRA for the Long Term Community Recovery Program (LTCR); Primary and Secondary Education Program; Local Government Infrastructure Program; and, the Fisheries Infrastructure Program and could potentially be unencumbered and reallocated to unmet state and local recovery needs.

**Whereas**, the board of the Louisiana Recovery Authority seeks to distribute any unspent funds based on damage and needs and on the following principles:

- Ensure homeowners receive the necessary assistance to help them to reoccupy their homes.
- Return commercial and residential blighted properties back into commerce.
- Support essential services such as critical health care facilities and remaining public infrastructure needs.

**Whereas**, "unspent" as used in this resolution means funds which are hereafter reasonably deemed no longer required for specific projects or programs following the deadlines for implementation of those programs and hence no longer obligated nor encumbered. As funds may hereafter be de-obligated under various programs, they shall be handled in accordance with this resolution to the extent permitted by federal law and regulation.

**Whereas**, the Louisiana Recovery Authority will commit any unspent funds in accordance with federal law or legal obligations, to these very important needs in our communities; and

**Whereas**, the Louisiana Recovery Authority will follow the HUD approved reallocation process which includes public input, Louisiana Recovery Authority, legislative and HUD approval.

**THEREFORE BE IT RESOLVED:** the Louisiana Recovery Authority, in accordance with this Resolution, adopts the proposed plan to reallocate any unspent disaster recovery CDBG funds which are not restricted by federal law, legally encumbered or obligated to areas of unmet state and local recovery needs which through public input have been identified as housing, blight removal, neighborhood stabilization and infrastructure.

Toward that purpose, for the current recovery programs, the Office of Community Development/Disaster Recovery Unit shall institute appropriate deadlines necessary to the implementation and close-out of programs. Following the deadlines of the implementation of each program, the Office of Community Development shall determine on a not less than semi-annual basis the amount of CDBG funds reasonably deemed no longer required for such programs at which time those funds shall be deemed unencumbered.

The Office of Community Development shall:

- at the direction of the Governor or his designee, identify unmet needs of the State and its political subdivisions in the continued recovery from Hurricanes Katrina and Rita which are eligible for CDBG funding, as well as identify the status of any unsatisfied threshold requirements relating to the CDBG funds, and determine an appropriate reserve and plan to provide for such needs and meet unsatisfied requirements.
- the OCD/DRU shall thereafter determine the amount available for reallocation to the Long Term Community Recovery (LTCR) program and shall notify each parish in the LTCR program of the additional funds to be added to the parish's allocation in the LTCR program. The available funds shall be allocated in accordance with the percentages of the initial LTCR program allocations.