

**TESTIMONY OF JACK NORRIS, EXECUTIVE DIRECTOR  
STATE OF MISSISSIPPI  
GOVERNOR'S OFFICE OF RECOVERY AND RENEWAL  
TO THE U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON FINANCIAL SERVICES  
MAY 8, 2008**

Good morning. I'd like to thank the members of the Committee for allowing me to tell you about the tremendous recovery that continues to occur in our great state. Thank you very much Chairwoman and Ranking Member and distinguished members of the committee for giving me the opportunity to speak with you today.

On August 29, 2005, Hurricane Katrina struck Mississippi a grievous blow. Although the eye of the storm landed at the Mississippi-Louisiana line, that eye was more than thirty miles wide, and Katrina completely devastated our entire coastline, from Pearlinton to Pascagoula. But this hurricane wasn't just a calamity for the Mississippi Gulf Coast. Its impact reached far into our state with hurricane force winds more than 200 miles inland.

The storm claimed the lives of more than 230 Mississippians. The combination of the storm's slow speed and the shallow waters off the Mississippi shoreline created a storm surge in excess of 30 feet in some areas. More than 80 miles of Mississippi coastline were completely destroyed by the mixture of high storm surge and strong winds. In her wake, Katrina left literally tens of thousands of uninhabitable, often obliterated homes; thousands of small businesses in shambles; dozens of schools and public buildings ruined and unusable; highways, ports and railroads, water and sewer systems, all destroyed.

Damage along Mississippi's Gulf Coast was widespread, with estimates totaling more than \$125 billion. Eighty percent of the state's three million residents lost electricity. More than 45 million cubic yards of debris was left in Katrina's wake—more debris than was created by Hurricane Andrew. Katrina's effects on Mississippi alone, therefore, would rank as the largest natural disaster ever to strike the United States.

Mississippi and her citizens bore the brunt of a hurricane more devastating than anything this nation had ever seen, and the miles upon miles of utter destruction on the ground was unimaginable—except to those who witnessed it with their own eyes.

Katrina destroyed thousands of businesses and billions of dollars in sales revenue were lost. Beachfronts and hotels were obliterated. Losses in livestock and agriculture hit our state's farming community especially hard. Small businesses—the lifeblood of most local economies—were completely wiped out along the coastline, and many were damaged or destroyed miles inland.

The men and women of our state found themselves having to scramble, adjust, innovate, and make do. However, it was the spirit of our people that pulled us through. Our people

are strong, resilient, and self-reliant. From day one after the storm they got to work and did what had to be done. They helped themselves and helped their neighbors. Their spirit has been an inspiration to us all, and that spirit remains the key to our recovery, rebuilding and renewal.

Likewise, our state and citizens continue to realize the tremendous gratitude we owe to you all – the members of Congress who came to our aid after Hurricane Katrina and helped make available the resources needed to rebuild our great state.

The Fiscal Year 2006 Department of Defense Appropriations Act (H.R. 2863) included \$29 billion for specific needs arising from Hurricane Katrina not covered by the Stafford Act. The U.S. Department of Housing and Urban Development (HUD) allocated \$5.058 billion to Mississippi for disaster relief and long-term recovery related to the consequences of Hurricane Katrina.

The 2006 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, appropriated \$5.2 billion in CDBG funds for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure directly related to the consequences of the covered disasters. HUD allocated \$423 million of these funds to Mississippi of which a minimum of \$81.78 million were to be used for repair, rehabilitation and reconstruction of the affordable rental housing stock in the impacted areas.

Between the two appropriations, Mississippi received \$5.481 billion in CDBG funding. The Mississippi Development Authority (MDA), which already administers the state's Community Development Block Grant (CDBG) program, administers Mississippi's share of these funds.

Working with our federal partners, local governments and the private sector, Mississippi is implementing a comprehensive approach utilizing CDBG and other resources to rebuild homes in South Mississippi.

The state's unwavering commitment to housing is directly related to his vision of a Gulf Coast bigger and better than ever. Only by enhancing housing opportunities for all Coastal residents, including low-to-moderate income homeowners and renters, will the workforce and economic engines of the Gulf Coast reach their full potential. In fact, the state's focus on providing housing assistance is evidenced by the more than \$3.95 billion of the \$5.5 billion—or about 72 percent—of CDBG funds approved by Congress and directed by the state for housing or housing-related programs.

Since August 29, 2005, the state has maintained a commitment to a comprehensive housing recovery strategy which significantly addresses low-to-moderate income homeowners and renters. Housing is and will continue to be the most pressing issue facing Coastal recovery, but total recovery also depends on economic recovery. Cities, infrastructure and jobs must be rebuilt or restored in order for the Coast to fully recover. Therefore, the state's plan addresses these needs through economic development

programs, community revitalization, tourism restoration and water/wastewater infrastructure restoration, as well as maintaining a continued focus on providing housing assistance for residents of the Mississippi Gulf Coast.

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**Housing Recovery Projection (Lower Six Counties)**

<b>HOUSING INCENTIVES:</b>	Dollars	Low	<i>Units</i> High
<i>Direct Housing</i>			
Long-term workforce housing	\$350,000,000	11,000	12,850
Small rental affordable plan	262,000,000	6,500	7,500
Housing Resource Fund	150,000,000	3,800	4,500
Public Housing	105,000,000	3,200	3,200
Low Income Housing Tax Credits	69,316,637	5,823	5,823
USDA Loans and Grants	45,400,000	822	822
LIHTC Backstop Fund	30,000,000		
Mortgage Revenue Bond Program	45,000,000	1,255	1,255
Sub total Affordable Housing	\$1,056,716,637	32,400	35,950
Homeowner Assistance Program (HAP)	\$1,650,000,000	18,958	24,557
Sub total Direct Housing	\$2,706,716,637		
<i>Indirect Housing</i>			
Water/Wastewater Infrastructure	\$642,000,000		
Ratepayer Mitigation	440,000,000		
LMI Tap-fee assistance	50,000,000		
Building Inspector Grants	10,000,000		
Sub total Indirect Housing	\$1,142,000,000		
Grand Total Government Assistance	\$3,848,716,637	51,358	60,507

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**PRIVATE  
SOURCES:**

Insurance Payments Including NFIP Payments (Lower Six Counties)	\$8,748,438,501	263,744	263,744
Grand Total	\$12,512,155,138	315,102	324,251

**Statewide** FEMA/HUD/SBA Damage Report dated February 12,  
2006

All Unit Types All Damages	220,384
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**Coastal (Lower Three Counties)** FEMA/HUD/SBA Flood  
Damage Report

All Unit Types Major and Severe Categories	52,512
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\*\*\*Above numbers indicate the lower six counties contrasted against the damage estimates for the entire State.

\*\*\*There was an additional \$6.8 Billion in claims paid for the counties north of the six coastal.

\*\*\*There is also an additional \$37 Million in LIHTC for the entire Go Zone.

\*\*\*The above numbers do not include residential SBA loans \$2B

\*\*\*Additional sources of private and/or non-profit investment are not reflected.

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**Damage Estimates.** The inspection data conducted by FEMA and the Small Business Administration (SBA) released on February 12, 2006 is the most reliable source of damage estimates. There are three damage categories listed in this report: (1) Minor Damage, (2) Major Damage and (3) Severe/Destroyed. The estimated housing unit damage for owner-occupied and rental housing for the entire state totaled 220,384 units. This number accounts for any damage reported statewide.

The benchmark number of damage consistently used is the number of owner occupied and rental units in the major damage and severe/destroyed categories. Damaged units under these categories equals 61,386 for the entire state and 52,512 for the lower three counties (Hancock, Harrison and Jackson counties).

It is important to note that HUD's Program Evaluation Division released a report in July 2006 containing higher damage estimates than reported in February 2006. Since that time, HUD has retracting that report on the basis that the data contained a number of duplicate entries.

**Housing Data Collection.** The state has entered into a contract with two firms who will collect and present data for use in guiding remaining policy decisions concerning housing recovery. The work product will be a comprehensive representation of what has been done, what is in process and what remains to be done with respect to housing recovery of the Gulf Coast. The firms are expected to analyze and make representations of all subsidized housing as either complete, in process, or planned. Included in this study will be a report on the housing situation for the elderly and disabled. This study will aid the state in identifying any remaining unmet needs that may exist. The state solicited input from HUD's Program Evaluation Division in the defining the RFP for this program and continues to maintain communication with HUD regarding this study so as to avoid any duplication of effort in tracking housing information on the federal and state levels.

**Private and Public Insurance.** Insurance proceeds have been the single largest financial contributor to housing recovery. Most Mississippians made responsible decisions safeguarding their homes, maintaining regular homeowners insurance and purchasing flood insurance as advised by the federal government.

Private homeowner insurance provided the most financial resources for rebuilding. In October 2006, the Mississippi Commissioner of Insurance reported 486,913 claims were made statewide as a result of damage incurred by Hurricane Katrina, resulting in \$11.9 billion paid. 235,849 claims were reported for Hancock, Harrison and Jackson Counties, and \$8.36 billion has been paid on those. This figure includes over \$2.4 billion in flood damage claims to over 17,000 policy holders under the National Flood Insurance Program (NFIP).

To account for uninsured losses, SBA approved disaster loans to 31,100 Mississippi homeowners and renters totaling in excess of \$2 billion.

**Homeowner Assistance Program.** In petitioning Congress for CDBG funding, the major component of the state's comprehensive plan was the Homeowners Assistance Program. This program was created to assist homeowners who made responsible insurance decisions, yet still suffered uncompensated losses. When Katrina's storm surge pushed beyond federally-drawn flood boundaries, many homes not covered by flood insurance suffered extensive flood damage. These homeowners relied to their detriment on federal government policy that their homes did not need NFIP coverage.

HUD approved the \$3.423 billion Homeowners Assistance Program Action Plan on April 3, 2006. The release of funds was approved on July 10, 2006. This compensation program targeted homeowners outside the established flood zones who suffered flood damage to their primary residence from Hurricane Katrina. Its purpose was to provide one-time grant payments up to a maximum of \$150,000. To be eligible, homeowners located outside the 100-year flood plain in Hancock, Harrison, Jackson, or Pearl River counties must have owned and occupied their primary residence on August 29, 2005, maintained homeowners insurance on the property, and received flood surge damage.

Immediately after releasing the Homeowners Assistance Program, MDA began designing a second phase of the program to assist homeowners not eligible under the first phase. Phase II of the Homeowner Assistance Program differs from the first phase in three major respects: (1) applicants were not required to have carried homeowners insurance, (2) applicants' homes could have been located inside or outside the floodplain, and (3) eligibility was limited to those with incomes of 120 percent Area Median Income or below.

On December 19, 2006, HUD approved a modification to the Homeowners Assistance Program to redirect \$700 million of the original \$3 billion initially allocated for Homeowner Assistance Grants to the Phase II Program. This compensation program targeted low-to-moderate homeowners, either in or out of the flood zone, who suffered damage from the hurricane, and who had uncompensated losses due to insufficient insurance. Phase II provided grants up to a maximum of \$100,000, or if combined with Phase I proceeds, up to a maximum of \$150,000. As in Phase I, to be eligible, homeowners must have owned and occupied their primary residence located in Hancock, Harrison, Jackson, or Pearl River counties on August 29, 2005, and received flood surge damage. Because Phase II was intended for low-to-moderate income homeowners, eligible applicants must have had a household income at or below 120 percent of Area Median Income.

Before closing their grants, Phase II grant recipients also participated in required financial counseling sessions which provided access to vital knowledge and recovery assistance for an otherwise underserved population.

In addition, in exchange for the grant payment, a qualifying homeowner in Phase I or Phase II must agree to a mitigation covenant on their property. The mitigation covenant specifically states that the homeowner will now be required to: obtain and maintain flood insurance; rebuild and repair will be in accordance with the more stringent 2003 international building codes; and, if rebuilding, the home and all future structures will be elevated to the FEMA advisory flood elevations in effect at that time.

Mitigation has taken place by the placement of the covenant irrespective of whether the homeowner has repaired, rebuilt or left the former home site vacant. The mitigation covenant fulfills the legislative intent by significantly lessening the impact of a future storm or flooding event.

To date, the total number of applicants in both phases is 31,104. Of those, 23,698 applications have been approved, and 20,326 applications have been paid. A grand total of \$1,450,010,752 in individual grants has been disbursed.

The closing of the Homeowners Assistance Program Phases was announced in February of 2008. The MDA conducted intensive, location-specific outreach campaigns utilizing the three service centers on the Coast as well as mobile application centers in an effort to ensure that any potential program applicant was aware of the programs and of the closeout date of March 15, 2008. Final grant disbursements for the Homeowners Assistance Programs, Phases I and II, will be complete by October 15, 2008. The number of housing units to be rebuilt as a result of these programs is projected to be between 18,958 and 24,557.

In the original Action Plan approved on April 3, 2006 \$250 million was allocated to the Elevation Grant Program. This program targets homeowners who received funds from Homeowners Assistance Program Phase I or Phase II, and is used for the specific purpose of defraying the added cost of elevating the applicant's primary residence out of potential danger. Eligible applicants must be located in a flood plain, and are required to elevate to a level at or above the current levels required by FEMA. The maximum grant amount is \$30,000, payable upon issuance of the building permit and following successful completion of an environmental review.

To date, 2,915 applications are in process. Of those, 2,301 applications are being actively worked towards completion. One hundred applications have been approved totaling \$3 million; 25 have been closed totaling \$750,000. Because a multi-step environmental review must be completed prior to the disbursement of funds, the process is somewhat slow.

**Small Rental Program.** Hurricane Katrina destroyed or severely damaged 6,000 rental units in Mississippi, 95 percent of which were located in Hancock, Harrison and Jackson counties. To address this population, the Small Rental Assistance Program was created with a new Action Plan approved by HUD in July of 2007, allocating \$262 million. This forgivable loan program targets owners of small rental properties in Hancock, Harrison, Jackson, and Pearl River counties. Owners include individuals, non-profit groups, corporations and partnerships. Applicants are required to meet program terms for a period of five years. Terms include low-moderate income rental rates, which are directed towards those tenants who are between 80 percent and 120 percent Area Median Income. An environmental review is required. The number of units to be rehabilitated or built is projected to be between 6,200 and 7,500.

**Public Housing Program.** HUD approved the action plan amendment to address the needs of the Public Housing Authorities on August 31, 2006. This program provides funding totaling \$105 million to the five Housing Authorities that suffered damages to their facilities on August 29, 2005. Subject to approval by MDA and satisfaction of the legal requirement that any housing development receiving these funds serve and house persons of low and very low income, the Housing Authorities can use these monies to

leverage other available resources in developing affordable housing to serve this population.

Prior to Hurricane Katrina, the Coast had 2,361 public housing units, 800 of which were completely destroyed. The Housing Authorities have identified twenty-four projects representing approximately 3,200 units, which will increase the number of units to 4,761, more than twice the number of pre-Katrina public housing units.

Grants are pending final application and completion of environmental assessments. Some of the sites have encountered environmental problems which render them ineligible, meaning the public housing authority must start over with a new site. There are about 500 units that will be being replanned for relocation in the near future because of onerous site-specific regulations.

**Long Term Workforce Housing Program.** MDA will direct a significant portion of the allocation of CDBG funds for the development of affordable workforce housing in the areas impacted by Hurricane Katrina. The Long Term Workforce Housing Program is designed to incent the housing construction for the workforce, defined as households at or below 120 percent Area Median Income.

A draft Action Plan for \$350 million was submitted for HUD approval in April of 2008. For the initial round of the Long Term Workforce Housing Program, \$150 million was targeted to provide housing for the low-to-moderate income workforce on the Gulf Coast. In this round, MDA solicited proposals from developers and non-profit organizations specializing in providing affordable housing. Additional applications will be taken in two subsequent rounds. The number of units to be built is projected to be between 11,000 and 12,850.

**Low Income Housing Tax Credit Loan Fund.** MDA is in the process of finalizing an agreement with the state's housing finance agency, Mississippi Home Corporation, to establish an affordable housing loan fund that will insure prioritized LIHTC developments are built. The tightening credit markets have a ripple effect that extends to LIHTC developments, causing the investors to change the pricing of the tax credits. The state recognized the effect for the affordable housing on the Coast and has recently budgeted \$30 million of CDBG as a loan fund for LIHTC developers in the lower six counties. These monies will be repaid and be a renewable source of income for affordable housing initiatives in the years to come. In addition to CDBG, the State of Mississippi has relied on other resources to help restore housing.

**Mortgage Revenue Bonds.** To encourage home ownership, the state has allocated \$157 million in tax-exempt private activity bond authority to the Mississippi Home Corporation to issue Mortgage Revenue Bonds. Through the sale of these bonds, the Mississippi Home Corporation is able to reduce home ownership costs by offering below-market rate interest rates and assistance with closing costs equal to 3 percent of the mortgage amount. With this authority, more than 2,700 families statewide have received

assistance since Katrina (400 families of these are on the Coast). These bonds are not general obligations of the state; rather, they are repaid as homeowners pay their mortgages. The state will continue to allocate additional tax-exempt private activity bond authority to the Mortgage Revenue Bond program to help more families achieve their dream of homeownership.

**Low Income Housing Tax Credits.** The Gulf Opportunity Zone (GO Zone) Act authorizes the Mississippi Home Corporation to allocate approximately \$35 million annually in Low Income Housing Tax Credits in 2006, 2007 and 2008. The Mississippi Home Corporation awards these federal tax credits based on a competitive scoring process conducted according to the “Qualified Allocation Plan” approved by the state. In August 2006, Mississippi Home Corporation awarded over \$10 million of housing tax credits that will facilitate the construction of 1,006 housing units in Hancock, Harrison, Jackson and Stone counties. The coastal units funded with this allocation, coupled with the 228 associated with the tax credits awarded in January 2006, will replace more than 20 percent of the coastal units damaged by the hurricane. These units are available only to families with incomes of less than 60 percent of the Area Median Income.

To ensure that more of the tax credits are directed to the areas that need them the most, the Mississippi Home Corporation restructured the Qualified Allocation Plan. Not only will the new plan ensure that more credits are used in the lower six counties, the revised plan encourages innovative mixed income developments which will provide new rental housing for families between 60 percent and 80 percent of the Area Median Income and new market rate rental units.

**Alternative Housing Pilot Program.** Significant headway has been made in rebuilding the thousands of homes destroyed by Katrina. Perhaps most significant are the financial vehicles and grants to families and those especially vulnerable to the ravages of the storm. Yet as numerous studies and community forums have pointed out, it is not enough simply to simply focus on long-term rebuilding. The state recognizes that foresight is needed in the rebuilding effort as well as immediate action.

For example, the state is committed to moving the thousands of Mississippians still living in FEMA-provided travel trailers and mobile homes into improved housing conditions while permanent dwellings are being rebuilt. The state’s Alternative Housing Pilot Program is one example of the administration’s hands-on approach to ensure no one is left behind, and the needs of all citizens are being met. Immediately after Hurricane Katrina, the State of Mississippi led the movement to find a more suitable replacement for travel trailers. The first alternative housing designs were created at the Mississippi Renewal Forum, convened by the Governor’s Commission on Recovery, Rebuilding and Renewal in October 2005. The cottage design produced at the forum generated substantial interest from around the country on the issue of disaster emergency housing.

Since that time, the State of Mississippi has actively pursued the issue of replacing travel trailers for its residents. In June 2006, U.S. Senator Thad Cochran successfully proposed the allocation of funds to support alternative temporary housing solutions. In October

2006, the State of Mississippi made application to FEMA for funding of the Alternative Housing Pilot Program.

FEMA approved Mississippi's application, which sought to replace some FEMA travel trailers and mobile homes with more sustainable, livable units. Specifically, FEMA allocated more than \$280 million to fund Mississippi's proposal, which includes three housing models -- Park Models, Mississippi Cottages, and Green Mobile units. The housing models are designed as direct replacements for some FEMA travel trailers and mobile homes.

A panel of experts assembled by the Federal Emergency Management Agency recognized the merits of Mississippi's proposal for alternative ways of meeting emergency housing needs. They recognized that the progress Mississippi has made to date in recovery and our readiness to implement our proposals uniquely qualifies the state for the Alternative Housing Pilot Project. The result has been the development of safer and more livable emergency housing for thousands of Mississippians. As of May 2, 2008 the state has installed 2,496 temporary units on the Gulf Coast.

As homes are rebuilt and temporary cottage units are no longer necessary, Mississippi is planning to refurbish the cottages and donate the units to public housing authorities and private non-profits who will use the units to create safe, sustainable affordable housing communities. These communities will be aimed at Mississippians in the lowest income ranges, and will result in thousands of additional affordable housing units, which will come online within the calendar year.

Mississippi's Alternative Housing Pilot Project is yet another example that the state is pursuing a comprehensive approach to address the critical housing needs of the Mississippi Gulf Coast with programs that have never been attempted anywhere in this magnitude. We appreciate FEMA's foresight and cooperation in making improved emergency housing a reality.

**Fair Housing.** To ensure that we are proactively addressing fair housing the state has a current Analysis of Impediments (AI) to Fair Housing, which was submitted to HUD in July 2004. This study has been updated to include impacts caused by Hurricane Katrina. Many of the identified impediments have been or will be addressed in Housing Action Plans. The State certifies that it will affirmatively further fair housing through conducting and implementing the AI and that it will maintain records reflecting the analysis and actions taken.

The Housing Action Plans are designed to be consistent with the primary objective of providing funds for projects with activities that meet one of the following national objectives of the Housing and Community Development Act of 1974, as amended:

- Benefits to Low/Moderate Income Persons  
Give maximum feasible priority to activities that will benefit low and moderate-income persons
- Slums or Blight

Aid in the prevention or elimination of slums or blight

- Urgent Needs

Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and where other financial resources are not available to meet such needs.

**CDBG Challenges.** As the State of Mississippi works to implement its housing programs, we have encountered some challenges. The most significant challenge is ensuring compliance with HUD environmental regulations. To avoid each individual homeowner having to be responsible for a full environmental assessment that could be complex and lengthy, MDA decided to do a broad review of the entire affected area that would categorically exclude the entire program from undergoing such an extensive environmental assessment. The effort to complete this process began in late July 2007. To accomplish this, HUD regulations required that MDA examine the affected area and develop a strategy for conducting abbreviated environmental reviews of each applicant's site. This strategy included:

**Programmatic Agreement:** An agreement between MDA, the American Council on Historical Properties, the Mississippi State Historical Preservation Officer, the Mississippi Band of Choctaw Indians and a number of other state and federal agencies. This agreement defined the methods to be used to evaluate applicant sites for historical and archaeological significance and how to mitigate against any damage that might occur to historically or archaeologically significant sites.

**Unspecified Site Strategy and Broad Review:** This articulated MDA's strategy for conducting environmental reviews across a large number of applicant sites and also contained environmental information about the affected area as a whole.

**Site Specific Checklist:** A checklist that is used to conduct the environmental review of individual applicant's sites. The items, all required by HUD regulations, looked at include:

1. Historic preservation (including archaeological)
2. Floodplain protection
3. Wetland protection
4. Clean Water Act
5. Coastal zone management
6. Endangered species
7. Farmland protection
8. Hazardous, toxic or radioactive materials and substances
9. Airport hazards

**Statutory Worksheet:** This document was developed to demonstrate MDA's compliance with all environmental regulations and provide evidence of the myriad of state and federal agencies that were consulted with to ensure the requirements set forth in these regulations were being met.

1. U. S. Environmental Protection Agency
2. Mississippi Department of Environmental Quality
3. U. S. Forest Service
4. Mississippi Department of Wildlife, Fisheries and Parks
5. Mississippi Museum of Natural Science
6. Mississippi State Historic Preservation Officer
7. Mississippi Band of Choctaw Indians
8. Other federal state and local agencies

**Lead Based Paint Checklist:** This worksheet was also required by HUD regulations and must be completed for most applicant properties.

Once all of these items were completed, the documents were compiled and put out for public comment period of 15 days. Concurrently, MDA filed a required Notice of Intent to Release Funds. The approval from HUD was received on February 15, 2008, roughly seven months after the process started.

Another significant program implementation challenge is adherence to the Stafford Act. The Stafford Act assures that no recipient of assistance receives duplication of benefits from various funding sources. The MDA, in administering CDBG funds, must negotiate separately with each federal funding entity to ensure that funds for any of disaster recovery housing programs are not duplicated. This can lengthen the process by which applicant funds are disbursed. As an example, MDA was granted access via a contact to the National Flood Insurance Program database as part of the eligibility process for Phases I and II of the Homeowners Assistance Program. When the same access to the same database was required for the Small Rental Assistance Program, it took almost two months to reestablish contact for the same source of funds. Legislative direction mandating a single point of contact to access the various databases allowing states to comply with the Act would be extremely helpful. Possibly, convening a high level group of representatives from disaster-affected states to make recommendations for a common template that could be used in the work of disaster recovery would ease this process.

**Total Low and Moderate Income Figures.** Hurricane Katrina affected all citizens of the Gulf Coast, regardless of income. When Congress approved CDBG funding for the disaster-stricken states, it lowered the amount of funding that must primarily benefit low and moderate income individuals from 70 percent to 50 percent. According to HUD figures, 47 percent of Mississippi Gulf Coast residents were classified as low and moderate income.

Early in the recovery effort, the state's primary goal was getting the resources to our citizens as quickly as possible. Recognizing the importance of distributing funding quickly and not hampering programs with bureaucratic hindrances, HUD waived the

income requirement for the Homeowners Assistance Program Phase I, Elevation, Ratepayer/Windpool, Water/Wastewater Infrastructure, Community Revitalization, Planning Grants, Building Code Inspector Grants, and Fraud Grants programs.

The State of Mississippi is committed to meeting and exceeding the CDBG low-and-moderate income requirement for the remaining programs, including Homeowners Assistance Program Phase II, Public Housing, Economic Development, Community Revitalization GO Zone, Tourism, Long Term Workforce Housing, Small Rental Assistance, and Ground Zero. Not counting programs for which HUD has granted waivers, 50 percent of funding must primarily benefit low and moderate income individuals, meaning \$1.25B is required to be committed to low-and-moderate income. Assuming the programs are fully subscribed and perform as designed, MDA expects no difficulty in achieving the low-and-moderate income requirement. Currently, the funding projected to meet the requirement is \$1.7 billion, or 69 percent.

**The state has also guided CDBG funding for indirect housing support, economic, and infrastructure recovery needs.**

**Regional Water and Wastewater Program.** As a result of Hurricane Katrina, many Gulf Coast residents have moved further inland, away from the risk of future storm surges and hurricane force winds. To accommodate any migration with home building, water and sewer systems must be expanded to accommodate the growth in an environmentally responsible fashion. The Mississippi Department of Environmental Quality (MDEQ) released a master plan for water and wastewater improvements in the lower six counties of Hancock, Harrison, Jackson, Pearl River, George, and Stone. This plan will be implemented utilizing the new Gulf Coast Regional Wastewater Authority authorized by the 2006 Mississippi Legislature. HUD approved an Action Plan in August 2006 to allocate \$641.2 million of CDBG funds for this program, which will help create new housing opportunities while facilitating future economic development in an environmentally sensitive way. To date, sixty-seven projects have been identified; an environmental assessment is required for completion.

**Ratepayer and Windpool Mitigation Programs.** On August 31, 2006, HUD approved a \$440 million action plan amendment for the Ratepayer and Windpool Mitigation Programs. As a result of the Hurricane, 16,000 policyholders faced up to a 400 percent increase in annual premiums for wind and hail insurance. To offset the potential increase, the Ratepayer program targeted both business and residential customers to protect them from absorbing the entire cost of the utility infrastructure restoration following the storm. The Windpool program provided a one-time grant to the Mississippi Windstorm Underwriting Association to defray the additional cost to the consumer of wind insurance. The funds in this program have been 100 percent committed, with a disbursement of \$440 million paid in December 2007.

**Building Inspector Grants.** Due to the significant amount of construction anticipated on the Mississippi Gulf Coast and the need to adequately plan and inspect construction activities, MDA provided \$5 million in grants from the original Housing Action Plan to

local governments in Hancock, Harrison, Jackson and Pearl River counties to cover the costs incurred by the need for additional permitting and building officials. To date, sixteen grant agreements have been issued, funding approximately eighty-six inspectors.

**Fraud Prevention.** To address fraud in the grant application process and contractor fraud related to rebuilding efforts, MDA provided a \$5 million grant from the original Housing Action Plan to the Mississippi State Auditor to establish and operate a Katrina Fraud Prevention and Investigation Team. This team investigates instances of fraud identified during the application review and eligibility process as well as suspected fraud cases in rebuilding efforts. MDA has forwarded 117 applications to the Investigation Team of which 87 have been resolved and 30 are active cases.

**Community Revitalization Program.** As a result of the Hurricane, public areas such as fire stations, libraries, and sidewalk infrastructure in many municipalities were either severely damaged or destroyed. To facilitate the rebuilding of these areas, HUD approved an Action Plan for \$500 million in December of 2006. A subsequent modification to the plan was approved in August 2007, bringing the total to \$650 million. From that plan and modification, \$300 million was allocated towards the Community Revitalization program. This program was established to provide funding to local jurisdictions in the counties of Hancock, Harrison, Jackson, Pearl River, George, and Stone. The funding can also be used to address needs created by damage as well as population increase as a result of the storm in the remaining forty-three counties of Mississippi. A total of 117 projects have been funded statewide to date.

As communities located in Hancock, Harrison, Jackson, Pearl River, George, and Stone counties approach recovery from the storm, the MDA provided a \$10 million grant allocated from the plan approved in December 2006 to assist them in preparing community plans for rebuilding and repairing areas damaged by Katrina. The funds are 96 percent committed across twenty four grant contracts.

**Economic Development Program.** An allocation of \$335 million from the Action Plan approved by HUD in December 2006 allowed MDA to assist local governments affected by the Hurricane provide infrastructure to support economic development. The Economic Development Grants program seeks to ensure that jobs are identified and offered to those applicants with a low-to-moderate income status so that Mississippi citizens can rebuild in the communities they call home. This Action Plan also includes a \$5 million Tourism grant to increase the number of visitors to the impacted areas of the Gulf Coast in order to recover and sustain the small businesses that rely on tourism, increase related jobs, and return tax revenues to the communities in which the businesses reside. All of the allocated funds have been committed, and grant contracts have been issued for twenty-seven projects.

**Port of Gulfport.** To ensure a sustainable recovery effort, the state is working hard to continue to strengthen Mississippi's economy. Rebuilding and expanding our state's economic infrastructure, creating jobs, and stabilizing our state's insurance market are top priorities. Restoring our state's economic base and tax revenues is critical to the long-

term recovery of the state. Creating jobs is perhaps the single best way to achieve this goal.

The Port of Gulfport's restoration was part of the state's original comprehensive recovery plan submitted to Congress in November 2005. Comprehensive recovery of the Gulf Coast cannot occur without restoring the Port both because of jobs and business activity. The most current economic impact data as presented by John A. Martin & Associates (Los Angeles, CA) revealed that Gulfport's maritime activity was responsible for 3,200 direct/indirect jobs (maritime only). A good industry example is the poultry market. The study indicated that 458 direct jobs were created in the export poultry market. Pre-Katrina, frozen poultry was generating 1.34 jobs per 1,000 tons of exported product. If the freezer were in operation today and the ratio were at least the same, frozen poultry exports would yield the greatest job impact to the Port due to its labor intensive nature.

To address the Port of Gulfport's devastation as a result of Hurricane Katrina, \$600 million was allocated to provide funding to the Mississippi State Port Authority to facilitate restoration of public infrastructure and publicly owned facilities that were destroyed. The Action Plan was approved by HUD December 12, 2007. The funds are also targeted to provide mitigation against future damage and to provide for the long term recovery of the operating capacity of the Port.

The Homeowners Assistance Program was the initial plan submitted to HUD for approval and implementation. Originally, \$3 billion was allocated for this program in anticipation of up to 27,000 homeowner grants averaging \$110,000.

After MDA began taking applications, it determined that Phase I would fall significantly under the original projection both in number of eligible applicants and in average grant amount (the average grant amount is \$70,000, \$40,000 less than originally projected). To increase the impact to homeowners, and specifically those homeowners with lower income and workforce-level income, Phase II was implemented.

Based on current applications, the projected impact of the latest modifications for elevation certificates and sold homes, MDA estimates that the amount needed for Phase I and Phase II is \$2.25 billion (30,000 grants at the current average of \$70,000).

As Disaster Recovery action plans have been implemented, MDA has considered estimated cost of each existing and contemplated program to ensure that adequate funding would be available to cover each element of the comprehensive plan that was designed to provide recovery and relief with the CDBG funds.

The Port Restoration Program is designed to increase the labor force on the Mississippi Gulf Coast by creating and returning jobs in the region. The funds are being used to rebuild and upgrade the Port of Gulfport to restore jobs and ultimately impact the Coast's economy. The funds will restore the infrastructure, provide for long-term recovery of the operating capacity of the port and will reduce future risk. As the recipient of this funding, the Port and its tenants will make jobs available to low to moderate-income

workers, and restore the jobs that the International Longshoreman Association enjoyed prior to Katrina.

The Port of Gulfport is the third largest container port on the Gulf of Mexico. Its contribution to the State's economy and the Gulf Coast's economy is enormous. An Economic Impact Study by Martin & Associates detailing the breakout of anticipated jobs, wages/salaries, and revenues follows:

- Job Impact, direct and induced
  - Maritime – 3,200
  - Non-maritime jobs – 4,101
  - Total – 7,301
  
- Wages and salaries - Direct and induced \$240 Million
- Business Revenue - Over 400 Million
- Local Purchases - Trackable, identified purchases - \$27 Million annually
- State and Local taxes - \$26 Million

The Port is an important source of jobs. The Port is one of the few employers that offer jobs in the salary range (\$45K-\$50K) for labor-type jobs. Over ten years, the Port expects to create over 5,000 jobs.

The funds have not officially been obligated because there have not been any grant agreements issued yet. The state is in final negotiations with a Program Manager. This will expedite implementation of the Port rebuilding program.

The Port is an enterprise agency of the State of Mississippi and does not receive state revenue. Currently FEMA Public Assistance and insurance funds are being used to restore parts of the Port.

**Ground Zero Program.** The Ground Zero Unmet Needs program was announced in April 2008. A draft Action Plan was submitted for HUD approval in April of 2008. This program was allocated \$200 million to support the recovery and restoration of Hancock County, the hardest hit area of Mississippi during Hurricane Katrina.

**Conclusion.** The State of Mississippi is committed to pursuing a recovery approach that addresses the critical housing and other rebuilding needs of our citizens in the wake of Hurricane Katrina's devastation. Our goal is to demonstrate excellent stewardship of the funds we have been allocated, while rebuilding Mississippi better than it was before. We are well on our way to that goal.

At this point in the recovery process, the state has worked to fulfill the temporary recovery needs of our citizens, while developing solutions for the long term problems facing storm-wrecked communities. Much of the federal assistance needed to address the projects and policies identified in state and local plans has been procured. As such, the state now finds itself fully in the implementation and closeout phase of recovery.

The state has set aggressive goals for all our CDBG programs. And while we understand that our work to recover, rebuild, and renew will continue for years, we hope to quickly complete implementation of all our programs.

As our work continues, we appreciate the continued support our nation's leaders and the American people. Katrina revealed to the world and, even to us the character and spirit of Mississippians. That revelation has revealed unprecedented opportunity our state - opportunity for job creation and economic prosperity; for a better quality of life for our people; and for greater, more widely spread equity that at any other time in our history.

Indeed, much opportunity lies ahead. Hurricane Katrina, with all its destruction, gave birth to a renaissance in Mississippi that will result in rebuilding our state bigger and better than ever before. Our citizens will be at the heart of that renaissance. The people of our Gulf Coast have been a model of the spirit and character of Mississippians. They have remained strong, resilient and self-reliant though they have endured terrible hardships. They bore the worst of Katrina and some are still living in conditions that amount to deprivation, but they persevere. Our people are rebuilding one day at a time, and we ask for your continued assistance in helping them move forward. Through your efforts and the efforts of the people of our great state, we are rebuilding a Mississippi that will exceed anything we have ever known.

Thank You.

# December 31, 2007 CDBG Disaster Recovery Expenditure Overview

Category	Total Appropriations	Expenditures Through 12/31/07
Homeowners Assistance	\$3,160,000,000	\$1,372,538,197
Ratepayer / Windpool Mitigation	\$440,000,000	\$440,000,000
Public Housing Authority Assistance	\$105,000,000	\$2,101,973
Infrastructure	\$641,075,000	\$7,143,922
Economic Development	\$650,000,000	\$2,919,170
Small Rental Program	\$262,500,000	\$131,271
State Administration	\$112,700,000	\$6,047,838
	<b>\$5,371,275,000</b>	<b>\$1,830,882,370</b>

## Homeowners' Assistance

Activity	Allocation	Expenditures Through 12/31/07
Compensation Grants Phase I	\$1,970,000,000	\$1,067,876,993
Compensation Grants Phase II	\$700,000,000	\$190,797,322
Elevation Grants	\$250,000,000	\$0
Program Delivery Costs	\$180,000,000	\$100,533,419
Program Administration	\$50,000,000	\$10,342,251
Fraud Prevention	\$5,000,000	\$848,812
Code Enforcement	\$5,000,000	\$2,139,400
<b>Total Homeowners' Assistance</b>	<b>\$3,160,000,000</b>	<b>\$1,372,538,197</b>

## Ratepayer / Windpool Mitigation

Activity	Allocation	Expenditures Through 12/31/07
Public Utilities Ratepayer Mitigation	\$360,000,000	\$360,000,000
Windpool Mitigation	\$80,000,000	\$80,000,000
<b>Total Ratepayer / Windpool Mitigation</b>	<b>\$440,000,000</b>	<b>\$440,000,000</b>

## Economic Development

Activity	Allocation	Expenditures Through 12/31/07
Economic Dev Grants	\$335,000,000	\$2,311,979
Community Revitalization	\$225,000,000	\$475,339
Planning	\$10,000,000	\$131,852
GO Zone	\$75,000,000	\$0
Tourism	\$5,000,000	\$0
<b>Total Economic Development</b>	<b>\$650,000,000</b>	<b>\$2,919,170</b>

**Please Note:** These figures are all subject to HUD approval.

The Mississippi Development Authority - Disaster Recovery Division has not entered into any sole source contracts with organization providing services for the disaster recovery efforts.

## Infrastructure

Activity	Allocation	Expenditures Through 12/31/07
Planning	\$6,500,000	\$2,629,859
Program Administration	\$31,575,000	\$3,137,241
Emergency Grants	\$25,000,000	\$0
Implementation	\$523,000,000	\$1,376,822
<b>Total Infrastructure</b>	<b>\$641,075,000</b>	<b>\$7,143,922</b>

## Public Housing Authority Assistance

Activity	Allocation	Expenditures Through 12/31/07
Public Housing Program	\$100,000,000	\$1,133,387
Program Administration	\$5,000,000	\$968,587
<b>Total Public Housing Authority Assistance</b>	<b>\$105,000,000</b>	<b>\$2,101,973</b>

## Small Rental

Activity	Allocation	Expenditures Through 12/31/07
Rental Compensation Grant	\$258,500,000	\$0
Program Administration	\$4,000,000	\$131,271
<b>Total Small Rental</b>	<b>\$262,500,000</b>	<b>\$131,271</b>

## State Administration

Activity	Allocation	Expenditures Through 12/31/07
State Administration	\$112,700,000	\$6,047,838
<b>Total Administration</b>	<b>\$112,700,000</b>	<b>\$6,047,838</b>

STATE OF MISSISSIPPI  
MISSISSIPPI DEVELOPMENT AUTHORITY  
**Disaster Recovery Division**

Executive Director - **Gray Swoope**  
Chief Operating Officer - **Jon Mabry**  
Post Office Box 849  
Jackson, Mississippi 39205-0849  
**601-359-3449**

## CDBG Disaster Recovery Program Summaries

PROGRAM	PROGRAM DESCRIPTION	PROGRAM UPDATE
<b>Compensation Grant Phase 1</b>	The purpose of the Compensation Grant Phase I program is to provide a one-time grant payment, up to a maximum of \$150,000, to eligible homeowners who suffered flood damage to their primary residence as of August 29, 2005, from Hurricane Katrina. In exchange for the grant payment, a qualifying homeowner must agree to a covenant on their property that establishes flood insurance and elevation requirements for them or any future owner of the land. After certain deductions, the homeowner has complete discretion of the use of grant funds, as allowable by State and Federal law, as they work through their personal disaster recovery situation.	<b>As of December 31, 2007:</b> Applications Received: 20,410 Grants Verified: 16,872 Grants Approved: 16,831 Value of Grants Paid: \$1,070,768,164 # of Grants Paid 14,898 # of Low Mod Apps 5900 Percentage of Low/ Mod 40%
<b>Compensation Grant Phase 2</b>	The Compensation Grant Phase II program is designed to expand the Hurricane Katrina Homeowner's Grant Program to provide assistance to homeowners were not eligible for the Compensation Grant Phase I program. A maximum of \$100,000 in assistance will be available for homeowners who wish to repair, rebuild, or relocate. MDA is redirecting \$700 million of the \$3 billion initially allocated for the Phase II Program.	<b>As of December 31, 2007:</b> Applications Received: 7,917 Grants Verified: 4,158 Grants Approved: 4,128 Value of Grants Paid: \$194,806,127 # of Grants Paid 2,765 # of Low Mod Apps 2,112 Percentage of Low/Mod 76%
<b>Infrastructure</b>	The Gulf Coast Regional Infrastructure Program identifies the water, wastewater, and storm water infrastructure needs of the six Gulf Region counties of Hancock, Harrison, George, Jackson, Pearl River and Stone and provides infrastructure for long-term growth and recovery in these counties. HUD has allocated a total of \$641,075,000 to this program to develop and implement infrastructure projects within these six counties.	<b>As of December 31, 2007:</b> Funds worth \$583,000,000 have been obligated for 67 projects
<b>Elevation Grants</b>	In addition to Phase I and II Grants, eligible homeowners may also receive a separate grant of \$30,000 to defray the costs of elevating their homes. This grant would be made available to homeowners who meet the eligibility and program requirements of Compensation Grants Phases I and II.	<b>As of December 31, 2007:</b> Phase I Elevation Applications: 836 Phase II Elevation Applications: 1,667
<b>Economic Development</b>	The Economic Development Program is designed to assist local governments affected by Hurricane Katrina provide infrastructure to support economic development. The program provides grants or loans to local governments to assist companies in creating or retaining jobs. There is \$340,000,000 allocated to this program.	<b>As of December 31, 2007:</b> <ul style="list-style-type: none"> <li>• 5 Economic Development projects have been awarded in the amount of \$21,729,146</li> <li>• 28 Economic Development project applications are in various stages of approval</li> </ul>
<b>Community Revitalization</b>	The Community Revitalization Program provides funds to local governments to help rebuild their downtown areas and public buildings that were damaged or destroyed by Hurricane Katrina. There is \$300,000,000 allocated for this program. \$10,000,000 has also been allocated to local governments located in Pearl River, Stone, George, Hancock, Harrison and Jackson Counties to assist them in preparing community plans.	<b>As of December 31, 2007:</b> <ul style="list-style-type: none"> <li>• 19 Contracts covering 33 Projects for a total allocation for \$97,786,658</li> </ul>

## CDBG Disaster Recovery Program Summaries

PROGRAM	PROGRAM DESCRIPTION	PROGRAM UPDATE
<b>Fraud Prevention Grant</b>	The purpose of the \$5,000,000 Fraud Prevention Grant is to enable the State Department of Audit to investigate into reported instances of fraud identified in the application and verification process of the Homeowner Grant Assistance Program and any suspected fraud related to general and residential rebuilding efforts within the Katrina disaster area of Hancock, Harrison, Jackson and Pearl River counties, in Mississippi.	<b>As of December 31, 2007:</b> # of Contractor Fraud Cases Opened: 158 # of Contractor Fraud Cases Closed: 80
<b>Code Enforcement Grants</b>	The purpose of the \$5,000,000 Code Enforcement Grant is to provide funds for local permitting and building inspector officials to ensure that new and rehabilitated structures are in compliance with building codes. MDA has awarded grants to sixteen local units of the government to hire code inspectors to oversee the monumental task of rebuilding and repairing structures devastated by Hurricane Katrina.	<b>As of December 31, 2007:</b> # Grants Signed: 16 # of Inspectors Approved: 78 # of Inspectors Funded: 68 # of Inspections Reported: 14,044 Total Disbursements: \$3,304,303
<b>Ratepayer / Windpool Mitigation Grants</b>	The Ratepayer and Wind Pool Mitigation Program helps utility and gas companies defray excessive costs associated with damaged infrastructure and providing emergency response services. In addition, this program also helps the Mississippi Windstorm Underwriting Association (MWUA - wind pool) offset insurance premium increases. Without the State's grant program, all increased costs would eventually be passed on to the ratepayer resulting in additional utility and insurance costs to consumers.	<b>As of December 31, 2007:</b> Windpool Residential Grants: \$50,000,000 Windpool Commercial Grants: \$30,000,000 Windpool Total Paid: \$80,000,000 Ratepayer Total Paid: \$360,000,000 Ratepayer Program Closed on 10/20/2006
<b>Public Housing Authority Assistance Grants</b>	The purpose of these grants is to provide funds to the Public Housing Authorities for repairs needed as a result of Hurricane Katrina. These funds will be used to repair public housing and to provide decent, safe and sanitary living accommodations for low and medium income families.	<b>As of December 31, 2007:</b> # of Public Housing Agreement Signed 7 # of Completed Environmental Assessments 6
<b>Small Rental Assistance Program</b>	The Small Rental Assistance Program provides loans, in an aggregate amount up to \$250 million, to owners of renter-occupied housing properties located in Hancock, Harrison, Jackson and Pearl River Counties on the Mississippi Gulf Coast that were affected by Hurricane Katrina.	<b>As of December 31, 2007:</b> <ul style="list-style-type: none"> <li>• 2,169 applications for 3,474 units received</li> <li>• 10% Rental Subsidy, 29% Renovation, 61% New Construction</li> <li>• 63% Individual Applications</li> </ul> All applications undergoing eligibility verification
<b>Tourism Grant Program</b>	The South Mississippi Tourism Industry Restoration Grant Program provides funding for an expansive advertising, promotions, and events marketing campaign to bring out-of-state travelers back to the Mississippi Gulf Coast region. The primary objective is to increase the number of visitors to the impacted area to recover and sustain the small businesses that rely on tourism, increase and sustain related jobs, and return the tax revenues to the communities in which these businesses reside.	<b>As of December 31, 2007:</b> 27 grants have been awarded for a total of \$5,000,000 through this program

\*As of 09/30/07, 6,770 homeowners volunteered income information that qualified them as low-moderate income households.