

**DISASTER RECOVERY INITIATIVE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**CONSOLIDATED SECURITY, DISASTER ASSISTANCE,
AND CONTINUING APPROPRIATIONS
ACT, 2009
H.R. 2638 / Public Law 110-329**

Louisiana Recovery Authority

Louisiana Office of Community Development

***PROPOSED STATE OF LOUISIANA ACTION PLAN*
FOR THE UTILIZATION OF CDBG FUNDS IN RESPONSE TO HURRICANES GUSTAV AND IKE**

November 18, 2008

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The *Consolidated Security, Disaster Assistance and Continuing Appropriations Act, HR2638 Public Law 110-329*, passed on September 30, 2008, allocated \$6.5 billion to States for disaster recovery for disasters that occurred within 2008. The U. S. Department of Housing and Urban Development (HUD) was designated by Congress as the administering agency. HUD reduced the amount of funding by \$377 million in October 2008 in response to a budget rescission requirement from Congress. HUD administers the federal Community Development Block Grant (CDBG) program and has until November 30, 2008 to announce how it will allocate at least one-third of the CDBG funds.

Despite not having its allocation yet, the state is moving forward to develop its plan, vet this plan publicly and seek necessary approvals.

The Louisiana Recovery Authority, working closely with the Office of Community Development Disaster Recovery Unit, has developed the following action plan to outline the eligible activities available to assist parishes to meet unmet housing, business, public service, public infrastructure and other needs incurred by the 2008 disasters as well as addressing critical needs stemming from the catastrophic events of 2005 which impair long-term recovery, restoration of infrastructure and response to future disasters. The LRA is currently in the process of determining final damage estimates by category. While this is being developed we have developed a slate of programs to assist parishes to recover. These programs are outlined below.

I. IMPACT OF HURRICANES AND LOUISIANA'S RECOVERY NEEDS

Hurricane Gustav caused major wind and flood damage throughout the state, from the southern coastal parishes through central and north Louisiana. Two weeks later Hurricane Ike hit sending tidal surges across the state's southern coastal communities. Ike exceeded storm surge caused by hurricanes Rita and Katrina. More than 1.9 million Louisiana residents were forced to evacuate for hurricanes Gustav and Ike. Many of these residents were unable to return to their homes and jobs for a number of days and a large number of residents whose homes remain unlivable continue to need short-term shelter and longer-term transitional housing. The State was forced to evacuate 30,000 critical transportation-need residents, including 10,400 medical evacuations, which is the largest medical evacuation in U.S. history. The state was also left with 1.5 million cubic yards of debris from Hurricane Gustav along federal and state highways.

Approximately 150,000 to 300,000 homes experienced some level of damage in the storm; more than 12,000 homes were flooded. Preliminary estimates show that approximately \$2 to 7 billion in residential property loss was incurred. Even homes built to the Federal Emergency Management Agencies Advisory Base Flood Elevations flooded as a result of this storm. The state also estimates more than \$1 billion in public infrastructure damage. The state has spent more than \$400 million in emergency response and immediate recovery activities.

Fifty-three of the state's 64 parishes were included in the President's disaster declaration for individual assistance; all 64 were declared for public assistance. The two storms caused tremendous damage, which, in turn, left most communities without electricity for days, and many for weeks. More than 120,000 homes received some damage.

Economic Impact

According to preliminary estimates from Louisiana Economic Development, businesses experienced approximately \$2.5 to 5 billion in economic losses from Gustav. Approximately 97,000 businesses experienced at least some business interruption. The oil & gas industry could lose up to \$5 billion alone: while it is estimated that agricultural losses could reach up to \$750 million. The state must have resources to provide low-cost financing and technical assistance to businesses in order to jumpstart its economic recovery. Additionally, employers need their workforce back in their communities. The state was already experiencing a workforce crisis following the impacts of the 2005 storms. Accelerated provision of temporary affordable housing and the development of permanent affordable housing are critical for the state's employers to get back to commerce and speed the recovery.

Infrastructure

Much of the state's public infrastructure and facilities were severely damaged in the storms. Damage estimates reach more than \$1 billion for both storms. While still preliminary, estimates show that a large percentage of the state's K-12 schools received damage from the storm. Preliminary estimates indicate that there was at least \$100-150 million in damages to these facilities from both storms. The state's higher education facilities estimate at least \$33 million in damages to the physical facilities of the State's higher education system. While these estimates are preliminary, they are comprehensive for all campuses in higher education, inclusive of the community and technical college campuses, the University of Louisiana campuses, Southern University's campuses and all of Louisiana State University's campuses. The state's other public facilities are estimated to have damage in excess of \$100 million.

A large percentage of the state's educational facilities received damage from the storm. Preliminary estimates indicate that there was at least \$100 to \$150 million in damages to the primary (including pre-K and secondary education facilities). While most of these repairs will be covered through FEMA's public assistance program, certain repairs or necessary rebuilds may be deemed ineligible through FEMA's program.

Hurricanes Gustav and Ike impacted many of the State's port facilities resulting in large economic losses to the State and exposing the nation to large and significant economic impacts if long term disruptions were to occur from hurricane impacts as much of the nation's oil and gas, commodity and cargo traffic flows through south Louisiana facilities. While oil and gas enter the nation through facilities in south Louisiana, many more commodities that are vital to upper Midwest, and north and central Louisiana flow down the Mississippi river and are maintained at specific temperatures at port warehouse facilities along the Mississippi river before becoming exports. These raw products in turn employ thousands of Louisianans and create millions of dollars in economic value.

While the majority of public infrastructure repairs will be covered by FEMA programs, it is known from experience with the 2005 storms that there certain costs of repair including improvements or rebuilding will be deemed ineligible for FEMA funding.

Road Repair and Navigation Channel Dredging

Preliminary cost estimates for the repair of Federal Highway Administration (FHWA) eligible roads and bridges sustained as a result of Hurricane Gustav total \$127 million. Federal-aid highway damage estimates are about \$119 million. While funding to address these damages is authorized under current law, the backlog associated with these needs may prevent the restoration or threaten the integrity of this critical infrastructure. To repair this critical infrastructure, \$119 million would be needed for Louisiana (Gustav - \$53 million; Ike - \$66 million) through the Federal Highway Administration's Emergency Relief program.

In addition, emergency funds are needed for the Corps of Engineers to dredge critical navigation channels that were impacted by the hurricanes. The Mississippi River, Atchafalaya River, Calcasieu Ship Channel and other critical waterways are vital to the country's energy supply and maritime commerce affecting nearly every state. For example, seven and a half percent of the United States' daily oil consumption is produced along the Calcasieu Ship Channel. Lake Charles is the home of the fourth largest refinery in the United States and one-third of the nation's strategic oil reserve is stored in salt domes around the ship channel.

Hurricanes Gustav and Ike have caused the channels to become silted up, thus reducing the depth that is required for vessels to navigate. If the vessels cannot navigate the channel due to inadequate depth, the cargo cannot be delivered to industry. In this event, the shipper has to offload the cargo onto smaller vessels or off-load cargo to temporary barges to lighten the load and thus reduce the draft of the vessel. This is tremendously expensive and leads to higher costs of production.

Housing

Preliminary estimates indicate approximately \$1.7 billion in uninsured housing losses, with over half of that amount likely being homeowners. Hurricanes Katrina and Rita have taught us that repair costs

generally outstrip insurance proceeds. Many households that evacuated or whose homes were damaged by the storms were near the edge of sustainability prior to the storms. Initial damage models based on flood and wind damage vary widely, but have a midpoint between \$3 and 4 billion dollars. Half of this damage may be uninsured losses due to uninsured and underinsured properties. With losses of housing stock concentrated in certain communities, Louisiana could have up to \$1.5 billion in uncompensated housing losses. Of this, the state will need to design programs in concert with local communities to rebuild and make up this loss. The state will develop the following Housing Recovery Programs to assist homeowners, renters and communities to recover.

Agriculture

Hurricanes Gustav and Ike passed through the center of Louisiana's agricultural core just as many of the state's most valuable crops were being prepared for harvest. As a result, Louisiana's agricultural economy, including row crops, timber and livestock, lost more than \$700 million in value according to estimates by LSU economists. In addition, the state's struggling fisheries industry, the second largest in the nation, incurred \$250 million in losses because of hurricanes Gustav and Ike.

Because of the timing of the storms and growing seasons, Louisiana's agricultural damage was more extreme than in many other states. Louisiana's farm losses occurred very close to harvest when farmers had already fully invested the required resources to grow the crops. In many cases, funds were advanced pending harvest of the crops, which did not materialize because of the hurricanes. Unlike the situation after hurricanes Katrina and Rita in 2005, these croplands also remained flooded and waterlogged for weeks after Gustav and Ike, making harvesting any remaining crops difficult as the machinery required could not enter the fields. Crops therefore were lost both from the flooding and because farmers and laborers were not able to return to harvest them. This resulted in further impact on the surrounding communities because farm jobs and supporting industries were not utilized as in prior years. Cotton and sweet potato crops, of which Louisiana is a significant producer, were nearly completely lost in some parishes. Louisiana farmers, who harvest approximately 50 percent of this nation's sugarcane acreage, were directly affected by Hurricane Gustav when it made landfall in the center of this state's sugarcane producing area.

Despite these losses, there are no funds directly allocated within the most recent disaster supplemental bill (HR 2638; PL 110 329) to offset such losses. While \$410 million was set aside in the disaster supplemental for the U.S. Department of Agriculture, none of these funds can be used to cover crop loss or to provide funds to buy seed and reinvest in future harvests. Despite repeated requests from Louisiana's Governor, Agriculture Commissioner and our Congressional delegation, there are no traditional agricultural crop loss disaster loans in this provision. Traditionally the USDA, via the Farm Bill and its crop loss programs, has addressed these types of losses. However, in 2008, substantial new changes were incorporated into the Farm Bill. The USDA's supplemental revenue assistance payment program (SURE) was included in the 2008 Farm Bill as a successor to ad hoc crop disaster programs.

Additionally, the 2008 Farm Bill is inadequate in addressing a statewide disaster as opposed to individual farm losses. The legislation was signed late in the congressional cycle and the rules in the bill for claiming disaster aid have yet to be written. Furthermore, additional legislative efforts in the United States Senate to create a \$1.12 billion farm aid measure for all American farmers hurt by the natural disasters of 2008, including flood, drought, wildfire and hurricane, were blocked by some senators who were unaware of the impact a lack of resources could have on the nation's farm trade balance and food costs.

Fisheries

Based on the 2007 Summary of Agriculture and Natural Resources by the LSU Agriculture Center and NMFS Revenue Data, the seafood industries experienced nearly \$250 million in revenue loss as a result of the two storms. Even prior to hurricanes Gustav and Ike, Louisiana's fisheries were struggling to recover from more than \$528 million in losses resulting from hurricanes Katrina and Rita in 2005. Hurricanes Gustav and Ike moved across the central Gulf of Mexico through some of the nation's most valuable and productive fishing grounds at the start of the state's most valuable shrimp season.

Hurricane Protection and Coastal Restoration

Hurricanes Gustav and Ike caused extensive damage in South Louisiana as a result of storm surges, wind and rainfall. Hurricane Gustav and Ike-related surge overtopped flood protection systems in the New Orleans area and inundated many communities in South Louisiana. Before water levels could fully recede from Gustav, winds associated with Hurricane Ike pushed additional tidal surge into coastal Louisiana. This second storm had hurricane-force winds extending over 110 miles and produced storm surges higher than those from Hurricane Rita (one of the most powerful storms in history). The result has been significant flooding in all coastal parishes within the state. All levee systems were challenged. All of the systems to some degree suffered from breaches, scouring, erosion, slope failures and extensive debris.

The two hurricanes caused extensive damage to many levees in coastal Louisiana. The extremely poor condition of our adjacent coastal wetlands caused by the Mississippi River's levees cutting off the river's sediments from the marsh exacerbated the situation – resulting in increased storm surge in populated areas of our state. In addition to funds required to fulfill the 30-year payment agreement for the Greater New Orleans hurricane protection system, the following is a synopsis of the events and needs in coastal Louisiana. In an effort to allow Congress to act quickly in rebuilding our coasts and protecting our communities, the following synopsis is based on previously approved and authorized projects and is designed to provide a solid foundation for the restoration and protection of coastal Louisiana. This, however, is not an all-inclusive list of critical needs, and more will be required to complete Louisiana's protection and restoration efforts.

Emergency Repair and Flood Protection

Emergency repair and flood protection efforts include air-dropped sand bags by U.S. Army Chinook helicopters in Plaquemines, Lafourche, Terrebonne parishes and other areas of the state. Up to one million gallons per minute pumping capacity was required to remove water from coastal communities following the hurricanes. The National Guard, U.S. Army Corps of Engineers, state agencies, parishes, levee districts and others were involved in emergency efforts and dewatering of communities in more than ten parishes. While the hurricane protection system in the greater New Orleans area did not fail, numerous vulnerabilities were exposed. An investment in a consistent protection standard for other areas of coastal Louisiana and the restoration of the coastal lands and wetlands eroding as a result of Mississippi River and Atchafalaya River levee construction would have prevented all flooding in these communities and improve this nation's energy security.

Recognition of the strong relationship between coastal land loss and hurricane vulnerability must be acknowledged. Louisiana lost 217 square miles of land as a result of Hurricanes Katrina and Rita and countless more from damages associated with hurricanes Gustav and Ike. Storm surge levels in many of our coastal communities during Hurricane Ike – a Category 2 storm – were the highest ever recorded. The loss of Louisiana's coastal lands and wetlands as a result of the federal governments' construction of levees requires mitigation. Congress has approved the construction of more than a dozen restoration projects. Congress and the Administration recognized the importance of providing updated protection for the greater New Orleans area. However, disparate protection standards remain in coastal Louisiana and little has been done to mitigate from the land loss associated with river levees.

II. OVERVIEW OF ALLOCATIONS AND PROGRAM DELIVERY

These funds will be used for eligible disaster related activities supporting housing rehabilitation, mitigation, economic revitalization, hurricane protection and infrastructure repair and improvements relating to the disasters of 2008 and the continued needs from the catastrophic events of 2005. Following the guidance of the Disaster Supplemental, ten percent of the state's total allocation must be used to repair, rehabilitate and construct multi-family units meeting certain eligibility criteria. No funds can be used to cover match on projects funded by other federal programs, including FEMA.

Project Area

The project area includes those parishes most impacted by hurricanes Gustav and Ike as determined by HUD damage estimates based on FEMA and SBA inspection data.

Method of Allocation

For the direct parish allocations, the state intends to utilize the same allocation methodology used by HUD for state distribution to allocate dollars to the individual parishes. Exact allocations are not yet available from HUD; the state will amend its Action Plan with these allocations when HUD makes its funding allocation final. The HUD methodology will use a combination of FEMA and SBA damage estimates. Parishes will be allowed to select from a defined menu of options to be used for housing rehabilitation, public infrastructure repairs, economic revitalization activities and mitigation activities.

In addition, the State will set aside 25 percent of the total funds for competitive projects in the areas of rental housing, agriculture, hurricane protection and fisheries within the disaster areas.

These percentages only apply to the State's plan for how money will be set aside for the various recovery areas. Any individual parish may choose to apply any percentage of their allocation to a particular recovery area. For example, a parish could decide that they want to spend 90 percent of their parish allocation on infrastructure and 10 percent on housing (or even 100 percent on infrastructure). If parish demand is stronger than anticipated in certain areas, the state will adjust the amounts allocated to recovery areas. Funding for technical assistance and program delivery will be allocated from each recovery area.

Method of Distribution

The state will operate a grants management protocol in order to deliver resources to the eligible parishes. The process for parishes to apply will be as follows:

- The State will develop program criteria, basic guidelines and CDBG requirements for a slate of different programs including housing, infrastructure, economic recovery and mitigation measures.
- The State will develop criteria for statewide set-aside programs (Rental Housing, Coastal Restoration, Agriculture and Fisheries)
- Each parish will be required to develop an action plan, following a template provided by the state, for submittal to the state. Parishes will be required to follow a citizen participation plan as required by HUD.
- Parishes, municipalities or other governmental entities will apply for the statewide set-aside programs on a competitive basis.
- State will fund projects out of either the parish pool or the statewide set-aside as action plans are approved.
- Unused funds in both the parish programs and the statewide set-asides will be re-allocated based on demand from the parishes (with the exception of rental housing which has a minimum requirement of 10 percent from HUD).
- The goal is to provide the greatest possible autonomy and flexibility to parishes.

Technical Assistance

- Parishes will be given Training & Technical Assistance on CDBG regulations at the initiation of the programs and will be provided assistance on regulatory compliance throughout the grant process.
- Parishes will be able to use allocated funds to hire grant administrative staff and/or consultants
- The goal is to provide the greatest possible autonomy to parishes while ensuring compliance with CDBG regulations.

III. OVERVIEW OF ELIGIBLE PROGRAM ACTIVITIES

These funds will be used for eligible disaster related activities supporting housing rehabilitation, mitigation activities, economic revitalization, hurricane protection and infrastructure repair and improvements at the requests of the local governments to assist the State of Louisiana. Following the guidance of the Disaster Supplemental, ten percent of the state's total allocation will be used to repair, rehabilitate or construct affordable rental housing stock (including public and other HUD assisted housing). Following the 2008

Disaster Supplemental, CDBG funds may not be used to pay for match costs for FEMA Public Assistance projects.

A: STATE IMPLEMENTED

1. Workforce Rental Housing

According to the 2008 disaster supplemental bill, ten percent of the state's overall allocation must be used on affordable rental programs. The state will develop rental programs that will be facilitated at the state level in order to reach this threshold. Parishes will be able to apply to the state programs as well as be able to use their allocation to create additional affordable rental stock.

Approximately 31.5 percent of Louisiana's housing stock is rental properties. Since Katrina and Rita, the state has suffered a severe shortage of housing, especially affordable housing. There is a need for both a rehabilitation program as a gap for uninsured losses for damaged rental property and a true incentive program as payment for landlords to provide mid- to long- term affordability for renters. The state will develop a 'piggyback' program. It will also be possible to attach funds to the next round of per capita credits to take care of longer-term needs in the impacted communities. The state will build programs to assist parishes in increasing their stock of affordable rental housing. Allocations will be developed on a competitive basis for those parishes that have damaged rental stock or high demand for affordable rental housing.

2. Agriculture

The Louisiana Department of Agriculture and Forestry (LDAF) will develop and operate programs to support farmers and agricultural-related businesses with time-critical cash flow issues resulting from Hurricane Gustav & Ike. Suggested programs may include the use of loan guarantees, loans and grants to offset operating losses and restart expenses as well as to support infrastructure programs. Eligible applicants will include:

- Agricultural-related businesses that suffered physical damage or economic loss due to hurricanes Gustav and Ike.
- Agricultural-related businesses that show a commitment to re-start operations within 18 months of receipt of assistance or after one planting cycle.

While this will be a new program for LDAF, the farmers and farming communities in the State have traditionally worked with LDAF and other Federal agencies for disaster support. These programs will utilize these existing farm networks to most efficiently outreach to the farming communities.

3. Fisheries

Louisiana's fisheries sustained over \$250 million dollars in damages from Gustav and Ike. To most efficiently assist with recovery a combination of State run programs and parish choice models will be employed to most efficiently assist this industry sector. The largest allocation of funds for this program will be to provide direct aid to commercial fisherman, wholesalers and dealers who held 2008 LDWF licenses and utilized the trip ticket data system and were impacted by the storms. Program funds allocated to the direct aid program will be distributed in a manner similar to the program already in place at LDWF to distribute approximately \$20m in reprogrammed Katrina and Rita recovery funds. In addition to direct aid the allocation will promote more efficient technologies for shrimp vessels to reduce fuel costs and reduce environmental impacts. Provide funds to purchase or modernize equipment needed to comply with forthcoming federal regulations that will improve quality and reduce business losses to the industry from future losses. The State's growing and significant recreational fishing industry will have access to specific recovery funds as well. These funds can be used to address infrastructure losses to the private industry and to repair, create or assist projects with public projects that benefit the recreational fishery.

To further protect the industry from future events, funds may be used by the LDWF to purchase and create up to three mobile ice plants for use in future disasters. Hurricanes Gustav and Ike again highlighted a primary constraint of the industry being able to return to work; the lack of ice for boats and haulers to maintain product quality. The creation of a mobile ice plants program for statewide use in any disaster will allow the industry to compete in a highly competitive global marketplace until private facilities come back on the grid. These ice plants will be state maintained and available to respond to any

emergency action in the State.

Funds may be also be made available to the parishes as a Fishery Community Recovery Fund. These funds will be available for parishes to invest in a range of fishery related infrastructure projects in there communities whether to repair, replace, support, enhance or create access to fishing related activities. The allocation of funds for this section will be based on parish fishery loss estimates using either LSU sea grant economist's measures. Parishes may allocate funds to private marinas and large wholesale dealers after demonstrating an unmet need and coordinating with LDWF. In addition to state maintained data held from the LDWF direct aid program, the Gustav and Ike recovery program will utilize information gathered in LED's business recovery grant and loan program for fishing related businesses to help parishes determine local associated fishery related businesses impacted by the storms.

4. Hurricane Protection

Louisiana leads the nation in land loss and is actively engaged at all levels of government to find solutions to slow and reverse land losses that are critical in providing hurricane protection. Many Louisiana families have seen in two generations, areas used for recreation, business and hurricane protection turn from usable land, into marsh, into open water, CDBG funding will provide an opportunity to protect and restore areas significantly impacted from recent storm events.

The program will be managed by the Office of Coastal Affairs which is charged with restoring the State's coastline and is familiar with the wide range of restoration activities that are planned to restore Louisiana. Within Louisiana, there are Federal and non-federal coastal restoration efforts underway on both public and private lands. The State's coastal restoration activities are among the vital to the long-term sustainability with implemented projects providing our first line of defense to reduce impacts of hurricanes. Parish based projects will be solicited that comply with CDBG regulations that also are in accordance with the State's master plan for coastal restoration and protection. Project selection will be done to ensure that funds are fairly and equitably distributed across the entire area impacted by Gustav and Ike.

The program will be eligible to coastal parishes as determined by CPRA. In order to maximize protection and to address critical needs funding consideration should be given to those areas based on:

- Repetitive loss of structures
- Incurred environmental impacts and projected coastal land loss resulting from these storms
- Impact on Properties affected by the Storms
- Best opportunities for restoration effectiveness
- Economic Viability (work interruption, critical infrastructure, etc.

B. PARISH IMPLEMENTED

1. Housing

The state is initially setting aside 30 percent of the CDBG disaster allocation to housing related programs. Parishes can select from the program options from the eligible activities outlined below as appropriate for their recovery needs. Further program templates will be developed by the state. They can choose to adopt one or any combination of program options as needed. Eligible activities will include, but are not limited to, the following:

- **Homeowners Program**

This program will be designed to provide an incentive and resources for individual homeowners to repair or rebuild their damaged property for the purposes of retaining community value and avoiding blight. These programs will include elevation and mitigation incentives to assist homeowners in building back safer, smarter, and stronger. Programs may also include incentives for green building and energy efficiency.

- **Housing Relocation Program**

Parishes will have the option of establishing a buy-out program for homeowners and rental properties located in dangerous areas prone to flooding for the purposes of allowing residents to relocate to safer areas. This program will enable the purchase damaged or destroyed homes from homeowners. Buyouts must be voluntary and compensation will be determined by the parish based on their optional relocation plan. Funds may also be used for clearance of properties and maintenance and liability costs until the alternate use is established. Funds may also cover mortgage costs for a limited period of time while relocation is finalized.

- **Additional Compensation**

This program will provide resources for homeowners who are not eligible for SBA, make less than 80% of the median family income and have damages that exceed their incentive program award, parishes may establish grant or loan pools. At the discretion of the parish, these may be no or low interest loans or deferred forgivable loans provided program requirements are met.

- **Homelessness Prevention**

Many households, especially rental households, that evacuated or whose homes were damaged by the storms were near the edge of sustainability prior to the storms. The parish may put resources towards these households most at risk of homelessness for rent/utility payments, deposits and arrears, moving and storage expenses, and emergency hotel housing, as necessary towards households most at risk of homelessness.

- **Community Economic Revitalization and Blight Reduction**

Parishes may use CDBG disaster resources to prevent properties in recovering areas from becoming blighted and assist in community economic revitalization projects to prevent overall blight in neighborhoods and increase economic opportunity.

2. Infrastructure

The state will develop a program to cover funding gaps in the repair of key infrastructure and public facilities. Examples of projects include repair, rebuilding, and improvement of public facilities, water and sewer systems, port facilities, storm drainage, levees, roads and bridges, etc. Eligible applicants will be public entities and/or private non-profit organizations that operate critical infrastructure, including school facilities. The match of FEMA Public Assistance or other federal programs is prohibited under the Supplemental Act.

Similar programs were developed for the 2005 storms which made possible full rebuilding of schools and other facilities, rather than replacement to pre-storm conditions. This program provides additional funding for infrastructure projects that:

- Repair damages or rebuild structures that were damaged by hurricanes Gustav or Ike (and/or are still in need of repair from the catastrophic events of 2005);
- Provide elevation and mitigation measures to address failures of function during Gustav/Ike.
- Harden existing structures or infrastructure to prevent damage from future disasters, including but not limited to projects related to drainage, coastal restoration or protective barriers.

Eligibility Criteria

- Project will address need arising from the 2008 storms (and/or still in need of repair from the catastrophic events of 2005.)
- Project is the best alternative to resolve the need
- The parish will determine the urgency of the need for the facility; threat to health, safety or welfare
- The parish will determine if sufficient other local, state, or federal funds are either not available or cannot be obtained in the time frame required

Funds will be set aside to support the recovery of state-owned port facilities.

3. Economic Recovery and Revitalization

For the state to recover from these hurricanes and the events of 2005, new opportunities must be developed to provide for the losses in hurricanes Gustav and Ike and increase economic activity around key economic sectors.

The state will develop programs aimed at rapidly providing funds for operating expenses and commercial rehabilitation to small businesses with time-critical cash flow issues resulting from Hurricane Gustav and Ike as well as provide catalytic resources to small and medium sized businesses to support economic recovery. Funds may be used for economic revitalization activities within communities to grow local economies. Additionally, the state will develop an employee retention tax credit, similar to the credit provided after hurricanes Katrina and Rita, which would provide employers that were significantly impacted by hurricane Gustav & Ike with a tax credit based on their payroll expenses while their businesses were inoperable. The program would allow impacted employers to claim a credit of forty percent of qualified wages during the period of significant business operations disruption.

These programs together will ensure that these small businesses, the backbone of the state's economy, can recover quickly and continue to generate economic wealth and new jobs for residents of the state.

IV. Program Delivery, Technical Assistance and Planning Capacity

Parishes will require technical assistance and planning capacity in order to successfully execute the programs above. Parishes can apply within their plan to provide additional capacity in the following areas:

- project and construction management services
- additional planning capacity including resource mapping, environmental engineering assessments, relocation planning, professional development, GIS resources and/or zoning planning and expertise
- case management assistance to individuals and families
- additional building code and compliance inspectors
- other capacity needs as approved by the LRA

V. Administration & Planning

These funds will be used to pay reasonable administration costs related to the planning and execution of disaster recovery community development activities. Program administration costs will include staff and related costs required for overall program management, coordination, monitoring, reporting and evaluation. This category includes the State's cost of administering the program, as well as units of general local governments' (UGLG) costs of administering grants awarded by the State.

The LRA will develop priorities for the utilization of CDBG Disaster Funds. The LRA will work with OCD in design of programs and activities to meet these objectives. In addition, LRA will evaluate the progress of such programs in accomplishing these goals and objectives.

APPENDIX A: ELIGIBLE ACTIVITIES

Grantees may use CDBG Disaster Recovery funds for recovery efforts involving housing, economic development, infrastructure and prevention of further damage to affected areas, if such use does not duplicate funding available from the Federal Emergency Management Agency, the Small Business Administration, and the US Army Corps of Engineers.

Examples of these activities include:

1. buying damaged properties in a flood plain and relocating residents to safer areas;
2. relocation payments for people and businesses displaced by the disaster;
3. debris removal not covered by FEMA;
4. rehabilitation of homes and buildings damaged by the disaster;
5. buying, constructing, or rehabilitating public facilities such as streets, neighborhood centers, and water, sewer and drainage systems;
6. code enforcement;
7. homeownership activities such as down payment assistance, interest rate subsidies and loan guarantees for disaster victims;
8. public services (generally limited to no more than 15 percent of the grant);
9. helping businesses retain or create jobs in disaster impacted areas; and
10. planning and administration costs (limited to no more than 20 percent of the grant).

For a complete list of detailed eligible activities, see Title 24 Code of Federal Regulations §570.201 to §570.205.