



HALEY BARBOUR
GOVERNOR

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

October 9, 2007

Honorable William J. McCoy
Speaker of the House
Post Office Box 1018
Jackson, MS 39215-1018

Dear Mr. Speaker:

Thank you for your letter of September 28 about the plan to use \$600 million of federal Community Development Block Grant money for the redevelopment of the Port of Gulfport. It has been incorrectly reported that this is a diversion of money that was previously appropriated for housing, and the terminology used by the Mississippi Development Authority was the main reason for that misunderstanding.

On November 1, 2005, we finalized Mississippi's request for federal help to recover from Hurricane Katrina. We provided that request and plan, a copy of the budget for which is attached, to congressional leaders, the Bush Administration, the Legislature and the public. The original plan, as you can see, called for the use of \$500 million of federal funds from USDOT to redevelop the Port of Gulfport, plus \$100 million of the allocation from the Corp of Engineers for improvements to the channel serving the Port. Ultimately Congress decided to lump most of our various requests into one pool of money from one department, Community Development Block Grant from HUD.

The major supplemental appropriations bill passed by Congress the next month allocated \$5.058 billion dollars of Community Development Block Grant money to Mississippi. Our request to Congress and the Administration had been for \$5.2 billion in Community Development Block Grant money, including the \$600 million for redevelopment of the State Port at Gulfport.

As to the use of federal CDBG funds allocated to Mississippi: slightly less than \$3 billion will go directly to homeowners or rental housing; including Phase I and Phase II of homeowner grants; grants to public housing authorities; elevations grants for homeowners who are required to elevate out of the flood plain; forgivable loans for owners of small rental units who charge rents consistent with HUD's low-to-moderate income levels, and new workforce housing. Additionally, 5,500 units of low-to-moderate rental housing are being financed by Katrina low income housing tax credits, and homeowners are benefiting from reduced interest rate mortgages issued by the Mississippi Home Corp.



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Additionally, more than \$1 billion of CDBG funding benefits homeowners indirectly; including electric utility ratepayer mitigation, which obviated the need for a 35% rate increase by Mississippi Power and resulted in a rate increase of less than 2%; and \$642 million of water, sewer and wastewater treatment facilities to allow families to build homes further north and away from the worst hurricane risks.

We anticipate that some 25,000 homeowners will benefit from the Homeowner Grant and Elevation Grant programs, and the other programs will result in the building or rebuilding of more than 16,000 units of public or other low-to-moderate income rental housing. The Workforce Housing Program will fund no less than 3,000 new homes for working families.

While some of these figures have been adjusted since November of 2005, the \$600 million for redevelopment of the Port of Gulfport has remained constant. The overall amount for help in meeting housing needs is also remarkably close to what we estimated just over two months after the storm. For your information, I have attached the current allocation for use of the \$5.481 billion in CDBG funds that is Mississippi's share of the CDBG funds appropriated by Congress in two separate appropriations bills.

As to the Port redevelopment, which the Port Commission and MDA have been planning for nearly two years, even as repair work was ongoing, it will improve the Port as a maritime cargo port and also make it safer by moving most of the resting containers to a remote inland facility if a hurricane threatens. The redevelopment will relieve congestion in Gulfport, significantly improve rail service for the Port, add as many as 3,000 new jobs and better serve major Mississippi industries, such as poultry, forest products and, potentially, automotive.

In my presentations to the Legislature and to groups of legislators after the storm I talked about redevelopment of the Port as a major use of Katrina disaster assistance money. The Port redevelopment was discussed in public meetings beginning with the Governor's Commission on Recovery, Rebuilding and Renewal in the fall of 2005 and is recommended in the Commission's report. A public stakeholders meeting on the plan was held in Gulfport May 8, 2006, which was attended by Coast legislators as well as covered by the newspaper.

The Mississippi Development Authority has received a large number of comments during the recent public comment period, and those comments will be reviewed and taken into account in the final plan.



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Thank you for your letter about this issue. I have sent a copy of my response to all the legislators who joined with you in your letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Haley Barbour".

Haley Barbour

HRB:dk
Enclosure



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CDBG

<u>Program</u>	<u>Allocation</u>	
Homeowners Assistance (HAP) Phase I	\$ 1,350,000,000	
Homeowners Assistance (HAP) Phase II	750,000,000	
Homeowners Assistance (HAP) Elevation	250,000,000	
Long Term Workforce Housing	150,000,000	
Small Rental Housing	262,000,000	
Public Housing	105,000,000	
Water/Wastewater Infrastructure	642,000,000	
Ratepayer Mitigation	440,000,000	
Building Inspector Grants	10,000,000	
subtotal housing	3,959,000,000	72%
State Port at Gulfport	600,000,000	
Economic Development	340,000,000	
Community Revitalization	350,000,000	
Planning Grants	10,000,000	
Fraud Investigation	5,000,000	
Long-term administration and contingencies (e.g. HAP applicant overages)	217,221,059	
Total	<u>\$ 5,481,221,059</u>	100%
<u>Available Funding:</u>		
January 2006 Award	\$ 5,058,185,000	
August 2006 Award	<u>423,036,059</u>	
Total Available Funding	<u>\$ 5,481,221,059</u>	