

February 17, 2008

Dear Concerned Citizen,

CHAT has been receiving many inquiries about elevation (raising houses above the calculated flood elevation levels) and mitigation (raising air-conditions, storm windows, etc.) allowances. Most recently, we received one from one of our dedicated servicemen now overseas whose home in LA was hurricane-devastated.

Here is the situation as I understand it.

First Some Background

1. What are the Sources of the Money for Applicants' Grants?

There are two pools of money that are available for Road Home (RH) homeowner applicants. The main money for RH grants is federal Community Block Development Grants (CDBG). These come from the federal Housing and Development. In addition, the State of LA put \$1 billion into the RH funds for homeowners in answer to demands for this from Congressmen. This State money must be used for the RH grants as one of the stipulations of the additional \$3 billion that Congress gave RH to cover the projected shortfall in

Since the beginning of the program, the other pool of money that RH officials had been hoping to use for elevation and mitigation grants is from the Federal Emergency Management Agency (FEMA). It is more than \$1.2 billion. This is money that comes from a program called the Hazard Mitigation Grant Program (HMGP). Under HMGP, FEMA may provide a State with up to 7.5 percent of the total disaster grants awarded by FEMA. FEMA can fund up to 75% of the eligible costs of each project. The state must provide a 25% match with state funds or CDBG funds.

<http://www.fema.gov/government/grant/hmgrp/FAQHowmuchmoney.shtm>

In summary, the grant money used for the RH is federal CDBG funds (HUD) plus about one-tenth of the funds from the state.

The money for elevation and mitigation allowances for RH applicants was supposed to come from the HMGP program (FEMA).

2. Problems With Using the FEMA (HMGP) Money For Elevation and Mitigation Grants

First, there have been controversy between the federal and state governments about whether the HMGP money could be used for elevation and mitigation funding. Second, if it could be used, how would the money get out to the homeowners without great delays due to the very time-consuming federal requirements for use of HMGP funds (cost-benefit analyses, environmental reviews, historical reviews, etc) that are done one house at a time. Third, HMGP regulations do not allow reimbursement of those who have already done the mitigation or elevation work. In this case, it would be the pioneers who elevated and rebuilt their LA homes before the RH started or in the middle of it.

The last problem was finally solved in Oct., 2007.

On Oct. 16, 2007 because of pressure from the State and highly effective advocacy provided by David Hammer, reporter, and Steve Donahue, CHAT member described in an article by Hammer in the Times-Picayune about the hold on elevation allowances, there was a breakthrough in HMGP policy.

http://blog.nola.com/times-picayune/2007/09/people_who_elevated_their_home.html

<http://www.nola.com/news/t-p/editorials/index.ssf?/base/news-4/1191392516129840.xml&coll=1>

FEMA declared, based on the unique circumstances in Louisiana after hurricanes Katrina and Rita, that the White House's Office of Management and Budget (OMB) granted a waiver to FEMA to allow for approval of costs incurred prior to award of the Hazard Mitigation Grant Program (HMGP) funds. The waiver permits FEMA to establish a limited exception for retroactive approvals under the HMGP of certain mitigation actions in Louisiana.

The effective date of this limited exception is January 16, 2008.

http://www.fema.gov/media/fact_sheets/wip_guidelines.shtm

On Feb. 1, a letter to the editor in the Times-Picayune by Jim Stark, Acting Deputy administrator of FEMA Gulf Coast Recovery Office indicated that FEMA was accelerating approval of mitigation grants (including elevation allowances). He wrote that LRA Executive Director Paul Rainwater said at the end of January that the state plans to release plans for mitigation allowances "in the coming weeks."

<http://www.nola.com/news/t-p/letterstoeditor/index.ssf?/base/news-11/120184699477170.xml&coll=1>

In addition, CHAT learned that for most applicants the red tape was being greatly reduced by FEMA to accelerate applicants getting these elevation allowances (probably up to \$30,000 for work done to elevate) and other mitigation funds (probably up to \$7,500 for other storm protecting work, such as elevating air-conditioning units and storm shutters for windows).

http://www.nola.com/news/index.ssf/2008/01/fema_will_reimburse_for_more_h.html plus other sources

3. So, What Is The Holdup Now on Elevation and Mitigation Allowances for RH Applicants?

CHAT has learned that state officials are now considering using "surplus" funds from the main RH money (CDBG plus state money) for elevation allowances to be possibly supplemented by the HMGP money (FEMA) for extended elevation grants.

However, recently, we are hearing about more and more shortchanging of the size of grants to RH applicants (unexplained decreases in grant size at closing; assignments of <51% damage to homeowners with huge amounts of flood water in their home; estimates of damage from CAD reports that seem way too low) and increases in applicants learning to their shock that their application has suddenly been shifted to the inactive pile although they were told earlier by RH staff that, of course, they would get a sizeable grant based upon their data).

Originally, the additional \$3 billion from Congress for the RH (in addition to the previously allocated \$1 billion for the state) was deemed enough or almost enough by RH officials to plug the anticipated shortfall.

\$3 billion bailout aids Road Home

Posted by The Times Picayune November 10, 2007 9:08PM

By David Hammer

Staff writer

A \$3 billion congressional bailout of the Road Home program, passed with some last-minute wrangling Thursday, is likely to keep the homeowner-aid effort solvent through at least the end of April.

And state leaders hold out hope that if things keep breaking their way, the \$3 billion could be enough to cover every eligible applicant, or at least all but 10,000 to 20,000 of them.

About 186,000 people applied to Road Homes housing repair and buyout program, but 6,500 have already been ruled ineligible, and another 24,000 haven't showed up for initial appointments with program staff to determine their eligibility.

http://blog.nola.com/times-picayune/2007/11/3_billion_bailout_aids_road_ho.html

<http://www.neworleanscitybusiness.com/uptotheminute.cfm?recid=13849&userID=0&referer=dailyUpdate>

It seems that it is now the LA state officials who are holding up elevation grants and mitigation funds for more than a month while they work out a plan. That plan may involve using some of the RH grant money and saving some of the originally intended FEMA federal money depending upon what they say the "surplus" is from the pot of grant money.

Because the FEMA money that can be used for elevation grants and mitigation allowances has been finally freed with much less restrictive and delaying restrictions, CHAT strongly supports using the main funding for the RH to make sure that all eligible RH applicants get their fair grant and have downsizing mistakes in their grant calculations fixed.

This includes finally giving applicants, upon request, a copy of all of the information in their file so that they can effectively refute mistakes with an overhauled dispute resolution and appeals system that is fair and no longer vague and enormously drawn out.

It includes suspending appeals deadlines for those who finally obtain the records.

It also includes allowing those whom the RH encouraged to apply for grants even though they sold their property at a loss to obtain grants.

Lastly, it includes the RH getting some highly experienced, objective, and independent group to check for mistakes in grant applications and improve the electronic and supervisory systems at ICF because the current systems in place clearly do not provide anything near the accuracy that a program of this importance deserves.

This is especially true of ICF and the immediate oversight state agency OCD, who regularly provide excuses when examples of repeated mistakes are presented instead of constructive change.

<http://www.nola.com/timespic/stories/index.ssf?/base/news-10/1198390858300920.xml&coll=1>

<http://www.nola.com/news/t-p/editorials/index.ssf?/base/news-4/1198996269203570.xml&coll=1>

<http://www.nola.com/news/t-p/editorials/index.ssf?/base/news-4/1199773254152710.xml&coll=1>

<http://www.nola.com/news/t-p/letterstoeditor/index.ssf?/base/news-11/120046453758810.xml&coll=1>

<http://www.nola.com/timespic/stories/index.ssf?/base/News/1200810112239510.xml&coll=1>

<http://www.nola.com/news/t-p/editorials/index.ssf?/base/news-4/1198996269203570.xml&coll=1>

<http://www.nola.com/news/t-p/letterstoeditor/index.ssf?/base/news-11/1201587689241850.xml&coll=1>

<http://www.nola.com/news/t-p/letterstoeditor/index.ssf?/base/news-11/1201156554244670.xml&coll=1>

<http://www.nola.com/news/t-p/letterstoeditor/index.ssf?/base/news-11/1202625115150270.xml&coll=1>

<http://www.2theadvocate.com/news/neworleans/15387296.html?showAll=y&c=y>

What is the justification for the state possibly saving much of the HMGP funds (more than \$1.2 billion) by using mostly the main RH money, CDBG (HUD) funds, for elevation allowances rather than for fixing RH problems and mistakes?

Lastly, for the RH program to escape being an object of national ridicule as more and more irregularities are revealed, it must, for the first time, become focused on the applicants' needs and not those of the state or federal government or contractor. This can be done in a way that complies with government regulations and the RH regulations very much better than currently.

This is really the last chance for the RH to fix itself because time is running out.

Louisiana does not need a rush to complete this program in a way that leaves untold multitudes unfairly stranded with downsized grants or no grant.

Melanie Ehrlich Still Very Concerned About The Road Home Program Co-Chairman, CHAT