

Dear Concerned Citizens,

Those With Unresolved Mistakes in Your Grants

Although applicants are writing to us of "being forced to take what is being offered or being threatened with having that amount lowered if an appeal is pursued further," some other applicants may be winning long-denied appeals. We at CHAT cannot advise you what to do about your own situation. However, consider this. We have been told even in the halls of the Senate chambers by top State LRA-OCD-DOA officials that the Road Home Program is almost over.

It is clear that there is a rush to finish this program without letting applicants appeal under fair conditions after they had to appeal without their records or had been denied a chance to appeal because of confusing red tape or irregularities (dispute resolutions being "resolved" now after more than a year by ICF sending a letter indicating denial of the applicants' dispute with no reasons given. This is being done just in time for ICF to avoid its long-overdue fine for not resolving thousands of disputes for well over a year.).

Once you go to closing, ICF gets to put a checkmark in their column and add one more number to their closings done and LRA-OCD-DOA is closer to that "over" in "almost over."

In addition, remember Paul Rainwater's (Exec. Dir. of LRA) pledge in a Times-Picayune article about LRA-OCD not stopping elevation incentive processing if an applicant is still in appeals even though the paperwork states otherwise. If you count on his words in that article and encounter obstacles, you could write to me at mehrlich8@yahoo.com and tell me if your elevation incentive is not being processed because you are still in appeals, and I will forward those to him. If you write to me about that, please put "Send to P. Rainwater" in the subject line and give me a brief summary of the timeline of your appeals and elevation grant processing as well as a few sentences about why you are in appeals. In addition, it is helpful if you give your application ID, which will, of course, be shared with no one but LRA.

Note: The text from LRA-OCD states that you can't be in appeals at the time that you sign the FINAL elevation incentive pledge or when that second letter with the pledge is sent to you.

Further Note; Elevation incentives have been greatly delayed contrary to LRA's promises of fast elevation incentives as a justification for using up precious grant money on elevation incentives rather than just using the available FEMA Hazard Mitigation money for this hazard mitigation. As LRA knows, they could have given elevation grants of up to \$60,000 from the \$1.2 billion of hazard mitigation money which has now got whittled to \$750 million of hazard mitigation money left for Road Home applicants. LRA for more than one year said that the \$1.2 billion was just for Road Home applicants elevation and individual mitigation measures (\$7,500 for shutters, raising air-conditioning units, etc.). Those individual mitigation measures seem to have disappeared forever.

What ever happened to SB 740?

SB 740, the Road Home Applicants' Bill of Rights, which had much momentum in the Louisiana legislature and unanimously passed the Local and Municipal Affairs Committee with 5 co-sponsors, has just met a backroom fate. The estimated price tag (called a fiscal note) on this bill derailed it without a vote by the Senate Finance Committee in two unfair, nontransparent ways.

First part of SB740's backroom fate: At the last Senate Finance Comm. meeting almost two weeks ago to consider this bill, the fiscal note met the drastic surgery it deserved. Sen. Murray,

who is on the Finance Committee, asked the Legislative Fiscal Office if it could finish the downward revisions of the cost in the fiscal note in time for the beginning of last week and the Finance Committee meeting then. Otherwise, the bill would not be able to be passed by House in time for this session even if it quickly passed the Senate. The Legislative Fiscal Office said yes if LRA-OCD could get them updated info. LRA-OCD said, yes they could to the Finance Comm. BUT.....

The Fiscal Note was delayed until after the Senate Finance Comm. meeting of last Wed. and LRA-OCD was continuing to feed information to the Legislative Fiscal Office in the second half of last week.

Sen. Murray's bill SB 636 gives applicants the right to go to court to try to get errors fixed in their grants, contrary to the wording in the closing documents. It passed the Senate unanimously.

Will it be defeated in the House by stalling or by its error-filled fiscal note?

Second part of SB740's backroom fate:

The final version of the fiscal note reveals that LRA-OCD is not following its own rules about giving applicants the highest pre-storm value for calculating grants. In addition, this state agency indicates in the final revision of the fiscal note that they will not look at documentation from applicants that ICF will not acknowledge as is in their files even though ICF often refuses critical documentation from applicants and frequently loses applicants' documents and certified letters.

You can read the revised fiscal note with some of its amazing details about how Road Home works at:

<http://www.legis.state.la.us/billdata/byinst.asp?sessionid=08RS&billid=SB740>

Click on **Notes**

Action suggestion if you are dismayed at the derailing of SB 740 that prevented a vote on its merits and the facts

1. Please write to Gov. Jindal's Constituent Services person about SB 740's fate. Remember this is Gov. Jindal's Road Home Program since Jan. 1, 2008. Gov. Jindal is ultimately in charge of LRA-OCD.

Funka@GOV.STATE.LA.US

2. Stay tuned for a date for a CHAT meeting that will be filmed for television at which details of what happened to SB 740 will be discussed. If you are in the New Orleans metropolitan area and available, please come to that meeting, which is yet to be announced. We will have a CHAT meeting this Wed. but it will not be the filmed meeting.

Thank you for sticking with CHAT and not abandoning thousands of mistreated applicants.

Melanie Ehrlich

Co-Chairman, Citizens' Road Home Action Team (CHAT)
Member, LRA Housing Task Force

SB 740 and the Fiscal Note (three versions) at

<http://www.legis.state.la.us/billdata/byinst.asp?sessionid=08RS&billid=SB740>

The LRA-OCD input to the first version of the fiscal note brought it to \$3 billion.

The latest version with almost entirely LRA-OCD input to the revisions brings it to slightly more than \$0.5 billion but the first item of \$0.5 billion as well as several others involve Road Home federal funds and so should not even be included in the fiscal note. A fiscal note is supposed to be about the cost to the State of Louisiana for a bill if it becomes law.

A Summary of CHAT's Analysis of the Final Revision of the Fiscal Note for The Road Home Applicants' Bill of Rights, SB740

Highest of Multiple Valuations (Pre-Storm Value of Home) as the Starting Point for Calculation of Road Home Grant; this is already RH policy as indicated in their latest and all previous policy documents posted at road2la.org (Homeowners/ policies) but still OCD indicates that following this policy will require \$0.5 billion: Legislative Fiscal Office (LFO), \$1.3 billion in 1st fiscal note; corrected to \$ 0.13 billion of CDBG funds by CHAT; revised by OCD to \$0.5 billion minimum on 5/29/08 .

For appeals and dispute resolution, Road Home Policy Documents in 2007 and 2008 state that Road Home "Provides the applicant with the highest available pre-storm value" (p. 22/30) in http://road2la.org/Docs/policies/Homeowner_Program_Policies%20v5.2_5-6-08.pdf.

It is implausible that of the 141,705 grants calculated, Road Home violated their own policy in so many cases as proposed by LRA-OCD as stated in the fiscal note. A reasonable estimate is 6,500 applicants appealing higher valuations that will increase their grant for an average of \$20,000 and a cost of \$130 million.

Division of Administrative Law for administrative law judges (ALJs) to decide appeals: LFO, OCD, and CHAT are in agreement about \$8.4 million but in the latest version of the fiscal note, the following is stated. Emphasis is added.

"According to OCD, decisions made by DAL (ALJs) that are outside the policies of the program or from information not in the program's possession are not eligible CDBG expenses and would have to be paid by another source of funding."

This statement indicates little trust of OCD in administrative law judges, official judges of the state, and that if an applicant produces independent proof of a letter sent by certified mail and lost by ICF (as often happens), OCD will not entertain any evidence not already made available by ICF from their files. This is a clear example of the lack of sufficient objectivity that can be expected from OCD-ICF staff conducting the new appeals procedures, which are as yet unspecified, just as the old appeals procedures were unspecified.

Road Home Inspector General: LFO, \$1.9 million in 1st fiscal note; corrected by CHAT to \$0.44 million of State funds; LFO 5/29/08 \$1.9 million state funds.

The Road Home Inspector General (IG) would need 3 (not 17) assistants. Passage of the SB740 into law would obviate the need for the proposed state panel of six staff members for appeals, which is to be paid from LRA state funds. At the Finance Committee, it was reported that the State IG was willing to add a division to its state office for this role.

Protection from Overpayments: LFO, no value; CHAT estimate, \$29.3 million of CDBG funds; this was supposed to be removed from the bill according to an amendment during the Finance Committee hearing but was not.

LRA suggested that 500 - 5000 applicants could be responsible for overpayments due to mistakes by ICF in calculation of awards. SB740 equitably provides that overpayments should be calculated based upon audits conducted so that all policies, rules, and procedures of the Road Home Program are construed liberally in favor of the applicant (SB740, p. 14).

This provision will considerably decrease the number of awards considered to be "overpayments." It is estimated that 2000 applicants will have overpayments with an average of \$14,667 each (http://road2la.org/Docs/pipeline/Week_97_Combined_Report.pdf) to be covered by CDBG Road Home funding.

Audit: \$148 million in first fiscal note on 5/13/08; corrected to 0 by CHAT and now by LFO to 0 on 5/29/08.

A final audit is mandated by HUD and included in the CDBG funds. As per a previous ICF RFP for this audit, "the goal is to have all of the records inspected." SB740 only stipulates that it shall be under the auspices of the La. Legislative Auditors and done by a firm previously unassociated with the program.

Notification to Applicants: LFO, no value; \$ 0.4 million of CDBG funds for postage

The procedures for written, rather than phone, notification of awards, dispute resolution outcomes, and appeals outcomes were already supposed to be in effect as of Jan. 1, 2008. SB740 is needed precisely because these critical applicant-beneficial policies are often not followed by ICF. Moreover, the revised fiscal note omits the recommendation by the Senate Finance Committee that most notices could be sent in a verifiable form by email. Homer Branch, who works on computer systems, verified for CHAT that ICF already should have the IT in place to do this at very minimal cost.

May 29, 2008: Melanie Ehrlich, Co-Chairman, Citizens' Road Home Action Team and Member, LRA Housing Task Force