

**Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)**

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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Action Plan Amendment 44
*V-Zone Compensation Payment***

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HUD Approved: July 30, 2010



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1. Introduction

This Action Plan Amendment describes *The Road Home* Homeowner Assistance Program. The purpose of this Action Plan Amendment is to provide a one-time payment up to \$30,000 to homeowners that elevated or reconstructed their homes in compliance with the existing Advisory Based Flood Elevation (ABFE) or Base Flood Elevation (BFE) levels and have since been determined to be ineligible for the State Hazard Mitigation Grant Program (HMGP) due to the requirement that they comply with the more stringent elevation levels established in the Preliminary Digital Flood Insurance Rate Map (DFIRM). This Amendment replaces Section 2.4.2 of the *Road Home* Housing Plan and is to be considered current policy upon its publication. The remaining action plan is unchanged. We hereby amend Section 2.4.2 to read as follows:

2.4.2 Financial Assistance for Homeowners – Overview

The Program will provide compensation for three types of homeowners:

- Homeowners that want to stay in their homes (referred to as “Option 1: Stay”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, but remain homeowners in Louisiana (referred to as “Option 2: Relocate”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, and either move out of the state or remain in the state but as a renter (referred to as “Option 3: Sell”).

Compensation is provided in exchange for acceptance of legal agreements described in Section 2.3. Homeowners that want to stay in their home or relocate will be eligible for four types of benefits:

1. Compensation grants - To cover uninsured, uncompensated damages by the homeowner as a result of Hurricane Katrina or Hurricane Rita.
2. Elevation Assistance
 - Elevation Compensation for those homeowners who select Option 1 and whose property is subject to the latest available FEMA guidance for base flood elevations¹;
 - Elevation Grants for those homeowners who select Option 2 and whose replacement homes require elevation to meet the latest available FEMA guidance for base flood elevations. This program will be a traditional rehabilitation program and is subject to

¹. Elevation Compensation up to a maximum of \$30,000 may be awarded to compensate a homeowner for the loss of equity caused by the higher flood elevation standards for new construction and rebuilding. Funding of this program is dependent on available funding.

Environmental and other federal regulations and documentation of receipts².

- One-time Compensation Payment for homeowners that completed their elevation/reconstruction project based on established BFE or ABFE guidelines and do not have the capacity to re-elevate their homes to bring them into compliance with the DFIRM guidelines. In addition, the compensation payment can be disbursed to individuals that have incurred costs that are not typically covered by FEMA for reimbursement for re-elevation of their homes to the DFIRM levels. The payment will be issued in an effort to help cover the homeowner's out-of-pocket costs associated with the original elevation or reconstruction project³.
3. Additional Compensation Grant – Funding of up to \$50,000 for homeowners with income at or below 80% of area median income. The State may establish criteria for funding above the \$50,000 provided herein, subject to the \$150,000 maximum.
 4. Mitigation Grants of up to \$7,500 may be available to complete other mitigation measures. Funding of this program is dependent on available funding⁴.

The calculation of compensation payments takes into account the cost of replacement housing, whether or not the home was more than 51% damaged, the value of a home before the storm, and other payments received by the homeowner as compensation for losses. The compensation grant for homeowners who did not carry hazard insurance and/or homeowners who were living in the flood zone and did not carry flood insurance will be reduced by thirty percent.

² Elevation Grants up to a maximum of \$30,000 may be awarded in the form of a rehabilitation grant to homeowners who choose Option 2 to elevate their replacement home. Environmental regulations and all other HUD regulations that apply to a traditional rehabilitation construction program will apply to this program. A homeowner's replacement home must have a cleared Environmental Review before the homeowner is awarded funds. Funding of this program is dependent on available funding.

³ The payment is limited to homeowners located in the areas affected by the more restrictive DFIRM guidelines and those that have completed the elevation or reconstruction project between the release of the DFIRM maps and the execution of this policy change. The payment will be calculated as the difference between the Road Home Elevation Incentive already received and the Total Eligible Project Cost (as calculated by HMGP) up to \$30,000. Further, the compensation payment will be factored into the total Road Home grant calculation, which cannot exceed the established \$150,000 cap.

⁴ Up to \$7,500.00 may be available to complete the mitigation measures. Funding of this program is dependent on available funding.

ADDENDUM

HUD is formally acknowledging the State's proposal to remove the \$30,000 previous cap on compensation payments provided to Road Home applicants that elevated or reconstructed their homes in compliance with the existing Advisory Based Flood Elevation (ABFE) or Base Flood Elevation (BFE) levels that have been determined to be ineligible for the State Hazard Mitigation Grant Program (HMGP). The ineligible determinations are due to the requirement that homeowners comply with the more stringent elevation levels established in the Preliminary Digital Flood Insurance Rate Map (DFIRM). This compensation payment will be factored in the total Road Home Grant calculation, which cannot exceed the established \$150,000 cap. The removal of the cap provides homeowners with the necessary resources to assist in their recovery. This change was initiated in August 2010.

Note: The State received verbal approval of this action when additional concerns were raised by members of Louisiana's Congressional delegation. There are no other changes to the non-substantial V-Zone Compensation APA 44.