

Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)
[Docket No. FR-5051-N-01]
Federal Register / Volume 71, Number 29
Department of Defense Appropriations Act, 2006

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

Louisiana Recovery Authority

Proposed Action Plan Amendment 39
Removal of Affordable Compensation Grant Cap

Submitted to HUD: October 12th, 2009
January 28th, 2010



Bobby Jindal
Governor

Mitch Landrieu
Lieutenant Governor

Angele Davis
Commissioner of Administration

David Voelker
Chairman, LRA Board

Office of Community Development
150 N. 3rd Street, Suite 700
Baton Rouge, LA 70801
P.O. Box 94095

Baton Rouge, LA 70804-9095

<http://www.doa.louisiana.gov/cdbg/cdbg.htm>



1. Introduction

This Action Plan Amendment describes *The Road Home* Homeowner Assistance Program. The purpose of this Action Plan Amendment is to implement the most recent policy guidance by the LRA in response to identified unmet needs of homeowners with income at or below 80% of the area median income. The removal of the \$50,000 cap for Additional Compensation Grant provides low to moderate income homeowners with additional resources to recover from Hurricane's Katrina and Rita. 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 hear by 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.

1. Additional Compensation Grant (ACG)– Funding of up to \$50,000 for homeowners with income at or below 80% of area median income. This award is subject to the \$150,000 maximum award amount, and total compensation will not exceed the Estimated Cost of Damage (ECD). The \$50,000 cap will not apply to those applicants choosing Option 1 who still have a significant gap between their total compensation and the estimated cost of damage. In order to ensure that low-to-moderate income homeowners have the resources necessary to fully recover, the amount of the Additional Compensation Grant is the gap between the ECD and the total compensation received (the compensation grant plus any duplication of benefit such as insurance or FEMA payments). The ECD is determined by an independent Home Evaluator who conducts two evaluations of the applicant's property in accordance with Road Home Homeowner Policies and Home Evaluation Protocols.

To receive ACG, homeowners must meet the following requirements:

- Applicants must be an eligible Option 1 Homeowner who still owns the home listed as the damaged address.
- Applicants file must contain complete documentation to support eligibility for the ACG in accordance with Road Home Income Policies.
- Applicants must have signed the Road Home Covenant for the damaged address.
- Applicants must affirmatively agree that within six (6) months of disbursement of ACG funds that they will provide evidence of their efforts to comply with the Road Home Covenants (for example, copies of building permits, utility bills for the damaged address, copies of construction contracts, moving expenses, etc.)
- Applicants must self-certify that: 1) they are the applicant and still own the property listed as the damaged address, 2) That their income was true and accurate at the time verified by the Road Home, 3) Amount of their insurance proceeds is correct, 4) Accept the award and acknowledge that they must return any additional funds considered to be a duplication of benefits, 5) affirm that they understand and will meet the terms of the Road Home Covenants

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.

2. Mitigation Grants of up to \$7,500 may be available to complete other mitigation measures. Funding of this program is dependent on available funding³.

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.

ACG Compliance Monitoring and Grant Recovery

In order to ensure compliance with the Road Home Covenant, the state will:

- Ensure that an applicant's file will not be processed without appropriate certifications.
- Monitor applicants for documentation related to covenant compliance within six months of the ACG disbursement.
- High risk files will be identified and reviewed. Homeowners without the resources necessary to complete recovery efforts will be referred to non-profit organizations for additional counseling or rebuilding assistance.
- Identify non-compliant applicants and process their file through the state's grant review and recovery process as identified by the compliance monitoring department.

³ Up to \$7,500.00 may be available to complete the mitigation measures. Funding of this program is dependent on available funding.