

Gustav Ike Action Plan
State's Response to Public Comments on Use of CDBG funds
December 10, 2008

The Action Plan for Gustav and Ike Recovery was available for public comment from December 1st, 2008 through December 10th, 2008. In addition to the comments summarized here, this Action Plan will be considered for approval by the Louisiana Recovery Authority Board on December 17, 2008, and the Louisiana Legislature on December 19, 2008.

Below is a summary of comments received and the state's response to these comments.

Public Comment 1: Received by Impacted Parishes

Louisiana Recovery Authority and Office of Community Development staff has been meeting with impacted parishes since October 2008 to capture their input and comments on the Action Plan. Below is a composite of these comments. Additionally, Jefferson Parish sent a written comment to the state agreeing to the principles and programs outlined in the action plan. Parish officials also stated that they were eager to begin to develop their programs and draw down much needed funds.

This comment was echoed by most parishes. Most parishes spoke about their specific needs, prime among them a need for housing, both owner-occupied and rental. Below are other comments from the parishes that have been taken under advisement by the state in the development of this action plan and subsequent programs.

-Most parishes felt that they would better be able to ascertain what needs were and what goals they wanted to tackle after getting a better idea of allocation amounts and the concrete guidelines.

- One parish asked that the state consider in program development for the state's set-aside competitive programs we need to develop criteria that allow those parishes that were most impacted the ability to score higher. For some we may need to either limit the parishes, set allocations within the competitive pool or some other mechanism to ensure that parishes that had the most damage and have the greatest need are able to get enough resources to rebuild. This is especially important in the affordable rental housing programs.

- One parish asked that there be an addition of a hospital/healthcare category to the allocations.

State Response

The action plan was revised to include more clarity on the allocations and set asides. While it does not include specific parish allocations, it includes the HUD developed methodology and formula the state will be using. The state is also working aggressively on the program design including criteria, process and guidelines for the individual state programs and the grant application processes for the parishes. State staff will be reaching out to parishes on the parish allocation to assist in developing their programs.

Public Comment 2: Received by Policy Link

The full comment from Policy Link, a housing advocacy and policy organization, is attached at the end of this document. The main concerns addressed are that parish recovery plans focus primarily on housing. Policy Link calls for 70 percent of the entire allocation to the state be set aside for housing programs because of the dire housing needs across the state. Additionally, Policy Link advises that these programs prioritize those individuals and families most heavily impacted by the storms and in greatest need. They also advise the state and parishes to develop programs based on principles of equity and inclusion. Policy Link proposes a housing rehabilitation program that is a possible template for parishes to use in the creation of their programs. Furthermore, Policy Link cautions that many parishes lack the capacity to develop and implement these programs without technical assistance and resources.

Finally, Policy Link suggests that the State CDBG Action Plan for Gustav and Ike Hurricane Rebuilding be explicit about how it will coordinate, leverage other additional sources of funding for hurricane recovery that were also included in Continuing Resolution HR2638.

State Response

The legislation directs the state to set aside 10.6 percent of its overall allocation to develop a series of programs for the creation of affordable rental housing. The state's set aside is the minimum threshold for affordable housing development. If additional resources in the state's allocation are not needed for other programs, these can be reprogrammed to meet additional housing needs. Parishes will be encouraged to utilize significant resources to meet their housing needs. These programs will be established to ensure equity and inclusion as well as speed and efficient use of resources in their design. It encourages parishes to contribute more resources and will work with parishes to design their housing programs. The state concurs with Policy Link that parishes should set aside significant funds for affordable housing development and rehabilitation for both renters. The state will be working with parishes to develop their housing programs within the parishes' allocations. The state plans to host Technical Assistance workshops for parishes including affordable housing to bring expertise to the parishes.

Additionally, the state is working with state agencies, federal partners and parishes and community groups to better coordinate, leverage other additional sources of funding for hurricane recovery that were also included in Continuing Resolution HR2638. It will continue this work and will incorporate this as a technical assistance component.

Public Comment 3: City of New Orleans

The city requests the state consider unmet housing, economic, public infrastructure, and other needs due to the storms of 2008. In addition, it reminds the state that the city has significant unmet critical needs stemming from previous catastrophic losses which impair long term recovery, restoration of infrastructure, and response to future disasters. It asks the state to ensure that these are considered as eligible uses of funds.

Other specific requests include:

- The city also requests that these previous damages be included in the calculations for parish allocations.
- The city requests that the existing UNOP plan can be used to account for its citizen participation requirement.
- The city also claims that the state is using all of the previous administrative funding at the state level and that these resources be allocated proportionately among the parishes.
- The city asks that the state's housing program include previous damages and demand for housing in the criteria.

State Response

The state appreciates the comments of the city. In response, we have included language to allow the funds to be used for unmet needs. Currently, the Continuing Resolution governing these funds designates the use of funds as stemming from the 2008 storms, but clearly all of our communities have these overlapping needs. The state has requested Congress and HUD allow this much-needed flexibility.

On the administrative funds, the state agrees that a full 5 percent administrative fund is required for both the state and the parishes to properly implement these much needed programs. Following the 2005 storms, the state legislature only allowed the state to use 2.5 percent of the overall program funds for administration. While these resources are not enough for the full cost of administration and monitoring of the state's role in the programs, it has in certain cases put these resources to certain programs such as the workforce development program.

In this current program, the state will allocate the 5 percent set aside for administration to be split proportionately amongst the parishes and the state in order to make sure that adequate resources are available for administration. Additionally, as in the current allocation, CDBG allows the use of a

reasonable portion of program funds to be used as 'program delivery costs' in order to execute successful programs.

The criteria for the state's housing program is under development, but will be a competitive program based on the following factors – damages, housing demand and economic opportunity.

Finally, as part of its citizen participation requirements, the state will accept previous plans as a basis of decision making. However, it will still require public comment, public notice and other outreach as governed by its citizen participation plan for disaster funding which is incorporated in the action plan.

Public Comment 4: Received by Harmony Center

The Harmony Center contributed the following brief points:

1. housing should receive first priority—people need their houses
2. funds for housing should come through Long Term Recovery Committees instead of the parish government—too long and too expensive
3. These Long Term Recovery committees should also receive some funds for direct services such as utility payments—in order to prevent homelessness.
4. rental properties should be part of the mix immediately
5. Fixing up houses and apartments that were in disrepair even before Gustav should be part of the plan. There is not enough rental property before Gustav and there is less now.

State Response

The state has set aside 10.6 percent of its overall allocation to develop a series of programs for the creation of affordable rental housing as a minimum threshold for housing. These programs will be established to ensure equity and inclusion as well as speed and efficient use of resources. The state's set aside is the minimum threshold for affordable housing development. It encourages parishes to contribute more resources and will work with parishes to design their housing programs. As for the governance of the housing programs at the parish level, it will be up to individual parishes to determine the entity responsible.

Public Comment 5: Received by Administration for Families and Children (ACF)

The Administration for Families and Children (ACF) submitted the following:

ACF has allotted funds to Catholic Charities USA to implement the National Disaster Case Management Pilot Program, in the state of LA, for families impacted by Hurricane Gustav. Each family seeking assistance in their disaster-recovery process is assigned a Disaster Case Manager (DCM). This DCM assists them in their paperwork processes, provides emotional-spiritual support, referrals to social service agencies and grant-providers, establishes collaborations for volunteer labor and in-kind donations, and other services as needed. The Disaster Case Manager also participates in a Coordinated Assistance Network (the CAN database) to ensure that there are no duplication of benefits/services, and thereby protecting both the funder and the client.

CDBG funds should be the final financial source required for individual families to return to their pre-disaster status.

By collaborating with disaster case management agencies (already) participating in the Nat'l DCM Pilot Program, the state can increase best practices in releasing homeowner repair/rebuild dollars. Utilizing Disaster Case Managers ensures that all other funding sources are used before CDBG monies and that no other monies are being used for the same purposes as the allocated CDBG funds.

State Response

The state is appreciative of the efforts of ACF and Catholic Charities USA's case management. The state is interested in further coordination to make sure that the CDBG resources are not duplicative and are used to maximize other resources.

Public Comment 6:

An individual submitted the following inquiry: Has there been any consideration to the construction of concrete houses using Insulated Concrete Forms (ICF)? They withstand 200 mph winds.

State Response

Parishes will be able to assess what building products are best for their various programs.

Public Comment 7: Received by Homes Now

Homes Now submitted the following comments:

As a previous owner of nearly 1000 low and moderate income housing units in Arizona what I see here is a positive move. A few simple comments

1. Without rebuilding units, \$100,000 can build 2 bedroom/1 bath rental duplexes. Rents could be at \$400 if no underlying financing.
2. Underlying financing is a NO WIN SITUATION.
3. Getting land donated is a prime factor and as someone who has found land in New Orleans adjusts the property requirements considerably.
4. If monies given to Parishes than Parishes should consider NEW as opposed to rebuild. New is modern
5. Vacancies could create problem with underlying mortgages
6. At present time, no bank is purchasing tax credits or any government style paper in any quantity.
7. For new rental housing, have state a review of all aspects so that monies be given out in a fair and equitable light.
8. Not enough information about requirements by HUD in Section 8 rentals and requirements that each unit MUST CONTAIN to be an authorized rental unit. Very complicated rules.

State Response

The comments are appreciated and will be considered as challenges as we design the various programs.

Public Comment 8: Received by John Christiansen, businessman

I'm recommending that you allocate some funds for the expansion or creation of New Businesses that will guarantee the creation of new Jobs. New employment will greatly assist workers who were impacted by the storms, like fishermen who lost their boats or were damaged to the point they can no longer return.

I'm a Business & Financial Consultant currently specializing in funding new corporations using the Federal New Market Tax Credit Program. The Program requires investment in Low Income Communities as listed via the 2000 Census Tracts. The Program adds about 30% of equity to the business at no cost to the business so it's a good program for startup businesses. The current credit situation is making it difficult to fund the other 70%. Any state CDBG assistance would help these businesses create jobs.

As an Example:

I have a company who has designed a new ISO Container Unit that will carry over 250% more volume of Compressed Natural Gas and Compressed Hydrogen with an additional 20% savings in fuel costs. This is a 'Green Energy' Project with hundreds of uses, like collecting, transporting or storage of Hydrogen that is not available today. Multiple municipalities are in contact with the firm requesting units to supply CNG and/or hydrogen for the vehicles as well as for gas stations. The units can also collect Flared, wasted gas from oil wells to save the gas as well as create Air Credits.

This company will initially create 30 new jobs of welders, plumbers, painters and assembly workers. We

anticipate that half will be low skilled workers who will be trained into welders, plumbers, painters as the new worker requirement expands into 70 to 100 jobs within 2 to 3 years of increased production. This facility will be located in a currently designated Low Income Community (Terrebonne Parish) and will use New Market Tax Credit Financing, yet needs some state assistance due to the current credit market.

In General, Economic Development Funds are needed more than ever to assist companies creating jobs. And what better source than the Federal Government Disaster Assistance Funds.

State Response

The expansion or creation of new businesses is an eligible activity under the current legislation. Furthermore, the legislation includes economic revitalization as an eligible activity allowing the development of forward looking economic development programs.

Public Comment 9: Individual Homeowner

Comment was received from a family that lost their home to Hurricane Rita and were near repair with resources from the Road Home program. The family was hit again by hurricanes Gustav and then got flooded by Ike. The house was flooded more than 18 inches and the floors and walls need to be repaired again. The family went to FEMA and was told that they are not eligible for additional assistance. Yet they have approximately \$45,000 in new damages from the new storms.

The husband of the family also lost musical equipment important to his job and has not been able to secure resources to replace these lost items.

State Response

Many homeowners are in a similar situation of near repair from the 2005 storms and received further damage in the 2008 storms. Home repair and rebuilding will be an eligible activity in the parish designed programs. The state is also looking into why FEMA rejected this homeowner for newly incurred damage.

Public Comment 8:

Name: Bruce

Location: Lower Terrebonne Parish

Comments: Please provide adequate mitigation funding for elevating houses built on concrete slabs. Like many other folks, our concrete slab house was flooded for Hurricane Ike. I am told that people might receive \$30,000 for elevation through the ICC or some other program. Houses approximately the same size as ours, that were built on removable blocks, cost about \$45,000 to lift. A contractor recently gave us an estimate of \$200,000 for lifting our house. Houses built on concrete slabs ought to receive adequate mitigation funding that reflects the true market price for lifting. Will the health and safety of all families who occupy concrete slab houses continue to be at risk because of the "one solution fits all" approach?

State Response

The state is requesting from HUD that mitigation is an eligible activity. If the action plan is approved, parishes will have the ability to allocate resource to this purpose.

Attachment 1: Letter from Policy Link

Paul Rainwater, Executive Director
Robin Keegan, Deputy Director/Chief of Staff
David Bowman, Research and Special Projects Director
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December 9, 2008

RE: Guiding Principles and Suggestions for Gustav-Ike CDBG Action Plan

We appreciate the opportunity to provide guidance to the Louisiana Recovery Authority on issues that should be considered to enhance the equitable distribution of CDBG funding that will be allocated to the State of Louisiana pursuant to Continuing Resolution H.R. 2638. To facilitate the recovery process, the State proposes to allocate CDBG funds directly to impacted parishes based on housing and infrastructure damages, with the parishes selecting from a defined menu of options as to which housing rehabilitation, public infrastructure repairs, economic revitalization activities, and mitigation activities will be undertaken.

Given that many rural parishes and small municipalities have no history of housing programs or housing expertise in their administrations, and have in the past been resistant to supporting the development of affordable housing, the potential for an inequitable rebuilding is great. The State must issue guidelines to ensure funds help families recover their homes, and that they receive treatment similar to their neighbors in other parishes. The State can accomplish this goal by issuing funding based on a formula for localities to follow that is based on damage estimates, and that is simple to administer. Second, simple formulas should be utilized that move funds to affected households, that prioritize low income families, and expend little on administrative procedures.

Elected officials and local government officials must be held accountable for implementing inclusive housing programs if they are to be responsible for the management and development of these programs. These programs must prioritize getting resources to the most vulnerable residents including low-income families with children, the elderly and the disabled. The slow delivery of funds to households recovering from Hurricanes Katrina and Rita is a major barrier and could be also hamper the recovery of parishes affected by Hurricanes Gustav and Ike. The lack of capacity at the local government level to deliver services must also be considered as factor in the speed of recovery. Sufficient resources should be allocated to localities to enhance their capacity to deliver fair and inclusive resources as quickly as possible.

The recommendations contained in this public comment were garnered through meetings of leaders working to recover their neighborhoods or parishes, builders working to restore homes, social workers striving to transition people out of their transient situations, and legal aid workers defending people who have incorrectly been terminated from benefits or fair recovery grant awards. The following recommendations are intended to enhance equitable outcomes, maximize and leverage the CDBG disaster funding, minimize funding/resource gaps, and increase the

depth and breadth of technical assistance provided while building capacity to deliver much needed services.

We hope that you will use these recommendations to craft an inclusive and equitable response to Hurricanes Gustav and Ike.

Sincerely,

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Guiding Principles and Suggestions for Gustav-Ike CDBG Action Plan

Submitted December 9, 2008

On October 15, 2008, the “*Preliminary Plan for the Utilization of CDBG Funds in Response to Hurricanes Gustav and Ike*” was presented to and adopted by the Louisiana Recovery Authority Board of Directors. The Preliminary Plan outlines how the State, in concert with local communities, intends to design programs to address the estimated \$4-9 billion in residential property losses and the estimated \$1 billion public infrastructure damage. Uncompensated housing losses suffered as a result of Hurricanes Gustav and Ike is estimated to approach or surpass \$1.5 billion. To facilitate the recovery process, the State proposes to allocate CDBG funds directly to impacted parishes based on housing and infrastructure damages, with the parishes selecting from a defined menu of options in the areas of housing rehabilitation, public infrastructure repairs, economic revitalization activities, and mitigation activities.

The recommendations contained in this public comment were garnered through meetings of leaders working to recover their neighborhoods or parishes, builders working to restore homes, social workers striving to transition people out of their transient situations, and legal aid workers helping people get fair recovery grant awards. The following recommendations are intended to enhance equitable outcomes, maximize and leverage the CDBG disaster funding, minimize funding/resource gaps, and increase the depth and breadth of technical assistance provided while building capacity to deliver much needed services.

Background

One of the most visibly significant impacts of the 2008 storms has been the loss of homes; the emotional and psychological devastation experienced by those occupying the 150,000 to 300,000 homes damaged or destroyed is untold, particularly for those who were also impacted by Hurricanes Katrina and Rita. While the State was already experiencing a workforce crisis as a result of the hurricanes in 2005, largely due to a lack of affordable housing in impacted communities, the provision of affordable housing is again critical for families, employers and communities to recover from these most recent storm events.

Families recovering from Gustav and Ike can be spared the challenges faced by many Hurricane Katrina and Rita families by applying lessons learned from the those housing recovery programs to formulate a swifter, fairer housing recovery for Gustav and Ike victims. First, residents across parishes should receive equal treatment in home recovery disbursements—without parish by parish differentials. The state should issue a formula for localities to follow that is based on damage estimates, and that is simple to administer. Second, simple formulas should be utilized that move funds to affected households, and expend little on administrative procedures. For instance, the cost of rebuilding a modest home in a post-disaster Louisiana is approximately \$150,000. Grants could payout \$75,000 to households with 50 percent or less damage, and \$150,000 with damage greater than 50 percent (minus insurance or FEMA payments).

This would avert the problem of an inequitable Road Home grant calculation formula--from meeting rebuilding/repair costs up to \$150,000 to utilization of pre-storm assessment values—that left 81 percent of New Orleans homeowners and 69 percent of other parish homeowners

who are rebuilding in place with insufficient funds to rebuild. A simpler program would also diminish the prospect of lengthy appeals such those related to the Road Home. Such appeals as of October 23, 2008 resulted in over one-third (35%) of the 12,023 resolved appeals cases (4,191 applicants) receiving an average additional disbursement of \$25,605.* Yet there are many others who have unsuccessfully attempted to navigate the confusing and changing appeals process.

Families recovering from Gustav and Ike deserve a more equitable and straightforward process that moves funds quickly to avert the financial hardship of long waiting periods and administrative bureaucracy. Expediency and swift allocation of funding should be accompanied by accountability. Local governments that will be responsible for administering recovery programs should be held accountable for achieving an equitable recovery.

The State recognizes that parishes will require technical assistance and planning capacity to facilitate accountability and the successful implementation of the proposed action plan. Such assistance is also necessary to enable local governments to effectively implement programs in a transparent and accountable manner. As noted, for example, in the *Long Term Community Recovery Plan* for East Baton Rouge Parish,

“Many communities may need some technical assistance to develop the Housing Element of their Comprehensive Plan to address the full spectrum of community needs. In order to develop a comprehensive housing approach, local communities will need to know about the wide range of options and programmatic approaches, understand what programs are already operating in the community and what their limitations or capacities are, and identify gaps in services provided. In order for community programs to most effectively serve the community, the different organizations need to develop a coordinated approach.”

The recommendation contained in the East Baton Rouge Parish plan—that the State provide planning grants and technical assistance to local communities to assist with planning, program development, and implementation—should be followed and funded for the parishes impacted by Hurricanes Gustav and Ike.

General Principles Regarding Accountability

Elected officials and local government officials must be held accountable for implementing inclusive housing programs if they are to be responsible for the management and development of these programs. These programs must prioritize getting resources to the most vulnerable residents including low-income families with children, the elderly and the disabled. The slow delivery of funds to households recovering from Hurricanes Katrina and Rita is a major barrier and could be also hamper the recovery of parishes affected by Hurricanes Gustav and Ike. The lack of capacity at the local government level to deliver services must also be considered as factor in the speed of recovery.

The following safeguards and accountability systems should be put in place to ensure that a swift and equitable recovery to the 2008 storms occurs:

* Source: Based on data obtained from the Louisiana Recovery Authority. Data represent 119,074 closed applicants and are good for October 23, 2008.

- a set of guidelines, goals and timelines for localities with the expectation that if localities cannot reach these goals by a certain time, funding should be retracted and administered at the state level in partnership with proven nonprofit organizations;
- an expectation that, to facilitate speedy distribution of resources, the local governments should partner with local non profit groups who have been working on disaster related issues since the storms, who have the experience and accessibility to families in need, and who have earned the confidence of the folks in the community they are working with for case management purposes.
- a case management system that is well-funded and extends until long term housing systems are back on line;
- an accurate assessment of the damaged housing and housing tenure (rental or ownership), with fair and consistent formulas for recovery assistance that help victims rebuild modest homes; and
- a data tracking strategy that keeps accurate track of affected persons (particularly the amount of resources going to the needs of the most vulnerable) and that can interface with the data systems of other federal, state and local agencies.

Rental program Parameters and Guidelines

- A sufficient proportion of funds should be focused on bringing back rental units.
- Parish government should be required to use designated dollars for *affordable* rental housing production.
- The focus of funding should be primarily focused on production of units not vouchers, as the federal Disaster Housing Assistance Program (DHAP) will be handling vouchers.
- The state or local governments should create a different version of the Small Rental Program that is more efficient and that produces units more quickly with potentially smaller amounts of money focused at landlords that only need \$5-10,000 to get units back on line, ensuring that:
 - there is a commitment to affordability and to disbursing money upfront, not as a reimbursement or incentive program; and
 - construction management is tied to assistance for small landlords.
- Programs should be established that assist displaced renters, who have exhausted FEMA assistance or their own resources because of extended evacuations. Every effort should be made to house these residents as close to home as possible, providing for loss of household goods, rental down payment assistance, and moving assistance to enable reoccupancy in their damaged parish or county.
- Lastly the state can create a pool of funding for rental units with under 50% damage from the piggyback dollars.

Assistance for Homeowners and Nonprofit Technical Assistance

Providing technical assistance for homeowners will be especially critical, as nonprofit groups working with homeowners affected by Hurricanes Katrina and Rita report that many families face insufficient rebuilding grants, contractor fraud, a high-cost environment, inability to access additional credit, and home-title succession challenges that delay or deny funding for their home repair. Many of the nonprofits assisting these homeowners are overwhelmed by the volume of families requiring assistance, and are seriously underfunded. Providing support to these vital

partners in the recovery effort is critical, as is building the capacity of additional nonprofit housing providers to help with project planning, financing, and development.

While many homeowners who cannot complete repairs may just require a grant to help fill a gap and can manage the rebuilding process on their own, many other homeowners need not only funding but assistance with the rebuilding process. Nonprofit partners can provide case management assistance to displaced households, as well as leverage and coordinate services with local housing programs. Referrals can be made to housing nonprofits to assist with design issues, construction specifications to rehabilitate or rebuild, contractor selection, and inspection services to protect the owner's interest in obtaining quality construction. These project/construction management services most often will incorporate coordinating volunteer labor and strategies for lowering production costs (insurance pools, bulk material purchases, etc.).

A draft program that would respond to the need described above, using lessons learned from Katrina and Rita response is presented below. A similar program can be adapted for the repair of small rental units owned by mom and pop landlords who have little capacity to manage the rebuilding of their rental units.

DRAFT HOUSING REHAB PROGRAM FOR FAMILIES AFFECTED BY HURRICANES GUSTAV AND IKE

PURPOSE

To facilitate the rehabilitation of owner-occupied homes whose residents have insufficient resources to repair their homes as a result of damage caused by Hurricanes Gustav and Ike and who need assistance with the rebuilding process. The program will provide grants, counseling, and construction management to repair homes to meet minimum building code and basic livability standards. The program is intended to fill funding gaps caused by high hurricane insurance deductibles, or the inability to access loans and other resources to cover rebuilding gaps. The program is also intended to protect homeowners from contractor fraud, a need that arose as homeowners attempted to rebuild after Katrina and Rita. The goal is to provide assistance to as many homeowners as possible to support recovery in heavily damaged neighborhoods.

ELIGIBILITY

1. Homeowner must have owned and occupied property at the time of the Gustav. Owner occupancy will be verified through a check of pre-Gustav homestead exemptions.
2. Homeowner is still unable to live in the house, or is living in a property in substandard conditions.
3. Homeowner has taken steps to repair home such as filing insurance claims, applying for a building permit, hiring contractors, or purchasing materials.
4. Homeowner does not have sufficient funds or financing available to complete repairs.
5. There are no income requirements, but priority will be given to homeowners at or below 120% of area median income.

APPLICATION PROCESS

Homeowners will be able to apply for program funds by referral through approved partner organizations that provides housing counseling, case management and/or construction management. Housing counseling agencies should have a demonstrated positive track record for providing these services in order to provides services through this program. Neighborhood associations may also be included as referral sources.

Applicants should:

1. Agree to use any available funds from insurance settlements, government housing grants, or other sources in combination with a local government grant to pay for repairs.
2. If applicable, provide proof of contractor fraud through filing of a complaint with the State Attorney General, Parish District Attorney, or Better Business Bureau.
3. Complete a short, post-purchase housing counseling program on home repairs, mortgage servicing, insurance, property taxes, credit, and debt management.
4. Agree to have a local government entity or a partner agency help them manage the rehabilitation process.
5. Agree to elevate the house above the Base Flood Elevation, if required.

Redevelopment authorities such as the New Orleans Office of Recovery and Development Administration (ORDA) or other local entities, in consultation with partners, will award grants based on need and feasibility.

1. Local government entity will conduct cost estimates and produce a scope of work for eligible applicants to return home to basic livability and code standards.
2. Local government entity will determine if available resources are sufficient to complete needed repairs.
3. A committee of representatives of a local government entity and partner organizations will award grants to eligible applicants where it is deemed likely that repairs can be completed with available funds.

MANAGEMENT

1. Program funds for individual homeowners will be disbursed to a partner organization providing construction management or will be held in a restricted account to be managed by a local government entity. Homeowner contribution funds will also be placed in the restricted account.
2. Homeowners will have the option to choose the licensed and insured contractors of their choice. Contractors will provide a detailed estimate of the repair costs to the homeowner and to a local government entity for approval.
3. Contractor licenses will be verified by a local government entity or partner organization before a contract is signed or any funds are paid to the contractor. The contract must specify the total cost, and the expected start and completion date.
4. Funds will be paid in installments not to exceed 1/3 of the total cost of the job only to licensed and insured contractors as repairs are completed. No more than 1/4 of the total cost will be disbursed to begin work. Local government entity or the partner organization will conduct periodic inspections as requested to facilitate the disbursement of funds.

5. Final payment to the contractor will only be made upon inspection by a local government entity, filing of a certificate of completion and occupancy, and the satisfaction of the homeowner. The homeowner must also have completed the post-purchase housing counseling program through one of the partner organizations.
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Although CDBG funds can be used to address a variety of community needs, as proposed by the State in its disaster recovery plan, enabling families to repair, rebuild and return to their homes and communities is the most pressing need in disaster recovery; local economies cannot survive where families and workers are in short supply. As long-term recovery funding for housing is primarily limited to CDBG, judicious use of these resources is required. As such, it is recommended that the State employ the following funding allocation formula.

Proposed Funding Priorities

Given that many rural parishes and small municipalities have no history of housing programs or expertise in their administration, the state must issue guidelines to ensure funds help families recover their homes, and that they receive treatment similar to their neighbors in other parishes.

Prioritize Housing – 70%

As uncompensated housing losses are the largest single impediment to helping families recover, it is recommended that seventy-percent (70%) of Louisiana’s CDBG funding, allocated pursuant to Continuing Resolution H.R. 2638, support the repair and rebuilding of housing. The 70% proposed includes the mandatory set aside for rental housing of 10%. Parishes should be required to spend beyond the 10% set aside on the repair of rental units, proportional to rental damage/loss for their parish. In addition to covering uncompensated losses for homeowners and funding to repair affordable rental units, it is recommended that the housing allocation include:

- Additional Compensation grants to help lower income households recover. Parishes receiving funding should provide additional resources to affected residents below 80% of area median income including grants, low interest loans or forgivable loans.
- Homelessness Prevention activities that include temporary housing and provisions for permanent supportive housing solutions

Community Economic Revitalization and Blight Reduction

It is important that significant resources be allocated for parishes to prevent properties in recovering areas from becoming blighted, and to assist these communities with economic revitalization projects to prevent overall blight in neighborhoods and increase economic opportunity.

Prioritize Housing-related Infrastructure

The full repair of key infrastructure and public facilities must include those projects which directly support housing, neighborhoods and community facilities, as these are all vital

components of rebuilding communities and enabling families to resume normal lives. It is recommended that the State fund developed to cover full repair include a provision guaranteeing neighborhoods a fair and equitable pro rata share of resources.

Technical Assistance and Planning Capacity

Parishes will require a great deal of technical assistance and planning capacity in order to equitably implement the programs contained in the proposed action plan; and parish residents will require significant human services and housing recovery assistance to overcome their losses. Allocation of CDBG funds made by the State should carry provisions that require parishes to contract with capable nonprofits to carry out :

- Case management
- Construction management
- Expansion of capacity for delivering housing support services at scale of need

An additional allocation of funds should be provided to Katrina and Rita parishes also impacted by hurricanes Gustav and Ike, to supplement their Long Term Community Recovery Plans to meet the compounded damages.

Opportunities to Leverage CDBG Funding

The State CDBG Action Plan for Gustav and Ike Hurricane Rebuilding should be explicit about how it will coordinate, leverage other additional sources of funding for hurricane recovery that were also included in Continuing Resolution HR2638. These additional sources of funding include:

Rural Development Disaster Assistance Fund

- \$59m for single-family and multi-family housing expenses resulting from the 2008 storms and natural disasters
- \$40m for community facilities
- \$26m for utilities activities

Economic Development Assistance Programs

- \$400m for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure related to the consequences of hurricanes, floods and other natural disasters occurring in 2008

Health and Human Services Social Services Block Grant

- \$600m for necessary expenses resulting from hurricanes, floods and other natural disasters occurring during 2008...and from Hurricanes Katrina and Rita...the distribution of such amount shall be limited to States directly impacted by these events...amount distributed based on demonstrated need in accordance with objective criteria that are made available to the public...may be used for services and facilities

It is recommended that these additional funding streams be integrated with CDBG funded recovery plans to create synergy for neighborhood stabilization, as well as for other activities specified in the Preliminary Plan such as:

- ***Community Economic Revitalization and Blight Reduction*** – harness funds from both Rural Development Disaster Assistance Fund and Economic Development Assistance Programs to address blight and assist with community economic revitalization projects that increase economic opportunity.
- ***Infrastructure*** – exclusive of FEMA Public Assistance funding,
 - leverage with funds from Rural Development Disaster Assistance Fund to
 - repair and/or rebuild public infrastructure which directly supports housing and neighborhoods (storm water drainage, sewers, water treatment facilities) and
 - Repair and/or rebuild community facilities (public schools)
 - leverage with funds from Economic Development Assistance Programs both generally and to harden existing structures or infrastructure to prevent damage from future disasters
- ***Technical Assistance and Planning Capacity*** – leverage with funds from Health and Human Services Social Services Block Grant to provide case management to assist families through the recovery and rebuilding process.

Attachment 2: Letter from City of New Orleans

December 10, 2008

Paul Rainwater
Executive Director
Louisiana Recovery Authority
150 N. 3rd Street Suite 200
Baton Rouge, LA 70801

Subject: City of New Orleans Public Comment on the Louisiana Recovery Authority and Louisiana Office of Community Development's "*Proposed* State of Louisiana Action Plan for the Utilization of CDBG Funds in Response to Hurricanes Gustav and Ike"

Dear Mr. Rainwater:

The City of New Orleans is in the midst of rebuilding from the catastrophic damages of Hurricanes Katrina and Rita, which were exacerbated by the further damages we received from Hurricanes Gustav and Ike. We are grateful for all that the Louisiana Recovery Authority has done under your leadership to assist us in our recovery. Although the magnitude of damage that we received from Hurricanes Gustav and Ike do not rival that caused by Katrina and Rita, we still have unmet housing, economic, public infrastructure, and other needs due to the storms of 2008. In addition, we have critical needs stemming from previous catastrophic losses which impair long term recovery, restoration of infrastructure, and response to future disasters.

The City of New Orleans has gained insight and experience with the Louisiana Recovery Authority's processes and procedures for allocating and expending the Disaster CDBG from Hurricanes Katrina and Rita. Based on this experience, we offer the following comments and suggestions regarding the "*Proposed* State of Louisiana Action Plan for the Utilization of CDBG Funds in Response to Hurricanes Gustav and Ike":

- **Method of Allocation:**
 - Calculations for direct parish allocations should also be based on the critical needs stemming from the previous catastrophic losses which impair long-term recovery, restoration of infrastructure, and response to future disasters. The damages caused by Gustav and Ike compounded the existing critical infrastructure needs, and it would be difficult to separate the two. Basing allocations solely on Gustav and Ike damages would artificially lower the recovery needs of local parishes, and hamper their ability to respond to future disasters.
- **Method of Distribution:**
 - The recovery needs that parishes face following Gustav and Ike are quite similar to those caused by Hurricanes Katrina and Rita; in fact, many of them are the pre-existing needs that were exacerbated by Gustav and Ike. Many parishes, including Orleans, spent months crafting comprehensive recovery plans with

unprecedented levels of community participation and public input, and these plans are still relevant to our recovery from Gustav and Ike. Our citizens are wary of more planning, and we would propose that we use our Unified New Orleans Plan (UNOP) as our citizen participation plan, as it still addresses the current needs of our community.

- The 5% in administrative costs that are allowed by Public Law 110-329 and will be drawn on by the State should be divided up proportionately between the state and local parishes. Since the State will allocate 70% of the overall funding to the local parishes, they should also allocate 70% of the administrative funds to local parishes. These administrative funds would then be awarded to parishes based on the proportion of the award that they received from the pool of 70%. The State kept the entire administrative portion of Disaster CDBG that was awarded for Hurricanes Katrina and Rita, which has placed an undue burden on local parishes in administering and monitoring programs. In addition, the enhanced administrative services that parishes were supposed to receive from the State have not materialized.
- If the State chooses to retain more than a proportionate share of administrative costs, they must adequately provide for and fund environmental reviews. The environmental review money set aside by the State for Katrina and Rita is insufficient given the number of environmental reviews that are required to use CDBG money. It has caused the City of New Orleans to have to use our own pot of Disaster CDBG to fund environmental reviews.
- **Technical Assistance:**
 - Technical Assistance on complying with CDBG regulations is only sufficient if parishes are also given a proportionate share of the administrative costs. We have found with the money from Katrina and Rita that the State's consultants provide guidance, but then the City does not have the staffing capacity to properly implement and monitor programs because we did not receive any administrative funds to hire them.
 - The Proposed Action Plan states that "Parishes will be able to use allocated funds to hire grant administrative staff and/or consultants." Again, in order to hire staff the parishes must receive a proportionate share of the administrative costs.
- **State Implemented:**
 - Workforce Rental Housing (p. 7) – Orleans Parish had 67% of the damage to all renter-occupied housing stock in the state following Katrina and Rita. Because of this damage to our rental stock, and further damage caused by Gustav and Ike, we have a very high demand for affordable rental housing. If this money for Gustav and Ike will be awarded competitively, New Orleans should be assured of some portion of the pool to compensate for the lack of assistance for rental housing that our citizens have received for Katrina and Rita.
- **Parish Implemented:**
 - Housing (p. 8) – We are noting that on page 8, under the first paragraph for Housing, the plan states that there is an initial set aside of 30% for housing

programs. We have been advised by LRA staff that this 30% figure is an error, but we want to confirm that it will be removed from the final plan that is submitted to HUD.

- Infrastructure, Eligibility (p.9) – In order to maintain consistency with the proposed method of allocation, eligible projects should also include those critical needs stemming from previous catastrophic losses which impair long term recovery, restoration of infrastructure and response to future disasters, not just repairs from the catastrophic events of 2005.
 - On page 9, it states that funds will be set aside from Parish-implemented plans for State-owned port facilities. If funding is set aside for State-owned port facilities, it should come from the State-implemented programs and State pool, not the local allocations.
- **Appendix A: Eligible Activities**
 - 5. Instead of “sewer and drainage systems”, it should read “sewer and water systems” or “sewer and water infrastructure.”

Thank you for the important role you continue to play in our city’s recovery from Hurricanes Katrina and Rita, and now Gustav and Ike. You have stood with our citizens who are working to rebuild their homes and lives, and you have pushed to get the state focus and the resources we need. We believe that by implementing the changes that we are providing in this public comment for the *Proposed* State of Louisiana Action Plan for the Utilization of CDBG Funds in Response to Hurricanes Gustav and Ike, the city will be better equipped to respond to the critical recovery needs that still remain. We look forward to our continued joint endeavor to speed the recovery of our City.

Sincerely,

Edward Blakely
Executive Director, Office of Recovery Development and Administration

Cc: Mayor C. Ray Nagin
Paul Catrou, Louisiana Office of Community Development