

## LOUISIANA RECOVERY AUTHORITY

### A Resolution for the Reallocation of Funds from Certain Previously Approved CDBG Recovery Programs

July 30, 2007

**OVERVIEW:** A Resolution by the Louisiana Recovery Authority Board to urge and request Governor Blanco and the Division of Administration, Office Community Development to not proceed with certain previously approved Community Development Block Grant (CDBG) recovery programs and to reallocate \$627 million of CDBG funds from those programs to the Road Home Program for homeowner assistance grants to resolve the projected shortfall in the program budget.

Whereas, the state requested \$9.4 billion from the Office of the Federal Coordinator for owner occupied housing recovery programs;

Whereas, the Office of the Federal Coordinator and state officials later negotiated total federal funding in the amount of \$7.5 billion for the state's homeowner assistance program;

Whereas, these negotiations culminated in a difference of \$1.9 billion in total federal funding for the homeowner assistance program;

Whereas, the state relied on Federal Emergency Management Agency (FEMA) data when making program projections and in crafting a program budget request;

Whereas, current projections indicate that more homes were damaged, that the amount of damage is more severe, that the cost to rebuild or repair damaged homes is higher, and that the estimated percent of losses covered by insurance are less than expected relative to the original estimates;

Whereas, the current Road Home Homeowner Assistance Program projected costs total \$10.7 billion, leaving a significant deficit;

Whereas, it is now evident that the program does not have sufficient funds to cover all remaining eligible homeowners and that a budget shortfall exists;

Whereas, Governor Blanco has directed that \$724 million of state and CDBG funds be redirected toward the Road Home Program to cover a significant portion of the shortfall;

Whereas, the Louisiana Legislature at the request of Governor Blanco has appropriated \$447 million to the Road Home Program to cover a significant portion of the shortfall;

Whereas, the Louisiana Legislature has also appropriated \$300 million for the Medical Center of Louisiana at New Orleans and another \$187 to cover State Buildings FEMA Ineligible Expenses—amounts currently funded with disaster CDBG funds—freeing up \$487 million of CDBG funds to put toward the Road Home shortfall;

Whereas, as a result of these actions, new state funds have closed the Road Home Homeowner Assistance Program budget shortfall gap by \$950.5 million;

Whereas, because the Louisiana Recovery Authority, Governor Blanco, and Louisiana Legislature have expressed interest in reaching a full allocation of \$1 billion in additional funds for the Road Home Program, a number of existing CDBG-funded programs would need their uncommitted funds reduced by 5% to free up a total of \$1 billion of new funds;

Whereas, Governor Blanco has also requested the assistance of Louisiana's congressional delegation to secure additional federal assistance for the Road Home Program;

Whereas, it is imperative that a resolution to the budget crisis be crafted that will not result in eligible homeowners not being served;

Whereas, the state received two federal appropriations of recovery dollars and allocated those appropriations amongst desperately needed recovery programs, designed to address housing, infrastructure, and economic development needs;

Whereas, reallocating funds from previously approved CDBG recovery programs to the Road Home Program will assist the state in eliminating the projected shortfall in the program's budget and will allow more eligible homeowners to be served.

**THEREFORE BE IT RESOLVED:** that the Louisiana Recovery Authority Board does hereby urge and request Governor Blanco and the Division of Administration, Office Community Development to not proceed with certain previously approved Community Development Block Grant recovery programs and to reallocate \$627 million of CDBG funds from those programs to the Road Home Program for homeowner assistance grants to resolve the projected shortfall in the program budget as outlined below.

**THEREFORE BE IT FURTHER RESOLVED:** that the Louisiana Recovery Authority Board does hereby approve revisions to Action Plan Amendment No. 15 to Action Plan No. 1 and Action Plan Amendment No. 4 to Action Plan No. 2 consistent with this resolution and recommends that they are sent to the Governor and the Legislature for approval.

## Proposed Reallocations

	<b>TOTAL</b>	<b>Original Cuts/ Reductions</b>	<b>Revised Cuts/ Reductions</b>
<b>HOUSING PROGRAMS</b>			
Assistance to Owner Occupants	6,347,400,000		
LIHTC/CDBG Piggyback	593,970,000	6,598,500	12,924,000
Supportive Housing	72,730,000	2,537,750	0
Small Rental Properties	869,000,000	11,950,000	2,537,750
<b>INFRASTRUCTURE</b>			
State Infrastructure - FEMA Match and Ineligible Costs	277,500,000	277,500,000	277,500,000
Local Government Emergency Infrastructure	495,000,000	20,273,333	20,273,333
Medical Center of Louisiana-New Orleans	300,000,000	300,000,000	300,000,000
Private Non-Profit Infrastructure	40,000,000	2,000,000	2,000,000
Fisheries Infrastructure	20,000,000	1,000,000	1,000,000
<b>ECONOMIC DEVELOPMENT</b>			
Small Firm Recovery Loan and Grant	182,350,706	1,967,535	1,967,535
<b>UNALLOCATED</b>			
Primary & Secondary Educational Infrastructure	50,000,000	2,500,000	2,500,000
Local Government Emergency Infrastructure	95,000,000	4,750,000	4,750,000
Reserve	30,000,000	1,500,000	1,500,000
<b>Total Reallocations</b>		<b>632,577,118</b>	<b>626,952,618</b>