

LOUISIANA RECOVERY AUTHORITY

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

June 25, 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 \$277.5 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 to 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 authorize the LRA staff to work with the Office of Community Development to develop an Action Plan Amendment or Amendments consistent with this resolution for public comment. In the event that comments during the public comment period do not require any changes to the Action Plan Amendment, the Louisiana Recovery Authority Board does hereby authorize Dr. Francis, Chairman of the Board, to approve the Amendment and send the Amendment to the Governor and the Legislature for approval.

Proposed Reallocations

	TOTAL	Cuts / 5% Reductions	Increase to RH	TOTAL
HOUSING PROGRAMS				
Assistance to Owner Occupants	6,347,400,000		1,000,000,000	8,517,400,000
LIHTC/CDBG Piggyback	593,970,000	(6,598,500)		593,970,000
Supportive Housing	72,730,000	(2,537,750)		19,286,900
Small Rental Properties	869,000,000	(11,950,000)		869,000,000
INFRASTRUCTURE				
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)		495,000,000
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)		40,000,000
Fisheries Infrastructure	20,000,000	(1,000,000)		20,000,000
ECONOMIC DEVELOPMENT				
Small Firm Recovery Loan and Grant	182,350,706	(1,967,535)		182,350,706
UNALLOCATED				
Primary & Secondary Educational Infrastructure	50,000,000	(2,500,000)		50,000,000
Local Government Emergency Infrastructure	95,000,000	(4,750,000)		95,000,000
Reserve	30,000,000	(1,500,000)		30,000,000
Total Reallocations		(632,577,119)		