

Dear FoCHAT Members,

1. An Inaccurate Explanation for HUD Rejecting LRA Action Plan Amendment #28 Based on Act 872

In a Jan. 13 letter to Gov. Jindal signed by a HUD official, the LRA Action Plan Amendment 28 was rejected

This action plan amendment would have fixed a major inconsistency in Road Home (RH) administration

It was mandated by Act 872, signed into law on July 9, 2008, in which the Louisiana legislators called for reform of the Road Home Program

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=504663>

- The bill was passed by 82 votes for vs. 11 opposed in the House and 93 for vs. 4 opposed in the Senate although LRA (Louisiana Recovery Authority) and OCD (Office of Community Development) argued against it
- It called for re-institution of the former RH policy of using the highest of multiple house valuations ‘pre-storm values, PSVs’ for calculation of grants
 - Road Home stated that it “Provides the applicant with the highest available pre-storm value” http://road2la.org/Docs/policies/Homeowner_Policies%20v5.2_5-6-08.pdf (p. 22/30)
- From many applicants’ reports and staff reports, we know that grant values were downsized from original determinations by later PSV’s that were lower.
- Choosing the highest PSV was supposed to be an antidote to choosing the lower of the two values of PSV vs. estimated cost of damage in grant calculations
- ICF seems to be padding its bills with redundant PSV’s and then often downsizing grant amounts by choosing low values for grant calculation
- **Most importantly, HUD allows RH to give applicants the highest ICF-calculated PSV in their file upon appeal**
- **So this law would let applicants who have not had a chance to appeal get the same treatment as those who do**
- Amazingly, the letter arrived at a judgment about Action Plan Amendment 28 inconsistent with the words of the Amendment
- The amendment is not about pre-storm home valuations “20% higher than the next nearest estimate,” as stated in the letter
- Nor is it about any 20% rule as the letter states

- It is about ICF's multiple, often inaccurate & wasteful determinations of pre-storm value (PSV) for grant calculation

The State (Office of Community Development, OCD) admitted in the fiscal note for RH reform bills in 2008 that it would cost something like \$0.5 billion to give applicants the highest of multiple ICF-determined PSVs in their file

The yellow highlighting below comes from LRA's Action Plan Amendment & the yellow highlighting is theirs to indicate the change for Amendment 28.

<http://www.doa.louisiana.gov/cdbg/dr/plans/Amend28-PUBLIC-COMMENT-Appraisal-Determination-08-08-08.pdf>

Pre-Storm Value

To accurately calculate compensation, the *Road Home* Program must base assistance on a fair and equitable pre-storm value of the home. The pre-storm value is based on one of four methods listed below. **If more than one method of determining pre-storm value is available, the pre-storm value used in the *Road Home* calculation will be based on the method with the highest value, regardless of any difference between the values determined by different methods.**

1. Homeowner-provided appraisal of pre-storm value performed by a Louisiana certified and licensed appraiser that was completed since January 1, 2000 (including appraisals completed post-storm). These appraisals will be adjusted, if necessary, to reflect the market rate as of the 2nd quarter of 2005 using figures released by Office of Federal Housing Enterprise Oversight (www.ofheo.gov). If the appraisal provided by the homeowner is a post-storm appraisal of pre-storm value the valuation will be verified by the Road Home.
2. FNMA (Fannie Mae), Freddie Mac, FHA, VA, USDA, or SBA Appraisal that was completed since January 1, 2000. If there is more than one source available, the *Road Home* will use the most recent appraisal available. These appraisals will be adjusted to reflect the market rate as of the 2nd quarter of 2005 using figures released by Office of Federal Housing Enterprise Oversight (www.ofheo.gov).
3. A pre-storm market analysis that is obtained by *The Road Home* program from a Louisiana certified and licensed appraiser
4. A BPO of pre-storm value that is obtained by *The Road Home* program from a Louisiana licensed Realtor. The Road Home program will coordinate with home evaluation team to obtain square footage of home and any other information about the home necessary for the Realtor to prepare a valid BPO. The BPO will involve a drive-by of the property to view the neighborhood and the subject property's land and structures.

HUD got it wrong, as they did in a May 19, 2008 letter elicited by former OCD head Suzie Elkins

That letter was used to help defeat another bill, the Road Home Applicants Bill of Right, SB 740

It had the same mistake about the 20% rule that was irrelevant to that bill

2. Predatory New Wording in Closing Documents For Those Who Sold Their Home To the Road Home Program

- Closing documents now state that applicants would have to return the entire grant even if they made an unintentional "mistake"
- This is easy to do in the maize of changing and overly complicated rules for the Road Home

- The wording is
CIVIL LIABILITY DISCLOSURE: I agree to repay the Grant in the event I have made or hereafter make or file false, misleading and/or incomplete statements and/or documents, even if not intentional on my part.
- This is yet another example of the applicant-hostile nature of many aspects of the Road Home Program
- LRA has even used what it calls pull-backs to decrease grants **after** closing by not putting the full amount signed for in the applicant's bank account
- It has done this even for alleged Road Home mistakes

3. Good News, Sold-At-A-Loss Extended to Aug. 29, 2007

Bad News, We Hear Of Shortchanging Some of These Applicants

& No Money Given Out More Than Half A Year After Approved Grants For Those Who Sold by Aug. 29, 2006

http://www.nola.com/news/index.ssf/2009/01/more_than_800_homesellers_now.html

More than 800 homesellers now eligible for Road Home grants

by Michelle Krupa, The Times-Picayune

Friday January 23, 2009, 9:33 PM

More than 800 Road Home applicants who sold their homes at a loss between Aug. 30, 2006, and Aug. 29, 2007, now are considered eligible for compensation grants, the Louisiana Recovery Authority announced Friday. The change comes a day after the U.S. Department of Housing and Urban Development authorized expansion of the Road Home's Sold Homes program for an additional year, LRA spokeswoman Christina Stephens said. Applicants must have applied to the program before the July 31, 2007, deadline and completed their first appointment by Dec. 15, 2007.

"Homeowners had to make tough personal choices about what to do with their homes after Hurricanes Katrina and Rita, and many times this included selling a home for an extreme loss," LRA Executive Director Paul Rainwater said in a statement.

"By approving this change, the federal government is allowing us to aid more of those families, for which we are thankful," he said.

Original Road Home guidelines allowed grants for homeowners who had sold their homes at a loss by Aug. 29, 2006, the program's launch date. LRA officials, however, did not confirm until mid-2008 that the Road Home's \$10.3 billion budget was sufficient to provide grants to those who sold their homes in late 2006 or early 2007.

The grants are supposed to cover the difference between a home's pre-storm value and the amount the owner got from insurance proceeds and the sale.

Stephens said no Sold Homes applicants have received their grants yet. She said the value of the grants are expected to be far less than the average payment made so far to property owners who stayed in their homes.

About 5,500 Road Home applicants who had sold their homes at a loss applied. LRA officials last year sent letters asking those still interested in receiving aid to respond, though they still had not determined whether money would be available.

About 3,000 applicants replied, Stephens said. Of those, 1,657 applications are pending -- and 102 are being verified -- covering properties that were sold in the year after the storm. She said the LRA will immediately begin reviewing paperwork from 832 applicants who sold their homes at a loss in the year ending Aug. 29, 2007.

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4. ICF Emergency Management Services, LLC (ICF) & Quadel Consulting Corp. (an ICF Subcontractor) could not buy the silence of all of its employees

At the Dec. 10 CHAT meeting being televised by Cox 10, you can hear and see one Road Home employee whose silence about RH problems could not be bought with a severance agreement

- ∅ The problems with ICF upper management intimidating employees who made constructive suggestions and the lack of consulting staff who dealt with applicants about the effectiveness of new or ongoing ICF protocols have been confirmed by additional former ICF staff

- Many ICF staff members told us they were just as frustrated with the Road Home as the applicants

- ∅ We thank George Blow and COX10 for their dedication to getting the facts about Road Home to applicants!

- ∅ The 2-hour CHAT meeting on Dec. 10, 2008 about Road Home Contradictions has been/will be shown on:

Tues., Dec. 16, 4 PM; Wed., Dec. 17, noon; Thurs., Dec. 18, 8 AM; Tues., Dec. 23, noon; Thurs., Dec. 25, noon; Fri., Dec. 26, 8 AM; Sat., Dec. 27, 4:30 PM; Sun., Dec. 28, 1 PM; Mon., Dec. 29, noon; Wed., Dec. 31, 2 PM; Thurs., Jan. 1, 1 PM; Fri., Jan. 2, 8 AM & 6 PM; Sat., Jan. 3, 3 PM; Mon., Jan. 5, 1:30 PM; Tues., Jan. 6, 3 PM; Wed., Jan. 7, noon; Thurs., Jan. 8, 4 PM; Fri., Jan. 9, 1:30 PM; Sat., Jan. 10, 3 PM; Mon., Jan. 12, 4 PM; Tues., Jan. 13, noon; Wed., Jan. 14, 2 PM; Thurs., Jan. 15, 2 PM; Fri., Jan. 16, noon; Sat., Jan. 17, 3 PM; Mon., Jan. 26, 4 PM; Tues., Jan. 27, noon; Wed., Jan. 28, 4:30 PM; Thurs., Jan. 29, noon; Fri., Jan. 30, 3 PM; Sat., Jan. 31, 4 PM.

5. We are hearing more and more about paybacks demanded of applicants to Road Home on appeals.

Is this more of squeezing grants to build up the surplus?

Is it to discourage appeals?

Tell us if you have a problem: <http://chatushome.com> for survey or send an email to chatlra@yahoo.com

Best wishes,

Melanie Ehrlich

Co-Chairman, Citizens' Road Home Action Team

Member, LRA Housing Task Force (which has not met since June despite numerous requests for meetings)

<http://chatushome.com>