

1. HUD and LRA

The Newspaper Article

David Hammer, Times-Picayune, July 28

<http://www.nola.com/timespic/stories/index.ssf?/base/news-2/1216877956216820.xml&coll=1>

The Response From HUD To A Letter That Is Behind The Newspaper Article: What A HUD Director Really Wrote & Requires Of LRA About Appraisals And Pre-Storm Values

"Nicholson, Rhoda M" <Rhoda.M.Nicholson@hud.gov>

[Add sender to Contacts](#)

To:

mehrlich8@yahoo.com

Cc:

"Disaster_Recovery" <DisasterRecovery@hud.gov>

July 22, 2008

Dear Ms. Ehrlich:

Thank you for your e-mail of June 17, 2008, regarding appraisal policies being implemented by the State of Louisiana in its Disaster Recovery grants through the Community Development Block Grant (CDBG) program. Your letter objects to the limitations that the State has imposed on differences in home valuations and to its termination of the use of review appraisals.

Since the inception of the State CDBG Program, the Department has given maximum feasible deference to the states in their grant administration. This policy applies to both Disaster Recovery and conventional annual grants. Such policy decisions are sometimes made in consultation with HUD but ultimately rest with the states. HUD policies, such as its Single Family Appraisal standards, do not apply to these grants. Therefore, the Department has referred your letter to the State of Louisiana for a final determination.

Thank you for your interest in the Department's programs.

Sincerely,

Jessie Handforth Kome

Director

Disaster Recovery and Special Issues

The Initial Letter To HUD That Led To The Response Above

Jessie Kome, HUD from Melanie Ehrlich, Citizens' Road Home Action Team

Tuesday, June 17, 2008 2:06 PM

From:

"Melanie Ehrlich" <mehrlich8@yahoo.com>

[View contact details](#)

To:

jessie.handforth.kome@hud.gov

Cc:

Dear Ms. Kome,

I am co-chairman and founder of the Citizens' Road Home Action Team (CHAT). CHAT is the only citizen advocacy group devoted solely to Road Home Program (RH) homeowner issues. Among our accomplishments to improve the process of applying for RH grants are convincing State officials to get the

contractor ICF to post the rules for grant calculation and to make a commitment to notifying applicants in writing of award decisions <http://page.thinknola.com/wiki/show/CHAT+Accomplishments>.

We have more than 800 members in our email network <http://chatushome.com> and over 1100 responses from applicants to our online survey <http://chatforfairness.com>.

We are very dismayed for large numbers of Louisiana Road Home applicants because of the arbitrary procedures for determining and often downgrading their pre-storm values, the usual starting point for grant calculation.

The Louisiana Office of Community Development (OCD) is implying in the fiscal note for the Road Home Applicants' Bill of Rights

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=497732>

that HUD endorses inferior, inequitably applied, and nontransparent methods for pre-storm value determination of RH grants over available superior methods and data.

1. First, we completely concur with the letter sent to you by Mr. John Murden, Louisiana certified appraiser, about the unfairness, lack of rigor, and lack of conformity with other government policies that is involved in the RH recently discontinuing field review appraisals but accepting them from Nov. 9, 2007 – [March 4,] 2008.

The only notice that the public got about discontinuing the fair and objective policy of RH-appointed appraisers reviewing applicant-purchased appraisals that were otherwise ignored is as follows. If you happened to be checking all over the RH website daily and you happened to read in detail the 50-page May 6, 2008 version of the homeowner policy document at their website, you could find this one sentence:

“The Road Home discontinued ordering field review appraisals for applicants who submitted post-storm appraisals not considered valid [i.e., more than 20% higher than Road Home’s valuation] on March 4, 2008.”

2. The latest versions of The Road Home Applicants' Bill of Rights, SB 740, and its fiscal note state that HUD would have to approve the substance of the bill as an action plan before the bill could take effect.

The bill's provisions include the normal business/government practices of giving written notification to applicants of the amount of the award, of outcomes of dispute resolution and appeals, and copies of the applicant files upon request. It is as if these policies of the program cannot be followed even though the ICF International said at public meetings of the LRA that they were already being followed. Moreover, LRA says they are policy and in their Dec. 2007 touted these “common-sense” improvements in policy.

http://road2la.org/news_releases/LRA_OCD_122107.htm

In reality, these policies are routinely ignored no matter how often applicants complain about this.

3. An unjustified twisting of language is in the fiscal note to SB 740

<http://www.legis.state.la.us/billdata/streamdocument.asp?did=497732>

It deals with the bill's provision of giving applicants the highest valuation in their file.

OCD notes that HUD allows approximately 20% over the highest valid pre-storm value to be paid to homeowners. According to OCD, this proposal may result in exceeding the 20% allowance and would not be eligible for CDBG funds. OCD {estimates that doing this} could cost a minimum of \$500 million.

The 20% maximum is for the limit to acceptance of homeowner-purchased certified appraisals (they are only automatically accepted by RH if they are no more than 20% higher than RH's valuation). According to ICF reporting (by Al Blankenship) at the January 2008 Housing Task Force meeting, only about 200 applicants had purchased certified appraisals. OCD's Mike Spletto concurred and defended the accuracy of that number. If OCD is referring to this, the only reported 20% rule, then the estimate of \$500 million to implement this policy would be for 200 applicants according to OCD and ICF, or a preposterous \$2.5 million per applicant.

If the 20% rule refers some other policy unknown to applicants, does it hinge on the use of the word "valid" in OCD's language in the fiscal note?

If so, why aren't all the validations by Road Home in an applicant's file not considered valid?

What unpublicized rule or arbitrary procedure is used to determine which home valuations in an applicant's file are considered valid?

Such arbitrary and changing determinations of which pre-storm value is used can explain why applicants so often report to us that their grant at closing was much less than promised in the award notice and why a RH employee told applicants to burn their award notice because it was worthless.

Does HUD agree that there should be secret rules about what is a "valid" pre-storm value in an applicant's file?

Does HUD agree that it is acceptable to make more restrictive rules in the middle of the program about which pre-storm valuation (not full appraisal) is chosen from an applicant's file so that grants are recalculated to be smaller for some applicants while others, in equivalent situations who have already closed, had less constricting rules for their grant calculation?

Does HUD agree that inferior valuations, which we know often involved poor comparables when good ones were easily available, should trump a homeowner-purchased certified full appraisal that has been examined by RH via the field review appraisal mechanism?

Thank you in advance for your consideration,

Melanie Ehrlich, Ph.D.
Co-Chairman, CHAT
Member, LRA Housing Task Force
Cell phone: 443 629 4457
Office phone: 504 988 2449

Many thanks to the CHAT members who also wrote to HUD about appraisal issues. We know that at least some of them got similar letters from Ms. Kome's office at HUD.

Special thanks to John Murden, Louisiana Certified Appraiser and advocate for fair appraisals and home valuations for RH applicants, who started the outreach to HUD.

2. Tax relief coming for some in state Bush won't veto plan to help homeowners

Thursday, July 24, 2008
By Bruce Alpert

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Landrieu first proposed the Road Home tax fix in January 2007. The measure would allow taxpayers who took a casualty loss deduction for hurricane damage in 2005 and subsequently received a Road Home grant to amend their 2005 returns to eliminate the deduction. They would pay the resulting higher tax without interest or penalties. For many taxpayers that will result in significantly smaller tax liabilities than keeping the deduction and paying taxes on the Road Home grants.

Not every taxpayer will benefit from the change. Some, depending on their situation, may do better holding on to their 2005 tax deduction, Schreiber said.

3. Rebuilding Information

<http://louisianarebuilds.info/homeowners#rebuild>

Unpublished Letter To The Editor of the Times-Picayune

Re: EDITORIAL: Please end this mess

Tuesday, July 22, 2008

The state should make sure that those 500 cottages finally get built. However, it should also take care of many more than 500 Road Home applicants whose grant applications were messed up by ICF International. Mistakes include highly inaccurate home valuations by inferior methods executed poorly, ridiculously low determinations of percentage damage, and data processing errors. LRA is trying "to shape up the Road Home program" with fines for ICF's unsupported claims to have long ago resolved many of the dispute resolutions. But what about the applicants who are the recipients of unresolved ICF mistakes? This is like the government fining a contractor who is building a federal office building with poor techniques but allowing the building to proceed without fixing the shoddy construction.

Last week, LRA established a mechanism to implement the Jan. 1 policy for applicants to get a free copy of their file. Some applicants have been waiting for 6 months just for a copy of their damage estimate (CAD report) even though the report was supposed to be automatically sent to them. Many unlucky applicants with shortchanging mistakes in their grant calculation should soon know the nature of those mistakes. They deserve LRA to reopen their chance to appeal with these data in hand and with completely disinterested and qualified individuals judging their case so that Road Home cleans up the mess for these hurricane/flood victims who just want their home back. Not only applicants are crying out for restitution, but also the legislature passed and the governor signed ACT872, which calls for new mechanisms of fairness to fix Road Home mistakes. Will the mess be cleaned up before it is too late?

Melanie Ehrlich

Co-Chairman, Citizens' Road Home Action Team (CHAT)

4. Lagniappe

<http://www.nytimes.com/2008/07/23/dining/23slow.html>

By KIM SEVERSON

Published: July 23, 2008

AT the end of the summer, the gastronomic organization called Slow Food USA will host a little party for more than 50,000 people in San Francisco.

Carlo Petrini, a charismatic Italian who writes about food and wine, started Slow Food with friends who shared his notion that left wing politics and gastronomic pleasure could be happily married. The international organization has grown to 86,000 members and become an industry in Mr. Petrini's hometown, Bra, Italy. There are Slow Food restaurants, a university and a hotel. You can buy a cashmere truffle-hunting vest embroidered with the Slow Food snail logo at the main office in Bra.

The group's budget is about \$39 million, and subsidized by the Italian government. Much of the organization's work involves identifying traditional foods, like Ethiopian white honey or Amalfi sfusato lemons, and designing ways to help the people who produce them.

Its philosophy — that food is about much more than cooking and eating — is often hammered home by Mr. Petrini on his frequent trips around the world.

"I always say a gastronome who isn't an environmentalist is just stupid, and I say an environmentalist who isn't a gastronome is just sad," he said through an interpreter in an interview last year.

....

Slow Food has helped build gardens in schoolyards, and it came to the rescue in post-Katrina Louisiana, raising about \$50,000 to help restaurants reopen, farmers replant and shrimpers buy new equipment, among other things. New Orleans's premier farmers' market reopened a couple of months after the storm, largely through the sheer will of Slow Food members.

We will not stop due diligence on behalf of unfairly treated applicants until the Road Home Program's 3-year tenure is over. Yet more in the future on unfair treatment that was behind the T-P article of today.

We thank you for sticking with us and, more importantly, with the applicants!

Melanie Ehrlich

<http://chatushome.com> for updates on the continued showing this week on COX10 of the last filmed CHAT meeting