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# THE ROAD HOME? AN EXAMINATION OF THE GOALS, COSTS, MANAGEMENT, AND IMPEDIMENTS FACING LOUISIANA'S ROAD HOME PROGRAM

## HEARING

BEFORE THE

AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

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# THE ROAD HOME? AN EXAMINATION OF THE GOALS, COSTS, MANAGEMENT, AND IMPEDIMENTS FACING LOUISIANA'S ROAD HOME PROGRAM

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**THURSDAY, MAY 24, 2007**

U.S. SENATE,
AD HOC SUBCOMMITTEE ON DISASTER RECOVERY
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 3 p.m., in Room SD–342, Dirksen Senate Office Building, Hon. Mary Landrieu, Chairman of the Subcommittee, presiding.

Present: Senators Landrieu, Pryor, and Stevens.

Also Present: Senator Coburn.

## OPENING STATEMENT OF CHAIRMAN LANDRIEU

Chairman LANDRIEU. The hearing of the Subcommittee on Disaster Recovery will now begin. The Subcommittee will come to order.

Let me welcome all of you here this afternoon. There has been a great deal of interest in this particular hearing, and I am going to begin with my opening statement. It will be a little bit longer than usual, but I think the circumstances warrant it. Senator Stevens, my Ranking Member, will be joining me shortly, and Members will be coming in and out throughout the afternoon as we are on the floor voting throughout the afternoon. We will take those votes as they come.

Let me begin by saying that this hearing is not an investigation. It is an oversight hearing about the Road Home Program. We say a lot of things about our homes. We say, "Home is where the heart is." We say, "You can travel the world to search for what you need, but when you return home, you will find it." We say, "There is no place like home."

The Road Home Program was designed to help the people of South Louisiana build and return to their homes, to rebuild their neighborhoods and re-establish a sense of community. Unfortunately, to date, this program has not lived up to its billing. Louisianans have moved beyond frustration to cynicism and hopelessness. Headlines appear in the press on a daily basis with tag lines like "Road to Nowhere," "Potholes in the Road Home," "Road Blocks to the Road Home."

One might disagree with how the program was developed, designed, and funded, but it is all we have to work with at this point, and I intend to see that it begins to work better. We need to look into the funding levels to see if they are sufficient and, if not, find a way to make it sufficient.

No single hearing, of course, will remedy this problem. However, I do intend to get the answers we need to make much needed improvements. I intend to get answers from the people responsible for the program. On the first panel we will have Don Powell representing the Federal Government, primarily responsible for the design and development of the Gulf Coast Recovery Plan; and Andy Kopplin, who is representing the State. And I will introduce them in just a moment.

But here are some questions that I hope our panels today will be responding to: Why is it that almost 21 months after the storm and the massive flood, only a little over 13,000 checks have been cut? At this rate, which I will generously call a thousand closings a month, it will take us another 10 years to get this money to people. Is it the State? Was it the design? Was it the lateness of the funding?

What was the Federal role in determining the level of funding for Louisiana's program? What was the State's role in determining the level of funding for Louisiana's program? What is the cause of the projected program shortfall? What are the most pressing concerns facing program participants? Have contractors, like ICF, contributed to the program's delays? Have they put in procedures to eliminate some of those delays? What steps should be taken, either by Louisiana or the Federal Government, to fix the funding shortfall if we determine there is one? How has the agreement to use hazard mitigation funding affected the process of Road Home grants? How can the State and Federal Government collaborate to resolve the dispute over the hazard mitigation funding, which is a substantial portion—I think $1.2 billion—in question?

What role, if any, are the local governments playing in the management of the hazard mitigation funds which are traditionally used to help mitigate against future disaster and help with local funding infrastructure? What is the projected timeline for all Road Home grants to be disbursed? How is the duplication of benefits preventing people from getting their full promises of funding to get their homes and lives underway?

As this Subcommittee probes for answers to these questions, we also need to establish a bit of context, which I hope we can do today. The Road Home Program was developed by Governor Blanco's Administration. The chief architect of the program was Executive Director Andy Kopplin, who is with us here today. It was developed through the LRA. It initially asked for $14.9 billion, according to some records I have seen. However, the Administration said this was too costly. In reaction, the Administration reduced the amount of the program.

Congress appropriated $10.4 billion in community development block grants to the State through the third and fourth Hurricane Katrina supplemental. Then in December 2005, the State received the first $6.2 billion, and in June, Louisiana received an additional $4.2 billion.

The reason for this funding source, Congress thought this funding source was the most flexible and it would be the most effective tool for both Louisiana and Mississippi to engineer its own recovery. That flexibility is in question today. The CDBG funds are administered by the Department of Housing and Urban Development. My office has heard time and time again that the use of these funds has been anything but flexible. Conversations about the plan occur on a daily basis, and change upon change has been required.

We have the Assistant Secretary of HUD, Nelson Bregón with us today, along with Susan Elkins, who is responsible for administering these dollars at the State level. They are what I call the "fixit people." If it can be fixed, it is going to be HUD, FEMA, and the CDBG administration at the Federal level that can fix it, and then Congress or the State can fund it if it is short.

The LRA decided to use $8.8 billion of CDBG money for the Road Home Program. The remaining was spent on economic development, infrastructure, and hazard mitigation. The State also hoped to use $1.2 billion from FEMA's Hazard Mitigation Grant Program as part of the budget for the Road Home Program, and I continue to run into all sorts of explanations as to who mandated that and why, and we hope to get to the bottom of it.

One of the most immediate problems that the program faces today is a projected shortfall in funds. This challenge to the future of Road Home was first aired publicly recently. The Louisiana congressional delegation has fought very hard to get full funding, but I have suspected for a long time that our community development awards were not given out in proportion to the damage that Louisiana sustained. We will get some facts in the record on that.

If this was a program that was receiving high marks from the people it serves, maybe these kinds of errors in assumptions could be forgiven. But this program is in many measures not living up to the promises that were made. I hear stories of unreturned phone calls, a labyrinth of bureaucracies that make filing appeals and getting simple explanations an arduous process, and we will hear from our citizens today.

While I understand that the original dollar figures for Road Home may have been based on uncertain estimates, the State has a number of questions to answer. Why was the program designed this way? I hope some of those designs can be justified. Individuals who opt to leave Louisiana are penalized. Although there have been some changes made for the elderly, there are many citizens in the bracket of disabled citizens that are complaining that they are not exempt from this penalty and feel like that is unfair. We hope to get some answers to that.

There are enough challenges within Road Home to hold a hearing on this every week. I am obviously not going to be able to do that. But I do hope that the panel will present their remarks today, beginning with the two people primarily responsible for the design and funding levels. Of course, that is not to take away the responsibility of Congress for funding the overall program. But we relied in large measure on information given by the Coordinator's office and by your office, Mr. Kopplin, as to how to appropriate at what level of funding to help the design of the program.

There has been a slight change to the original outline of today's hearing, and I wanted to say that I took the liberty of Chairman earlier this morning to make this change, because one of the things that I am hoping to get through today is discussing that moves us away from talking points and closer to getting to the bottom of the numbers, figures, amounts, and details in question. And so I asked Mr. Kopplin and he was willing to join Mr. Powell on the first panel to hear about the design. Then we will have our homeowners, which I thought was appropriate, to tell about their personal experiences. The last panel, which, unfortunately, Mr. Powell is not going to be able to stay for—and I understood that initially because he is traveling later today—will be from HUD and FEMA and the community development program at the State level as to how it could potentially be fixed. Now, perhaps it is working as the designers intended. But I would like to believe that we could get help to people sooner. I would like to believe that the program will be fully funded and promises fully met. And that is what the hearing is about today.

So, Mr. Powell, if you do not mind, we will start with you. As I said, Senator Stevens will be joining us in just a moment. Let me briefly introduce our first two panelists. We have received their testimony in good order, and I appreciate it because, unfortunately, we did not receive the FEMA testimony until 2 hours ago. There is a requirement that testimony be turned in to this Subcommittee 24 hours in advance, and I want it noted we did not receive the testimony from FEMA until about 2 hours ago.

We did receive both of your testimonies on time. They have been thoroughly read and reviewed, and I would like to introduce Mr. Powell at this time for his opening remarks. He was named Federal Coordinator for Gulf Coast Rebuilding on November 1, 2005, by President Bush. He has been tasked with the job of developing of a long-term plan for the region in the aftermath, with development a long-term rebuilding plan for the regions affected by Hurricanes Katrina, Rita, and Wilma. He also works to coordinate the Federal efforts and help State and local officials reach consensus on their vision for the region. Prior to serving as the Coordinator, Mr. Powell served as the 18th Chairman of the Federal Deposit Insurance Corporation, a position he held since August 2001.

The next witness will be Andy Kopplin, Executive Director, Louisiana Recovery Authority (LRA), an agency which was developed a few weeks after Hurricanes Katrina and Rita struck Louisiana, Texas, and Mississippi coasts and the massive flood that ensued by a collapse of the Federal levee system, which flooded a great deal of southeast Louisiana. To act as the leadership on the massive recovery effort has basically been his position. He is represented by the State entity, which is the LRA, which was designed to basically represent the State in this recovery. Prior to that, he served as Chief of Staff to Governor Blanco and before that to Governor Foster.

So, with that, Mr. Powell, if you will begin, I think we are going to provide 5 minutes for opening statements, and then we will have a series of questions, and the same to you, Mr. Kopplin.

**TESTIMONY OF DONALD E. POWELL,[1] FEDERAL COORDINATOR FOR GULF COAST REBUILDING, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. POWELL. Thank you, Senator. Good afternoon, Subcommittee Chairman Landrieu, Ranking Member Stevens, and distinguished Members of the Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery. My name is Don Powell, and I am pleased to appear here before you today as the Federal Coordinator of the Gulf Coast Recovery. I am here today to discuss the Blanco Road Home Program, specifically its current financial status.

By way of history, just after I took the post as Federal Coordinator, my staff and representatives from the State of Louisiana began exhaustive talks to determine possible additional need beyond the $6.2 billion allocated to Louisiana—the maximum amount as allowed by statute in December 2005. My charge was clear: Gather the best available data, put all the information on the table for review. After many weeks of discussion and by using scientific methods like National Oceanic and Atmospheric Administration estimates on flood depth levels, FEMA and U.S. Geological Survey on areas of maximum flood and storm surge inundation, FEMA remote sensing data, SBA loss verification information, FEMA inspections, and HUD data, all parties involved in the discussions—Federal, State, and the State's own independent demographer—reached a consensus on the total number of houses destroyed by flood damage and an approximate cost per household.

I would like to emphasize that at no point did I receive guidance from the White House, Congress, or other Federal agencies or impart to my staff that we had a "go" amount of funding that we should find a way to reach. This truly was a good-faith and fully open negotiation with the State, the LRA, and their consultant, McKinsey and Company, to meet the needs of the people of Louisiana.

After intense but open negotiation with all the State representatives, we all agreed that $4.2 billion would be the appropriate amount of additional funding to meet the outstanding needs, and soon thereafter the President requested $4.2 billion in February 2006 as part of the fourth supplemental. In fact, at the time of the President's announcement to seek the additional $4.2 billion, Governor Blanco stated, "Now, I want to say that these numbers didn't just come from the sky. They were carefully crafted legitimate numbers, analysis after analysis, evidence after evidence. We took it seriously. We didn't just make up a number. We know that that doesn't fly here in Washington."

"Today I know that he"—the President—"is fully committed to helping our people. And so on behalf of the people of Louisiana, I have to say a very special thank you."

Further questions have been raised as to whether or not the State understood or agreed to focus on flood damage. I would like to address those questions.

The focus of the Administration after the 2005 hurricane season was and remains flood-damaged homes from either levee failures,

[1] The prepared statement of Mr. Powell appears in the Appendix on page 45.

like in New Orleans, or storm surge, as experienced by some in southwest Louisiana and Mississippi. We were always very clear that the Federal Government would not fund State housing programs to cover wind damage. To that end, if a State's program were to include wind, there would not be Federal funding for that purpose.

In February 2006, we mutually agreed with the State to fund 106,000 homes that experienced major and severe flood damage at an average grant of $72,000, thereby creating a $7.6 billion program. This funding outline was a result of intensive due diligence in Baton Rouge for which I deployed staff to work with all the State and Federal partners to reach consensus. The flood-damaged housing program was a key component of the President's $4.2 billion supplemental request as described in his submission to the Congress and which other White House communications documented as directed specifically to New Orleans because of its unique needs related to flood mitigation.

Shortly thereafter, in March 2006, the LRA itself published their own defense of the supplemental request entitled "Louisiana's Case for an Additional $4.2 Billion in CDBG," which demonstrated a program that only compensated for flood damage. Their breakout outlines 102,000 flood-damaged homes at $69,000 per house to establish a $7.1 billion program with an extra $400 million left over for the State to use for administrative costs. All told, a $7.5 billion program.

This program, which prioritized the most flooded, devastated areas, was our consensus, and the way it was described to you, the Members of Congress, who approved this funding. The Federal Government did not fund State programs to cover all wind damage in Texas, Mississippi, Alabama, or Florida, despite numerous requests by many of these States to do so after the 2005 hurricane season. In fact, if Texas were to run the same program as Louisiana based upon the same data that the current Louisiana estimates are based, the Federal Government would need to increase its allocation to that State by almost 14 times, or another $645 million to Texas alone.

The truly unique nature of the storms of 2005 and the driver of the Federal Government to get involved was the flood damage caused by the storm surge and levee breaches. This is damage for which there is no private insurance market, damage that in many cases was experienced by those who lived outside of the federally identified floodplains and/or those who lived inside Federal levees. Therefore, despite the original intent and purpose of the CDBG funding, the State utilized the autonomy available to them to push through their own program design to compensate damaged homes, whether by wind or flood, unlike any other Gulf Coast State.

In the LRA final Road Home plan sent to HUD for its review in August 2006, the State had unilaterally, independently, and fundamentally made changes. They projected 114,532 homes destroyed by either wind or flood. In a nutshell, the action plan ultimately submitted to HUD by the LRA Road Home Program outlined a budget that significantly reduced the average payout per home from $72,000 to $60,000 while significantly increasing the number of eligible applicants from 106,500 to almost 115,000. This was pos-

sible because, despite Administration attempts to allow the HUD Secretary the authority to deny or approve any action plan submitted by the State, Congress instead gave the Secretary only the authority to review the plan for CDBG program compliance, not opine on the plan being right or wrong.

Unfortunately, these estimates have proven inaccurate. After media reports provided my first indication that the Road Home Program was running out of funds, I asked Governor Blanco to send me all relevant Road Home data after a meeting on May 9, 2007. We have worked with HUD to evaluate this data and better understand the causes of the perceived shortfall.

I am here today to tell you our findings. We have verified the State's midpoint estimates that indicate there may be 132,000 eligible applicants and the average grant is approximately $74,000. This has caused the program's potential overall costs to rise to nearly $10 billion—far greater than the taxpayer dollars given by Congress to compensate flood-damaged homes. From HUD's midpoint projection using the State's data, it seems that there are 88,702 flood-damaged homes and 43,298 applicants that have suffered wind damage. The midpoint projections are that approximately $2.7 billion of the $9.6 billion midpoint estimate will be paid to those who did not experience any form of flood damage. In fact, midpoint estimates have fewer grantees projected from the slower recovering flood-damaged areas.

As elected officials have said many times, the Federal Government is responsible for this hurricane damage because of the failure of the levee system and now nearly half of the Federal funding is going to homeowners that experienced no levee-related damage. I am sure this is disheartening news for people like Walter Thomas from the 9th Ward, who also will be here to testify today. Postal Service data also confirms that while those in levee-protected areas only make up 60 percent of the total Road Home estimated applicants, they are overwhelmingly less like to have returned home.

I need to reiterate that these figures are midpoint estimates. Until the State closes the application process, we will not be able to definitely determine the total cost of the program. Our evaluation has also uncovered other concerns. For instance, the Elevation Grant Program, designed and administered by the State, has cost $2 billion. The maximum amount a homeowner can receive is $30,000, and the average grant is $24,000. It appears that less than a quarter of the people who are receiving the grant are actually legally required to elevate. This is because the State has not limited the program to those whose parish-determined damage level requires them to rebuild in compliance with elevation standards to receive coverage from the National Flood Insurance Program.

I am not here to suggest that elevating your home is not a safer way to rebuild, but I do not see a mechanism by which the State can ensure the elevation grant monies will actually be used for elevation.

Chairman LANDRIEU. Could you please wrap up in the next 30 seconds?

Mr. POWELL. I will. Like you, I am concerned for the people of Louisiana. Unfortunately, although our office conducts a weekly

call with representatives of the LRA, State ICF, and all the Federal partners involved in housing, this issue of perceived shortfall was never raised. Given the amount of spending which is targeted for administrative cost, I am at a loss as to why this was not made clear to either the governor or the LRA earlier.

I am committed to working with the State in an examination of all resources priorities for the people of Louisiana. Through this process all resources must be taken into account, and I will not let up until we have determined the best path forward for the State's Road Home Program.

Thank you.

Chairman LANDRIEU. Thank you. Mr. Kopplin.

**TESTIMONY OF ANDREW D. KOPPLIN,[1] EXECUTIVE DIRECTOR, LOUISIANA RECOVERY AUTHORITY**

Mr. KOPPLIN. Madam Chairman, Senator Coburn——

Chairman LANDRIEU. Let me please stop you. Let me recognize my colleague, Senator Coburn from Oklahoma. He is not a Member of this Subcommittee, but he is most certainly welcome, and I look forward to turning to him at the appropriate time for questions. Thank you, Mr. Kopplin.

Mr. KOPPLIN. My name is Andy Kopplin, and it has been my privilege to serve as the Executive Director of the Louisiana Recovery Authority, representing our Chairman Dr. Norman Francis, our Vice Chairman Walter Isaacson, and the other volunteers on our bipartisan board of directors.

Since our appointment by Governor Blanco in October 2005, we have focused on developing strategies for recovery, securing resources, and providing transparency and oversight on the expenditure of recovery dollars. We do not run the Road Home or any programs at the LRA. Our job is to make expenditure recommendations of Federal grant funds to the governor and the Louisiana Legislature and to set broad policies for the programs they approve.

As I address specifics about the Road Home Program, let me put them in the context of some major themes that illustrate the challenges we have faced with our recovery.

First, Federal investments in our recovery have been generous and unprecedented, but they have been late in coming, inequitable based on damages, and insufficient.

Second, program implementation responsibilities have been delegated to State-level agencies, largely because the Bush Administration opposed the Baker-Landrieu proposal for a robust Federal agency with the mandate and resources commensurate to dealing with the first and third most expensive disasters in American history.

Third, the red tape associated with FEMA- and HUD-funded programs is choking our ability to access Federal dollars appropriated by Congress.

And, fourth, the constant haggling required by State and local officials to secure resources and cut red tape has undermined public confidence and slowed the recovery.

[1] The prepared statement of Mr. Kopplin appears in the Appendix on page 54.

On Federal investments after Hurricanes Katrina and Rita, the 109th Congress waited until Christmas to fund a recovery package, then capped Louisiana's allocation at 54 percent of the total CDBG appropriation, even though we had 77 percent of the housing damage. With leadership from Governor Blanco and our delegation, we fought for fair and equitable funding. LRA board members personally took the case to Capitol Hill and the White House. Our request during these negotiations had been for a total of $14.9 billion in CDBG funds, including $9.4 billion for single-family homeowners. After vigorous negotiations, Mr. Powell announced the President's support for an additional $4.2 billion in CDBG funds to bring Louisiana's total to $10.4 billion. This included $7.5 billion for homeowners based on FEMA's estimate that Louisiana had 123,000 homeowners who had suffered major or severe damage. Mr. Powell also asked us to rely on the $1.7 billion in hazard mitigation funds to pay for elevations, buyouts, and smaller home safety investments in meeting the needs we identified in the negotiations. We knew the HMGP funding came with considerable administrative burdens, but as Governor Blanco often says, when you are negotiating with the folks holding the checkbook, you tend to agree with their numbers. Mr. Powell also committed to helping us streamline the FEMA process.

It was not until 10 months after Hurricane Katrina that this bill to fund our program with an additional $4.2 billion was signed by President Bush. And so for homeowners like the ones behind us, waiting for grants 21 months after the storm, it provides little solace for them to hear that half of their wait was on the 109th Congress to fully fund the program. But any fair review of progress needs to consider June 2006 as the start date—a date that for most homeowners was already too late.

The program has finally begun hitting its stride. By the end of today 20,000 homeowners will have closed on their grants—double the number who had closed just 4 weeks ago. Yet just as this news of improvement arrives, the program has been covered by a cloud of uncertainty again due to anticipated budgetary shortfalls. ICF International, the Division of Administration Office of Community Development's contractor for the Road Home Program, has developed a budget projection that estimates the total program costs of approximately $10.4 billion—or $2.9 billion beyond what was budgeted. If the $1.2 billion in hazard mitigation funds are not approved by FEMA, this shortfall grows to $4.1 billion.

ICF's projection shows this deficit results largely from two factors: First, nearly 20,000 more homeowners than FEMA estimated are eligible for grants; and second, average awards are higher than had been initially projected. ICF's inspectors are finding many homes FEMA labeled with "major" damage should have been categorized as "severe," warranting a complete demolition and rebuild.

Governor Blanco has asked the LRA to consider temporarily reallocating other CDBG funds to shore up the Road Home Program. As homeownership has been our highest priority, we will do what is necessary. But even a temporary reallocation of other funds will not be sufficient to cover the projected shortfall. Because the $1.2 billion of HMGP funds have not been approved either, elevations

and other mitigation measures must be paid for by CDBG funds or discontinued.

Given that this budget shortfall is due to our good-faith reliance on FEMA data and that Louisiana's total CDBG allocation was never based proportionally on damages with other States, we believe that additional Federal CDBG funding to support the Road Home Program is clearly warranted, and we ask for your thoughtful consideration and support of this request.

Remember, Louisiana suffered an estimated $100 billion in physical damages. After Federal investments and insurance are counted, we are still left with an estimated $34 billion in unrecovered losses. So, in President Bush's words, to do what it takes to rebuild Louisiana after such devastating losses will require short-term investments to shore up the Road Home Programand long-term investments in our community's infrastructure. When the President said he would do what it takes and stay as long as it takes, he didn't say "except if you had wind damage." And I will point out that in this document, our Road Home application, which was sent to FEMA and approved—not sent to FEMA—sent to HUD and approved in June 2006, it very clearly stated it is the State policy that participants in the Homeowner Assistance Program deserve a fair and independent estimate of projected damages from the storm, regardless of the cause of damage. That has been our policy since the beginning. We did not want to discriminate between the type of damage homeowners who were hit by Hurricanes Katrina or Rita suffered after the storm.

Chairman LANDRIEU. Thirty seconds.

Mr. KOPPLIN. We have been working to make sure that the Road Home Program speeds up. I want to compliment Walter Leger, who is behind me, who has been LRA's volunteer Housing Task Force Chairman, who spent hours of volunteer hours working on solutions. I want to compliment the folks running the program who have sped up the number of closings, again, doubled the number of closings in the last 4 weeks.

As I have noted, with the Federal match waiver that this Congress is moving forward, that will provide a significant infusion of assistance to Louisiana as we move forward in solving the Road Home shortfall, and I look forward to working, Madam Chairman, with you and the Members of Congress to make sure that every single homeowner who is eligible for our approved program gets their grant and gets it as quickly as possible.

Thank you very much.

Chairman LANDRIEU. Thank you. We will begin, if we can, a round of questions, and I will take the first few, and we have been joined by Senator Stevens, the Ranking Member, who is no stranger to disaster recoveries and has helped to lead many efforts here in Congress over his long and distinguished tenure.

There were many numbers thrown out about homes with wind damage and flood damage, and I checked these numbers just 2 hours before I came in through CRS, which is our Congressional Research Service, and I want to make sure that I have these numbers correct, because I think beginning with the right numbers and building back might help us to figure out what the entities were thinking as we began to figure out where we need to go. So these

are simple, but they are accurate based on my checking this morning.

Mr. Powell, this is mostly directed to you, if I could.

If you take the 63,000 homes severely damaged or destroyed by Hurricane Katrina in Mississippi and multiply it by $150,000 per household, that number would come to around $9 billion. Subtracting insurance payments and other Federal assistance, FEMA disaster assistance, the $5.5 billion that Mississippi received seems close to sort of what they got to begin to put a program of this magnitude together.

However, if you take the same 205,000 severely damaged or destroyed homes in Louisiana, multiply it by $150,000, which is sort of the general promise, you come up with a need for $30.7 billion.

Now, these are big numbers, but in my mind, I am trying to find a way to communicate this as simply as I can to get past all the mumbo-jumbo about flood or wind or who was in the floodplain or who was not. The way this program has been talked about by many is a basic grant program to homeowners—not renters but homeowners—who experienced severe damage. The testimony this morning is, well, now we are talking about flood only, not wind. But that has never come directly to my attention until today.

But set that aside for a moment. Do both of you agree or what is the disagreement about these numbers? And if you made these calculations initially, as you were designing this program, how could you possibly think that the $10 to $12 billion allocated in community development block grant initially, even if half of it was 6 months past the date of the Mississippi final numbers, would even be adequate to begin to cover a program that both of you have sort of outlined, but in different ways?

Mr. Powell, will you take that question?

Mr. POWELL. I am happy to, Senator.

Chairman LANDRIEU. And then Mr. Kopplin.

Mr. POWELL. Our office was birthed about the time Congress allocated the $11.5 billion CDBG money to the States along the Gulf Coast that were damaged by Hurricanes Katrina and Rita. So those negotiations were really done in Congress, and as someone pointed out, they were limited where no one State could receive more than 54 percent. That was a decision made by Congress. And, incidentally, they did not limit that to Louisiana. They gave the Secretary of HUD the discretion where he could not exceed more than 50 percent. He quickly went and gave Louisiana 54 percent. It could have been 30 percent, it could have been 40 percent.

Chairman LANDRIEU. But let us be clear, and if you do not mind, I think this is a very important point of trying to get these numbers. You just testified that you did not come on board until after a figure of $11 billion was determined.

Mr. POWELL. Eleven-and-a-half billion dollars.

Chairman LANDRIEU. Approximately the same time.

Mr. POWELL. I am getting to it.

Chairman LANDRIEU. OK.

Mr. POWELL. After that, and clearly people in Louisiana contacted our office, as well as other Members of Congress and the Administration, that they felt like they needed more money. That is when the discussions started in December in our office with the

people of the LRA: How much more money do you need? So we focused on what we focused on from the very beginning and historically what CDBG money has been used for, a catastrophic event like this, and we focused on those homes that had major and severe damage by flood—breach of the levee system and the storm surge. And, incidentally, Mississippi did not receive any money for wind damage. So we focused on what was caused by the breach and what was caused by the storm surge.

With consensus, and with using the best available data, science—I am an old banker. I want to see the numbers. I do not want to guess. And as Governor Blanco said, these numbers did not come from the sky. It was after a lot of deliberation, a lot of investigation, independent and consensus with our friends from Louisiana, we came to the 106,000 number. We then said what is going to be the average payout, and we did not use $150,000 because that was the cap, as you know, Senator. So we used the best available data we had from SBA, from FEMA, from private insurance companies, from other people, and we determined how many folks would take the buyout, what would it cost to repair the damage. Came up with a consensus number of $72,000, thus the $7.6 billion, and, therefore——

Chairman LANDRIEU. But you thought at the time——

Mr. POWELL [continuing]. This President then immediately, after we told him this, asked Congress for an additional $4.2 billion based upon a consensus of the data between our office and the people in Louisiana.

Chairman LANDRIEU. OK. But let me just get clear about one thing. When you said a consensus, I can see you are speaking, and Mr. Kopplin's head going this way, so I do not—I think anybody observing this, there is no consensus, it seems, which is what we are trying to get to here. But when you just outlined those numbers, you are now testifying that—what did you say?—123? What was the number you gave?

Mr. POWELL. I said 106,000.

Chairman LANDRIEU. The 106,000 was for flood only, not wind.

Mr. POWELL. Flood only, major and severe.

Chairman LANDRIEU. Flood only. Was it your understanding that it was flood only, Mr. Kopplin?

Mr. KOPPLIN. In negotiating, we had a lot of things that we requested. They had their reasons for knocking certain things off those negotiations. When the money was being negotiated, it was based on the FEMA data that Mr. Powell's office provided to us with FEMA and HUD input. That was 123,000 homeowners, 106,000 flooded and the remainder with wind damage. We chose to design a program to cover all 123,000. What we have today is that FEMA number was low in terms of the number of major and severe damaged households in Louisiana and low in terms of the level of damage per household, which has led to the problems. We relied on that FEMA 123,000 estimate, which turned out to be low in terms of the number and amount of damage Louisiana homeowners suffered.

Chairman LANDRIEU. And what is the real estimate from your vantage point now? Or what do you think the accurate updated estimate is?

Mr. KOPPLIN. The estimate provided by ICF in their analysis has a midpoint of about 132,000 potentially eligible applicants for the Road Home Program, but as Mr. Powell indicated, because we have not chosen to tell people who are located all over the country there is a deadline by which you have to have applied by last summer or something like that, we are still accepting applications, because our goal has been to make sure every homeowner who is eligible, wherever they may be, gets to apply and gets their accurate grant.

Mr. POWELL. Senator, I would just——

Chairman LANDRIEU. Go ahead.

Mr. POWELL [continuing]. Emphasize that these numbers are not low for flood damage. In fact, they are lower than what we originally estimated. And I would also add that we did not just use FEMA and HUD. We used satellite imaging. We looked at SBA loss totals. We did a lot of cross-checking. And their own demographer, the State's, agreed with our consensus that we came up with.

Chairman LANDRIEU. But getting back to the statement, Mr. Powell, that you made about stepping in sort of after the money had been allocated, and then we kind of pushed past this 54-percent cap, I understand, because I am an appropriator, that cap was placed by the Appropriations Committee. I objected to it then and continue to object to it today, but it was something that we could not fix at the time. But did that 54-percent cap have anything to do with the estimates that we are talking about today? Or do you know how that 54 percent——

Mr. POWELL. No.

Chairman LANDRIEU. Was it based on anything?

Mr. POWELL. We looked at what were the needs of the people of Louisiana as it related to——

Chairman LANDRIEU. Did you recommend that cap, the 54 percent?

Mr. POWELL. No, ma'am. And after that cap was done, then we began to look, what are the needs of the people in Louisiana, with a priority toward those that experienced flood damage as a result of the levee breach and the storm surge. We did not look at that—we had a clean sheet of paper and said what additional monies does Louisiana need. We knew, because of the 54 percent, what Louisiana was going to receive, and so we said—I said, "Give me the facts." As my testimony indicated, give me the facts, and I was not governed by anyone telling me what or what not to do.

Chairman LANDRIEU. And I appreciate that you have tried to be an honest broker, and I have said publicly and privately it has been good to work with you. And I think the governors of both States have been very complimentary of your efforts. But our job here is to get to the bottom of how this program seems to be billions of dollars short. Are we covering wind or flood? If not, are we doing that for Louisiana and Mississippi on an equal basis? And if not, how are we going to find the funding that this program seems to be lacking? And there are many other issues, as I said in my opening statement, accelerating it, moving through the red tape.

Now, I want to honor my colleagues that are here. I am going to stop my questions. I will have another round and go to Senator Coburn, who will have some questions for you, and then Senator Stevens.

**OPENING STATEMENT OF SENATOR COBURN**

Senator COBURN. I would be happy to yield to the Ranking Member.

Chairman LANDRIEU. No, he is——

Senator COBURN. A couple of questions. On the revised 132,000, what percentage of that is flood and what percentage of it is wind, Mr. Kopplin?

Mr. KOPPLIN. We have not had the chance to evaluate Mr. Powell's analysis, which we just received this morning. Our assumption is that the distribution of households is consistent with what it was when there was 123,000 severe and major damaged households, of which 106,000 were flood.

Senator COBURN. But you think it would be about the same percentage?

Mr. KOPPLIN. That has been our assumption. Again, this was data that was constructed by FEMA, as Mr. Powell said, satellite imagery. What we have now is inspections by actual inspectors who have gone and looked at every one of these houses. So we have a lot greater detail house by house than we even did with that data during those negotiations.

Senator COBURN. Are there any houses outside of what the satellite imagery showed that there was no flood, any of those receiving these funds for flood damage that are not wind damage?

Mr. KOPPLIN. Our program covers hurricane damage, whether from flood or from wind. If you had uninsured damage——

Senator COBURN. I am saying other than wind damage. If there are homes that were outside a satellite photo that shows there is no flood damage, are there any homes receiving funds for flood damage?

Mr. KOPPLIN. I think the answer to your question is yes, sir, that there are homes that got damaged by the hurricane, whether they were in a floodplain, out of a floodplain——

Senator COBURN. Yes, but that is not the question I am asking you.

Mr. KOPPLIN. I am not sure I understand.

Senator COBURN. I am asking you if there is data that says there was no flood here by satellite imagery, are there homes outside of the flood damage area, which is proven, what you can see on satellite, where the water went, are there homes that are receiving money for flood damage, not wind damage?

Mr. KOPPLIN. I do not know the answer, but I do know that homes are being covered whether they had flood or wind damage, or both, from the hurricane. And wherever they are in Louisiana, it is our commitment to try to help those homeowners cover that uninsured gap through this program.

Mr. POWELL. Senator, I know that there are checks going to Bossier and Caddo, the farthest northwest——

Senator COBURN. Why is it that not just in those counties—in Franklin, Washington, Caddo, Concordia—why are funds going to those parishes out of this money that were not involved in this at all?

Mr. KOPPLIN. If there are homeowners who suffered major or severe hurricane damage—and my guess is they are in the single digits, if there are, in some of those parishes. If they had hurricane

damage, our policy was, whether you happen to be unlucky in Caddo Parish or you happen to be unlucky in Cameron Parish and you had hurricane damage, we want to cover your uninsured damages. It is our choice to make that policy decision. It was avidly——

Senator COBURN. I agree.

Mr. KOPPLIN [continuing]. Sought by the members of our congressional delegation and our legislature to make sure that we were equitable between wind and flood, Hurricanes Katrina and Rita, which hit our State 3½ weeks apart.

Senator COBURN. But you do understand Mr. Powell's point that he made is that, in terms of equitable treatment of all the other States, we in the past have not covered wind damage. So I have two other questions——

Mr. KOPPLIN. But, Senator, if I might, Mississippi, with $5.4 billion of CDBG grants, has enough money to cover wind and flood, should they choose to do so.

Senator COBURN. All right. One of my problems is the real Federal priority here, besides helping Louisiana recover, is—what we should really be responsible for is the failure of the levees. There were errors.

Mr. KOPPLIN. Yes, sir.

Senator COBURN. They caused tremendous heartache, tremendous human loss, and tremendous material cost. Other than that, what about private insurance in this thing? Where does it fit in for damage, wind damage, etc., off the coast? I am just saying, Where is the private insurance money in this program?

Mr. KOPPLIN. Private insurance is, both by our State policy and by Federal requirements, required to be deducted from the level of grants that we calculate. So the contractor calculates the level of damage, takes the private insurance money or the FEMA payments, deducts that, and so it is a net of what you got in private insurance, which is another reason why I would be surprised—I was surprised by this number that Mr. Powell has brought forward, that there is $2.6 billion worth of uncovered wind damage in terms of that uninsured gap.

Senator COBURN. OK. Just to clarify things, in Louisiana's original calculations, did you all include wind damage?

Mr. KOPPLIN. Yes, sir.

Senator COBURN. In your original submissions, wind damage was included.

Mr. KOPPLIN. In our initial submissions to HUD, in our initial negotiations with Mr. Powell, we proposed the coverage of wind damage.

Senator COBURN. And I just have one last question. Louisiana has a surplus of $2 billion. They also have $400 million that was set aside for special industrial development. Why shouldn't the rest of the taxpayers in America say use some of that, especially—or maybe even use it on an interim basis while we are disputing this here? Why shouldn't that go on and be used in anticipation that maybe something in the future will come from Congress? What is happening on that front in the State of Louisiana?

Mr. KOPPLIN. As part of my testimony—and there is a letter from Governor Blanco—$4.6 billion of Louisiana taxpayer funds have been invested in or are proposed during this current budget cycle

for investment in hurricane recovery and a variety of issues, from health care to education to insurance coverage, to make homeownership insurance more affordable. So there is a significant State investment being placed already.

Senator COBURN. I agree, but Louisiana has surplus and our grandchildren have a $350 billion deficit this year. So, again, the question should be that the average American is going to say is we have sent a lot of money to Louisiana and we are going to send more. There is no question we are going to help. But Louisiana should not be running a surplus and asking Washington to fill in the difference.

Mr. KOPPLIN. I would suggest, because we have been fiscally responsible with our budget in Louisiana and are running a surplus, we ought to be complimented for that. We ought to note the $4.6 billion that has been invested or proposed for investment. It is a significant contribution when a State of Louisiana's size has about an $8 billion State general fund budget. So $4.6 billion being invested in hurricane recovery, I think, is a substantial investment. I would remind you we are 107,000 jobs down in the New Orleans area; $11.5 billion was lost from Louisiana's economy the year after the storm; and we have $34 billion in unrecovered losses against that $2 billion surplus. There are——

Senator COBURN. I understand all that.

Mr. KOPPLIN [continuing]. Significant needs——

Senator COBURN. I still think you are going to have a difficult time selling the average taxpayer in this country to say that you are running a surplus and you cannot do the things there and we need to come do it and we are going to borrow it from everybody's grandkids to do it. I think that is a debatable point. I think it is admirable you all run a surplus. I think that is great. But if that surplus is there, it ought to be going to help the people in Louisiana now, not sitting in the bank.

Mr. KOPPLIN. The State surplus came from all over the State, and we are investing significantly in our recovery with that money.

Senator COBURN. All right. I have some questions for Mr. Powell, but I think I will just submit them to the record so we can speed this up, if we can.

Chairman LANDRIEU. Thank you very much. Senator Stevens.

**OPENING STATEMENT OF SENATOR STEVENS**

Senator STEVENS. Thank you very much, and I am sorry to be late, Madam Chairman. We had a distinguished visitor from China, Madam Wu, and I was with the leaders with her.

I am a little bit confused about one thing. Are these estimates, the 132,000, the 123,000, the 106,000, are they estimates of the homes that have been damaged?

Mr. KOPPLIN. The 123,000 homes were estimates based on FEMA, based on satellite. Now our projections are based in part on 96,000 actual home inspections by a trained home inspector for the program. So we think that those particular data sets are quite a bit better than what was used in the negotiations last February with Mr. Powell.

I would just point out that Mr. Leger behind me had 7-foot on satellite——

Senator STEVENS. I have only a short period of time. Just please answer the question?

Mr. KOPPLIN. Yes, sir.

Senator STEVENS. We had terrible disasters up our way, the largest earthquake on the North American continent. We had enormous floods and fires. When we make estimates of the homes that have been destroyed and businesses destroyed, but then when we come to the program we find that a lot of people have packed up and gone and they are not coming back.

Now, have you found out how many of those homeowners or previous occupants want them rebuilt?

Mr. KOPPLIN. A significant number, and you will hear from some——

Senator STEVENS. Have you found out how many? Do you have applicants for these?

Mr. KOPPLIN. In the program, about 85 percent—and the program staff can get this specifically. But about 85 percent are taking Option 1, which is to repair or rebuild their house in Louisiana—Option 1 or 2.

Senator STEVENS. Documents have been filed with you?

Mr. KOPPLIN. Yes, sir.

Senator STEVENS. Not estimates.

Mr. KOPPLIN. That is actual documents filed, yes, sir.

Senator STEVENS. That is pretty high compared to some of our disasters, because people, when they have gone through really bad disasters, they decide to move somewhere else, and they are not coming back. I understand the Governor's Road Home Program, but have you actually contacted people who moved somewhere else and said, "Are you coming back?" Do you know how many are actually coming back?

Mr. KOPPLIN. Well, I think the best data we have are actual Road Home applications where they have signed up and said, "I am choosing to repair my house in Louisiana." I think the number is 80 to 85 percent of the folks have chosen that Option 1.

Senator STEVENS. Of which number: 132, 123, or 106?

Mr. KOPPLIN. I think it is—none of the above. It is of actual applicants who have selected their option for us, and I think that number is something on the order of 45,000 right now have filed.

Senator STEVENS. Well, that is what I am getting at. We are not at a numbers crunch yet. We are at a numbers crunch because of your estimates of how much it is going to cost to do them all, right?

Mr. KOPPLIN. Right.

Senator STEVENS. What is your plan right now of how much money you need in this fiscal year?

Mr. KOPPLIN. We believe that about $750 million to $1 billion per month will be awarded going forward over the next 6 or 7 months to meet the current level of applicants that we have got.

Senator STEVENS. But you have got that money, right? You do not need any help with that. You have got that, right?

Mr. KOPPLIN. We have got $6.3 billion of CDBG allocated to it. We have got $1.2 billion from FEMA that we cannot use yet because they have not approved it. And with those two, that is a $7.5 billion budget. We have got an estimated projected program cost of

$10.4 billion, so we are short right now $2.9 billion, without reallocating other money in the CDBG——

Senator STEVENS. How can that be? We covered the estimate of 106,000.

Mr. KOPPLIN. You covered the estimate for 106,000, and we designed a program to cover—with lower grants than were initially decided, to cover the wind damage that Mr. Powell would not agree to fund. But the FEMA estimates from back in February are low in terms of the number of houses who had major and severe damage and low in terms of the damage per house.

Senator STEVENS. How many did they estimate back then that people would actually seek a replacement or repair?

Mr. KOPPLIN. I am sorry?

Senator STEVENS. How many did FEMA actually estimate would seek repair? How many homeowners did they——

Mr. KOPPLIN. We estimated that 95 percent of eligible applicants would participate in the program, so about a hundred and——

Senator STEVENS. I am not talking about eligible applicants. I am talking about people who were in those homes before the incident. How many of them were going to come back? You said 85 percent, right?

Mr. KOPPLIN. We estimated that 85 percent, approximately, are choosing the repair or rebuild option.

Senator STEVENS. That is of applicants. Now, we are still missing each other. I am trying to compare the number of people that are making application to those that were there before the incident. All right?

Mr. KOPPLIN. And I believe, Senator, that it is approximately 85 percent. Whether it is the people who have filed so far or the people who have applied so far, we will still hit about that 85 percent. It has been consistent with every measure so far.

Chairman LANDRIEU. People that were there before.

Senator STEVENS. If that is the case, why are you short of money now?

Mr. KOPPLIN. Because the program criteria was that you had to have major or severe damage as estimated by FEMA, and it turns out that the 123,000 major or severe damaged houses that we used as the baseline at Mr. Powell's request, because it was the best data we had at the time, is short by about 20,000 houses in Louisiana, and the average level of damage is significantly higher than those FEMA estimates projected. We have about 70 percent severe damage in reality, whereas FEMA projected 52 percent severe damage.

Senator STEVENS. Well, I said when I went down there right after the incident—that I have seen World War II, I have seen a lot of damage in my day. I have seen damage from our earthquakes and fires. I have never seen anything like this one.

But, on the other hand, I also saw block after block after block totally destroyed, and those people are somewhere else now. Are you telling us you believe 85 percent of those people are going to come back?

Mr. KOPPLIN. They are going to come back and repair their houses, and you will hear from some of them this afternoon who are fighting to do that.

Senator STEVENS. There is nothing to repair. What I saw, there was nothing to repair.

Chairman LANDRIEU. But rebuild.

Mr. KOPPLIN. Well, they can rebuild them. The grants cover rebuilding as well, and in many cases, that is a better option.

Senator STEVENS. How many have you actually rebuilt so far?

Mr. KOPPLIN. Twenty thousand grants at the end of today will have been distributed.

Chairman LANDRIEU. But rebuilt houses, Mr. Kopplin, do we know how many——

Senator STEVENS. How many have actually been rebuilt?

Mr. KOPPLIN. Thousands have been rebuilt, Senator, but I do not have a number on that because our program is designed to give the resources that the individual needs to repair or rebuild their houses. A requirement that they sign and obligate themselves to committing to do that repair. But in terms of how much progress that they have made, I do not have a specific number on that at this time.

Senator STEVENS. I am running over. I am sorry.

Chairman LANDRIEU. No. Go right ahead.

Senator STEVENS. Is it possible for a person to go and get the money to rebuild and rebuild it and then get repaid from your program?

Mr. KOPPLIN. Yes. That is, in fact——

Senator STEVENS. How many have done that?

Mr. KOPPLIN. Thousands, Senator. I do not know the specific number, but you can travel through New Orleans and the surrounding areas. Lots of folks have done those repairs, and we wanted to make sure that pioneers who got it done, got it done.

Senator STEVENS. Are you holding up anything now waiting for more money?

Mr. KOPPLIN. No, sir. The only thing that is on hold right now is elevations, because first we had to resolve a FEMA and a HUD elevation issue that Mr. Powell alluded to. And now, because the HMGP money has not been approved yet, we are evaluating, given this budget shortfall, whether those funds are going to have to be transferred to run a local elevation program, which would be very time-consuming and difficult for homeowners, which we do not want to have happen, which is why it is so important that this HMGP money be approved for Louisiana.

Senator STEVENS. By elevation, you have got to build so far off the ground? Is that what you are talking about?

Mr. KOPPLIN. Yes, sir.

Senator STEVENS. Thank you very much.

Mr. POWELL. May I make a couple of comments?

Chairman LANDRIEU. Mr. Powell.

Mr. POWELL. Directly to Senator Stevens' questions. This is according to the U.S. Postal Service. Of all the flood-damaged areas, there is a 68-percent vacancy rate. Of the wind-damaged areas, there is a 4-percent vacancy rate. Furthermore, in fact, just the flood-damaged areas, using the current projections we have now, if we just funded that, there would be approximately a $600 million surplus.

Chairman LANDRIEU. A $600 million surplus of what?

Mr. POWELL. Of money.

Chairman LANDRIEU. In the CDBG for Louisiana?

Mr. POWELL. Yes, ma'am.

Chairman LANDRIEU. OK. Let us get back to that. I have been joined—Senator, I am sorry. Are you finished?

Senator STEVENS. Yes.

Chairman LANDRIEU. Senator Pryor from Arkansas has joined us. Thank you, Senator, very much. I do not know if you have any questions, but if you do, it would be your time. Or I can come back to you later.

**OPENING STATEMENT OF SENATOR PRYOR**

Senator PRYOR. No, I do not have any questions, but I do want to thank you for holding this hearing. It is very important. I am sorry. I have been in a markup in the Armed Services Committee since about 10 o'clock this morning, and it is still going on. But, Senator Landrieu, I want to thank you publicly for your work, and I want all the folks here to know, especially the people from Louisiana, and really all over the country, that Senator Mary Landrieu works every single day on trying to rebuild her State after those hurricanes. And she has done a fantastic job, and if I can speak candidly, she wears us out every day trying to help her State. We appreciate it.

Chairman LANDRIEU. Well, I thank you, Senator Pryor. If we could just get some numbers straight, we might be able to get this job moving. But thank you very much.

I would like to get back to what Senator Stevens said, and then we have got to move on to our next panel, because we have two other panels. But let me ask you this, Mr. Powell, trying to get some of these numbers. You are aware of the total amount of money that Mississippi received in community development block grants. What is that total? Is it $5.5 billion?

Mr. POWELL. Five-point-five billion dollars.

Chairman LANDRIEU. If the State of Mississippi based on their accurate numbers today uses the money to fund homeowners, owner-occupied, at just flood, how much will that be? And what will they have left? And I would like that data right now if somebody on your staff has it.

Mr. POWELL. They have two——

Chairman LANDRIEU. Hold on. I just want to say if they took their $5.5 billion and gave everybody in Mississippi with severe damage for flood only up to the $150,000 maximum, reduced by insurance, etc., how much would that cost? Does anybody on your staff know that?

Mr. POWELL. We can get that for you, Senator. They have two programs. Their eligibility requirements, they have no wind reimbursement.

Chairman LANDRIEU. Correct. That is what I am saying. Just flood.

Mr. POWELL. It is homeowners only, and if you did not have insurance——

Chairman LANDRIEU. And there is no rental, no wind, only flood.

Mr. POWELL. That is right. We can get you those numbers. Then they have a second program that will address senior citizens and also income.

Chairman LANDRIEU. But the reason that is important to know, because we have to——

Mr. POWELL. We can get that for you.

Chairman LANDRIEU [continuing]. Get down to apples and apples and oranges and oranges, is because——

Mr. POWELL. We can get that for you.

Chairman LANDRIEU. Right. If we gave Mississippi $5.5 billion and they are just going to do flood, and that costs, let's say, $2 billion, they are going to have a $3.4 billion surplus, and Senator Coburn is looking for some surplus money right now. And so we have to figure out where there might be some real surpluses that we could get to apply to shortfalls elsewhere.

So I am going to press hard on that number.

Mr. POWELL. We can get it for you.

Chairman LANDRIEU. And then we are going to take it to when and where was wind decided to be excluded. I have not talked to my Mississippi counterparts. They may not be aware that wind is not being covered. There is a huge debate in Mississippi right now among insurances, whether it is wind or flood. They may be surprised——

Mr. POWELL. Storm surge.

Chairman LANDRIEU [continuing]. To know that we are not even going to attempt to cover some wind damage here. I do not know. And then, finally, the question would be if the flood in Mississippi only costs $2 billion and they got $5.5 billion, what else are they able to use their money for that maybe Louisiana or Texas or Alabama does not seem to have the option?

Let me end this panel, if I could. I thank you all. Obviously, we have just begun, but I urge you to continue to work together to see if we can get this program moving and dollars found. Thank you.

Would the next panel of homeowners come forward?

[Pause.]

Chairman LANDRIEU. Thank you all very much.

Our next panel will consist of five citizens from the State of Louisiana. All of them will share their experiences with the Road Home Program that, as you all can imagine, has been difficult and caused many anxieties. They are applicants who have received their checks and are here prepared to talk about how that process worked.

I would like to begin, if I could, with Tommy Tee Thomas, a resident of the Lower 9th Ward.

Then we will hear from Connie Uddo, a New Orleans native and resident of Lakeview. She has opened her home to neighbors and friends as a Beacon of Hope Resource Center for her neighborhood that was very hard hit, as was the Lower 9th Ward. She also provides counseling and volunteer coordination for others in her neighborhood, and so not only is she here to tell her own story, but she knows many of her neighbors.

Our next witness is Debbie Gordon, President and Board Member of the Chimney Wood Homeowners' Association. She serves as a claims representative for the U.S. Railroad Retirement Board. In

May, she became the senior claims representative. She has also worked in Houston, Texas, in the wake of Hurricane Katrina.

Next we will hear from Frank Silvestri, a lifelong resident of New Orleans. Mr. Silvestri began working with the Citizens' Road Home Action Team assisting residents to understand the intricacies and ins and outs of this program to help them negotiate the best option for themselves and their family. He is a graduate of Tulane Law School and has worked for the past 30 years with his firm in a general practice.

And, finally, we have Frank Trapani, President of New Orleans Metropolitan Association of Realtors. Frank Trapani, thank you very much for joining us. The realtors have played an integral part in our rebuilding, and many of your members have given many people in the region hope that we can return and rebuild our communities. He has, of course, membership in many organizations. We thank you.

I would like to ask you all to limit your remarks to 3 minutes each so that we will have questions and comments. Mr. Thomas, you may begin.

## TESTIMONY OF WALTER THOMAS,[1] RESIDENT, LOWER 9TH WARD, NEW ORLEANS, LOUISIANA

Mr. THOMAS. First of all, I would like to thank Senator Landrieu and the staff for inviting me here today.

My name is Walter Thomas, a/k/a Tommy Tee. I reside in the Lower 9th Ward, New Orleans, Louisiana. I was a victim of Hurricane Katrina. The community was flooded a second time when Hurricane Rita landfalled in New Orleans. Residents of the Lower 9th Ward, and my house was approximately 24 feet under water. The estimation from the community said it was 28 feet, so that is way over my house. So is that wind or water?

In the community surrounding us, I was closer to the levee, the Industrial Canal where the levee was breached. That is why the water was so high in my area. Since then, my house had been demolished. I am currently residing in a FEMA handicapped trailer. I have been seriously ill ever since the hurricane. I applied for the Road Home Program in August 2006. The community was informed everyone had to reapply again because the initial applications were lost, and no further explanation was given by the Road Home officials.

I reapplied in October 2006. I was never contacted to submit my application and ownership. And to get to the next phase, I took it on myself to walk into a Road Home office that was newly open on Willard Street in New Orleans East, and there the lady accepted me—I had to wait about an hour, but she took time. I had everything professionally prepared with the assistance of the Lower 9th Ward Homeowners' Association. They was very instrumental in helping me put everything together so that it can be professionally done. They did research. We took our time, took about 3 weeks to do everything that needed to be done. I commend them on doing a wonderful job.

[1] The prepared statement of Mr. Thomas appears in the Appendix on page 86.

The lady told me that I was the first one to walk into her office where everything was perfect, and I felt good about that. I felt like I had a check on the way. I do not know when they came out to inspect the house, but it was completed.

During a recent hospital stay, which I was in the hospital recently, I was contacted by Road Home to conclude my application. But I was too ill to schedule and discuss the procedure. Two days after coming out of surgery for stomach cancer and colon cancer, I was taking pain medicine every 15 to 30 minutes. I had my cell phone on in the hospital so I could tell my parents—I mean my brothers and sisters where I was located.

I never heard from Road Home again. I called 30 to 40 times. Every time I called I get the same answer: "Someone will get back to you." It never happened. I gave up. I put it in God's hands. I know we are a great city and we will survive. And that is part of the story. That is it.

Chairman LANDRIEU. Thank you, Mr. Thomas. I very much appreciate it. Ms. Uddo.

**TESTIMONY OF CONNIE UDDO,[1] DIRECTOR, ST. PAUL'S HOMECOMING CENTER/BEACON OF HOPE RESOURCE CENTER, NEW ORLEANS, LOUISIANA**

Ms. UDDO. Thank you, Senator Landrieu. First of all, I want to thank you so much for putting this together because I feel today that we are truly at a tipping point in our recovery.

Things have changed and evolved for me in my life since opening my home up as the Beacon of Hope. I work with the Episcopal Diocese of Disaster Response now, and we have a homecoming response/recovery center in Lakeview. Lakeview is a middle-class neighborhood that was flooded by the 17th Street Canal breach.

I was asked to come here today as a voice of the people. I am in gutted homes, trailers, and storm-ravaged yards. Every day I see the depression and the hopelessness that has shifted from the storm to the despair that our residents are in due to the failures and the flaws of the Road Home Program. We have lost thousands to this program, and we really need to prevent losing thousands more.

Senator, as Director of the St. Paul's Homecoming Center, our Lakeview Response/Recovery Center, I am the encourager, I am the cheerleader that keeps telling people to hang in there, your life will come back, it will be better, we will be a community again. But, I can no longer tell people that. I cannot look them in the eye and say that anymore. Our future is suddenly that bleak. This is a 911 call from me.

I brought a stat board and I put a piece of paper up there for you to show—and I think this might help Senator Stevens, because some of the questions you were asking about that you might draw from this. We have highlighted in the second box under household summary, you see, we are supposed to be setting the benchmark. We are a model for recovery. We are really doing well in Lakeview supposedly. So 41 percent were rebuilt and were in the process of rebuilding. But if you look in the highlighted yellow box, 59 per-

[1] The prepared statement of Ms. Uddo appears in the Appendix on page 88.

cent, 4,000 approximately, are demolished and trailers for sale are inactive.

If you go down to the next box, the highlighted part, the total Lakeview applications for Road Home Program is 4,421. That is 60 percent right there are locked. Why are we inactive 60 percent? Because we are locked up in this Road Home Program. Your numbers speak for themselves.

When we broke this down, the 531 people that have received their money in Lakeview averages out to about 44 closings a month. It will take 7 years for the balance of our residents to get their money. My point is—and I brought pictures—can we live without a post office for 7 years or no grocery store? Can we live without a library, no public schools?

I brought personal testimonies, and anybody in here can grab these before they leave. But this is the chronological nightmare that our residents are in in this Road Home Program. We are talking about shortfalls, but I am here to talk about the $6 billion that is there that we cannot get out. Why cannot our homeowners get this money? The hold-ups are just ridiculous.

Now, I am working with a faith-based group, and I can tell you volunteers are coming in by the thousands to help us. And we have moved from gutting, and we are going into the rebuilding phase. But because people do not have the money to buy their sheetrock and their building materials—the Episcopal Diocese is now fronting homeowners money to do what this Road Home Program should be providing. And to me that is very sad, and I see it in the faith-based. They are getting discouraged because they feel like they are carrying the recovery on their backs. They have shouldered this with us. And now they are having to front the money. Something is just desperately wrong there.

So I just wanted to share a story where a little girl came to volunteer with her mom from Boston. She was 9 years old. And she asked her mother on the third day of working in Lakeview with the Beacon of Hope: "Mom, when are we going back to America?" I said I was not going to do this, but it hit me between the eyes. And I ask you, Subcommittee Members and the Senators and our government: When are we coming back to America? We really want to rejoin the country. We are real American lives. We are a real American neighborhood. We want to be real Americans again. But it is just not happening.

Chairman LANDRIEU. I thank you for that wonderful testimony, and that is a magnificent way to end a beautiful, heartfelt testimony, and that is why our Subcommittee is here, to see what we can do to get people back in their homes. And as you can see, the numbers are scrambled and jumbled. There is a lot of information that needs to be cleared up.

In the next panel will be people that have the ability to expedite this program, and most certainly those of us up here can do that as well. Ms. Gordon.

**TESTIMONY OF DEBBIE GORDON,[1] PRESIDENT, CHIMNEY WOOD HOMEOWNERS' ASSOCIATION, NEW ORLEANS, LOUISIANA**

Ms. GORDON. My name is Debbie Gordon. My home is located in New Orleans East. Our community received up to 10 feet of water, in which 5 feet sat for 21 days. This was far more catastrophic than the hurricane itself.

The administration of the Road Home is dysfunctional and bureaucratic. Why? Everyone knows what is needed, but incompetency and politics is making it difficult for the victims to be compensated. My personal experience with Road Home has been discouraging, frustrating, and stressful.

Chairman LANDRIEU. You can take your time if you need to.

Ms. GORDON. The recent announcement regarding the shortfall of money has created additional stress and fear. I applied for my grant the same day it became available on the Web. It has been 9 months since I started this process, and I am still waiting. I attended the required interview. I had all the documentation. I was subject to fingerprinting like we are the criminals.

Again, we had to take it thinking this will all be over in a short time and I can get my life back. I was displaced three times and was dealing with the situation from afar, but I did my part. My home was inspected, and I thought I was on my way to an award letter. My application has been in the option letter created status since October, and as of this date I have never received my letter, nor do I have an appointment for any final closing.

Being the president of our association, I stay informed of all developments and heavily involved with the constant changing developments. Our community of 74 homeowners is all in the same situation. One out of 74 homeowners has made it to the title company but has yet to be scheduled to sign and receive any money. We have 74 homes that are sitting there, and we all still have mortgages.

The responsiveness to inquiries with the Road Home counselors is a waste of time because they do not know what is going on themselves. They have been trained to remain customer friendly and close with the script—"Remember, Louisiana wants you to come home"—which is a slap in the face when you cannot get answers. If I had to grade the responsiveness on this program, it would receive an "F."

Expedite all awards like yesterday. Besides the Road Home grants, our community needs major infrastructure repairs, basic city services, hospitals, grocery stores, and everything that goes with the quality of life we had before Hurricane Katrina. My community had two hospitals before Hurriciane Katrina, and as of this date we have none. I mean zero hospitals.

The State Government has been informed of the health crisis but do not seem to care. We still do not have a major grocery store chain and none that has committed to come back. I suggest local, State, and Federal stop finding ways to delay the process. The fraud prevention attachments with the Road Home grants should

[1] The prepared statement of Ms. Gordon appears in the Appendix on page 93.

be added to the administrators instead of the citizens. We did not commit a criminal act, so why are you treating us like we did?

If layers of verification are removed and you streamline the process, you upgrade the computer system, this can happen fairly quickly. And as far as Senator Coburn, who is gone, he wants to know why Louisiana has a surplus. It is because the people that are repairing have put that money back into the surplus. And that surplus needs to go for infrastructure. And to compare us to Mississippi—there is no comparison.

I am sorry for getting emotional, but this has been an emotional time. I thank you for letting me come up here, and I hope at least I can get my application processed today. Thank you.

Chairman LANDRIEU. Thank you, Ms. Gordon. You may very well, and I really appreciate it. It was tough for some of the homeowners to come up and to have to testify in this way, but I think that by getting this on the record, we will all be in a better position to be able to meet the needs of this program and to deal with it more with some more urgency. And that is what my hope was when we called this hearing, and your testimony will be very well received.

Mr. Silvestri.

**TESTIMONY OF FRANK A. SILVESTRI,[1] CO-CHAIRMAN, CITIZENS' ROAD HOME ACTION TEAM (CHAT), NEW ORLEANS, LOUISIANA**

Mr. SILVESTRI. Thank you, Senator Landrieu. The stories you have just heard from the people on the panel are unfortunately representative of a great many residents of the Greater New Orleans area. There are 120,000 people waiting for grant checks, and the program is running out of money. If it was not bad enough before, the thought that after all this time of waiting that they may not get their grants or their grants are going to be cut is eliminating what little hope people have had left.

Neither the State of Louisiana nor the Federal Government should let this happen. The people that this program was intended to help are hard-working, honest homeowners. They are determined to rebuild their lives. But they have been stretched to the breaking point, and their greatest enemy right now is time. The longer it takes, the fewer of them will come back, Senator Stevens. Many have come back. Many more want to return, but they cannot do it without the money.

Our organization has worked with the LRA and the Office of Community Development and the Road Home Program to try to help make the program better, and we have found that the officials involved, despite all the mistakes that have been made and all of the wrong turns that have occurred, are good people who want to do this job. They want to do it right. They are somewhat hamstrung, however, by the program being stuck in the Stafford Act, the Federal regulations they have to comply with under HUD and FEMA, and policies that seem to change at the Federal level every other week. That makes it really hard to plan and to administer those funds.

[1] The prepared statement of Mr. Silvestri appears in the Appendix on page 96.

There is red tape both at the State and Federal level, and it needs to be eliminated. Whatever this Subcommittee could do to identify the red tape that could be cut out, it needs to be done.

The suspicion that Louisiana is treated differently from other States, is borne out by the fact that unlike other States, we are still not given the waiver of the 10-percent match contribution for FEMA that was given to New York after September 11, 2001, and Florida after Hurricane Andrew. The damage estimates were wrong. FEMA was wrong. You only have to go to New Orleans and the area to see that. The damage was substantial, and it was greater than estimated. We just found out this week that FEMA was wrong on the damage that was estimated for the city.

This Subcommittee and Congress should stand squarely behind the principle that no victim of this catastrophe should be left behind or told that a grant has to be cut because there is not enough money.

It is widely held that the canal walls failed because there was shortsightedness in planning flood protection, that the Federal levees and canals were not strong enough because we cut corners there. Do not cut corners on the recovery. You are going to compound one disaster with another.

There are 16,000 people living in FEMA trailers right now, and we have another hurricane season coming. Last year, an elderly woman that lives in a neighborhood right down the street from me was about to move back into her home, and she died because a tornado struck. And as I say, we are rapidly coming up on hurricane season, and we are out of time.

Your help is urgently needed. The President said whatever it takes, however long it takes. The job is not finished. We need your help to rebuild New Orleans.

Chairman LANDRIEU. Thank you. Mr. Trapani.

**TESTIMONY OF FRANK A. TRAPANI,[1] PRESIDENT, NEW ORLEANS METROPOLITAN ASSOCIATION OF REALTORS, NEW ORLEANS, LOUISIANA**

Mr. TRAPANI. The Metropolitan New Orleans Association of Realtors thanks you, Senator Landrieu, and the Subcommittee for continuing to focus on the challenges caused by Hurricanes Katrina and Rita and the levee failures. There is much to be learned by this disaster, and we applaud your effort and leadership.

The second disaster that we are faced with is the implementation of the Road Home Program. We have heard the architects of the Road Home Program just this afternoon differ on its building, whether or not we are covering wind damage, flood damage, 106,000 people, 137,000 people, and people like Ms. Uddo and Mr. Thomas here are having difficulties relating to the indecision on the part of government. The problem is we need money. We either have money or we do not have money or we need to appropriate money.

The numbers are anywhere from 3 to 4, 5 times what is appropriated or we have adequate funds. We are not instilling confidence in the people who we need to, and the President did say we would

[1] The prepared statement of Mr. Trapani appears in the Appendix on page 111.

put them back in their homes and help repair New Orleans as it was prior to the hurricane.

We need to repair the damage to people's properties that the failure, again—and we cannot forget—the failure of the levee system created.

Due to a lack of planning, jurisdictional issues, I think it was politics, as someone said, we have approximately 17,000 people have received checks and an estimation of anywhere up to another 120,000 people sitting and waiting for an opportunity to receive the monies that they feel are due them to rectify their housing needs.

We are sitting here with an obvious problem, administrative problem. I look at the local SBA business—I look at local banks on a daily basis providing SBA business loans on a day-to-day basis that take a matter of days and weeks to approve. Is it possible they could have been used to provide SBA disaster funds? This would have allowed some funds to be distributed throughout the Metropolitan New Orleans area and may have saved some of the businesses that these folks talk about that have gone bankrupt—the grocery store, the local cleaners, the drug store, any number of local businesses that make a community. They moved back to their respective neighborhoods and have to travel miles to be able to go to a grocery store. That is not living. That is existing. And the people were living in a community and happy in their community before the levees failed and created this problem

We are hoping that the Congress can as a result of looking at this problem recognize that a comprehensive national disaster plan be created.

Chairman LANDRIEU. If you would wrap up in 30 second.

Mr. TRAPANI. I thank you all for hearing us today, and I just want to share with you that one other problem exists. When these folks rebuild their houses, there is a serious insurance problem out there. Rebuild the house, try to refinance it, and then have to try to get homeowner's as a result of a flood that they had nothing to do with leaves them in a situation where they cannot afford to insure their properties.

I thank you all very much for taking the time to listen to us.

Chairman LANDRIEU. Thank you very much. I have just a few questions, and then we are going to move to the next panel, but let me again thank each of you for your testimony.

Is it true—and let me just ask you, Ms. Uddo. Is it true that homeowners throughout——

Senator STEVENS. Excuse me. May I ask just one question?

Chairman LANDRIEU. I am sorry. Go right ahead.

Senator STEVENS. I really do have to go. I am confused about one thing, though. You all say you want checks given to the applicants. We have never given checks to the applicants. We have given approval to rebuild a home and drawn a check payable to the applicant and the builder. Now, am I hearing this wrong? Do you all want checks given to the applicants without the house being under construction?

Mr. THOMAS. No.

Mr. SILVESTRI. May I say, Senator, the problem is that the State cannot administer the program efficiently if they are hamstrung by Federal regulations and by inconsistent policy at the Federal level.

Senator STEVENS. It is Federal money, Mr. Silvestri. So I do not want to hear that. You are going to have to live up to the same regulations we live up to in all of our emergencies and earthquakes and what-not, as I told you. But are you saying that the Federal Government should draw a check to an applicant before the house is even under construction?

Chairman LANDRIEU. That is the way the program was designed.

Mr. SILVESTRI. Yes.

Chairman LANDRIEU. And that was the way the program was designed in Mississippi, I understand. But I could be wrong about that. But I believe that the check is a compensation check to homeowners with X amount of damage, and the checks go to the applicants. Now, that was originally done differently in Louisiana, but now that has changed, I believe, to reflect——

Senator STEVENS. And there is no obligation to rebuild?

Ms. UDDO. Oh, no, there——

Chairman LANDRIEU. Initially there was an obligation to rebuild. Ms. Uddo, why don't you respond to that, if you could.

Ms. UDDO. You have options with Road Home. You can either rebuild—take your money, rebuild, or you can relocate. You can sell. You can turn over your right to your money to a new buyer if a new buyer will live there for 3 years. There are stipulations to that.

So my question to you, Senator, is: How can one start construction if they do not have any money to start with?

Senator STEVENS. Well, you get approval for construction, and once you have the approval, the contractor starts building your house.

Ms. UDDO. But a lot of contractors want money up front, and you need money—electricians want to be paid right away. I mean, it just does not work that way there.

Senator STEVENS. Well, I have got to tell you, the California earthquake, our earthquake, the enormous floods of the West, they have not had the delays that you have had in Louisiana. And I do not understand. We have all complied with the same Federal regulations that you have got.

Now, I am sorry I have to go, but I do not understand the concept that you can draw a check to someone to rebuild a house or to replace a house and say they can walk off—could they go to Texas with the money, buy a house there?

Ms. UDDO. No.

Senator STEVENS. How do you know?

Chairman LANDRIEU. Well, not under our program initially designed, but under the Mississippi program, there was no requirement for rebuilding. And I keep bringing that up only because in both situations we have done some different things than we have done in the past, and not saying which one is better or worse, but that it does exist. The compensation program which was approved by HUD that does the CDBG allocation——

Senator STEVENS. Well, we had a fire that destroyed a lot of homes, and James Lee Witt of FEMA went up with me, and we reached an agreement on a policy that he put into effect that they could rent trailers, bring them to the place, and they started a self-help process, and they actually started their own homes that same

year. And they got checks payable as they made progress on the home.

But this is a different concept, and I understand that to a certain extent some of the problems about delay, if a person just comes in and says I want the money to rebuild my house with, there is no approval of the concept of rebuilding at all? I mean, I thought the money was to rebuild New Orleans.

Chairman LANDRIEU. Go ahead.

Mr. SILVESTRI. The program changed, and I think it was an effort—as it has been described to us by the LRA, it was a hybrid program between compensation and rebuilding. And as originally intended, they built in guarantees and incentives to encourage rebuilding. And then HUD policy changed about 2 months ago, and they were told, it is our understanding, they had to issue the payments in a lump sum.

Now, one other quick thing. What is holding up—for example, the $1.4 or the $1.7 billion that FEMA will not release, that is elevation grant money. That is money that you have to have to elevate before you can rebuild, and now the program is in a stall mode because if that money does not get turned loose and people cannot know whether they are going to get money to elevate, they cannot know whether or not they are going to be able to rebuild, because you have to elevate first. Right now the program is paralyzed or stalled because FEMA will not release this additional money.

Senator STEVENS. I understood elevation to be building so far off the ground.

Mr. TRAPANI. Correct.

Senator STEVENS. Right? Is that your elevation? Go over to Rehoboth. They had a terrible disaster over there when the ocean came in and destroyed so many houses. They built the area below the homes, and then they built the homes above it. But they did not have to build one before they built the other.

Mr. SILVESTRI. No, but you have to elevate before you rebuild. If your house is damaged, you are going to want to pick it up first and get the foundation under it before you start working on it. You do not want to fix it up and then pick it up and then damage it in the process of elevating it.

Ms. GORDON. Can I say something? Senator Stevens, most of the people have put their roofs on, their windows, their siding. All the Road Home really is is a gap from what the insurance has not paid, and every grant that is given, we are required to sign agreements stating that we are going to either rebuild or comply with the laws that have been driven.

Senator STEVENS. I understand that now. Thank you very much.

Chairman LANDRIEU. Thank you, Senator, for coming.

Go ahead, Mr. Thomas.

Mr. THOMAS. They have Option 1, 2, and 3. It is so confusing. I understand Option 2. I own the property. Once they agree—once the guy called me when I was in the hospital in severe pain and could not even talk, he said, "Hey, live or die, we are ready to settle it right now." I said, "Well, my life is worth more than the money. I am going to live. Talk to you later."

But what happened is I selected Option 2. Option 2 states that after the insurance money come out, whatever is left, they cut a

check and I give them the deeds to the property. And then I can go anywhere I want to go and relocate, which I will stay in New Orleans because we have family property. But to the end, I would say I could not understand the rest of it. I could not be where I was no way because I am right by the levee, would never get a permit to build there again. That is my understanding. You cannot meet the regulation, cannot get high enough, cannot get enough money, $100,000 is not going to be a $250,000 home. I am on a fixed income. I am hungry, broke.

Chairman LANDRIEU. But you are very good in your testimony, Mr. Thomas, and let me——

Mr. THOMAS. And I am healthy and I am blessed.

Chairman LANDRIEU. Thank you. And let me just add as we wrap up this panel, and I have one or two questions. I think as you all can sense from even Members who have been very focused on the situation—Senator Stevens has been down there himself. He has walked through several of the neighborhoods. Senator Coburn has come down, I think not once but twice in terms of hearings.

There is still a difficulty understanding the scope of the disaster and the destruction of the neighborhoods, how broad it is. And when you ask people are they coming home, they would like to come home to a neighborhood. But as you said, if there is no store, there is no drug store, there is no library, there is no school, should they get their Road Home money and go live somewhere else in the city? Or should they take the 40-percent reduction and go move to Arkansas or Texas?

These are very difficult decisions, and I think there is a way—obviously, there has got to be a way to make this more simple.

But I want to ask for the record from homeowners, are homeowners—and I understand this is true, but I want you to say it, if it is, on the record. Are homeowners paying mortgages since Hurricane Katrina and Rita hit, continuing to pay mortgages?

Mr. THOMAS. Yes.

Ms. UDDO. Yes.

Chairman LANDRIEU. Has there been any relief given? So people are paying mortgages on homes that either do not exist and have not been livable for 18 months?

Ms. UDDO. And you will see a lot of foreclosures. There are numerous foreclosures. The mortgage companies are pressing in.

Mr. THOMAS. The mortgage company waived a lot of those notes with no interest, ma'am. They really did.

Ms. UDDO. Initially.

Mr. THOMAS. They waived a lot of them.

Chairman LANDRIEU. You said in your case they did. In your case, Ms. Uddo, they did not. In your case, Ms. Gordon?

Ms. GORDON. No, they——

Ms. UDDO. They worked with you for a short term, most homeowners. They gave us all a few——

Ms. GORDON. Three months.

Ms. UDDO. Three months, but, now for months, for at least a year, people have been having to pay their mortgages. Now, the SBA loans that people have taken out, those are coming due now, so you have some cases where you have someone paying rent some-

where else, mortgage, plus now they are accountable for their SBA loan.

Chairman LANDRIEU. And what is the Federal Government telling you about the SBA loans? Do they have to be paid back with your grant or not?

Mr. SILVESTRI. Yes.

Chairman LANDRIEU. So once you get your grant, you have to pay your small business loan back with the money that you got from the grant.

Mr. THOMAS. And that hurts.

Ms. GORDON. I cannot answer that because I have not been there.

Chairman LANDRIEU. Well, that is my understanding.

Mr. SILVESTRI. There is a coordination of the SBA benefits. There was some confusion about that initially, but I think that has been worked out now with LRA and SBA. But, yes, some of the—if the homeowner knows how to do it right and they are getting the—I think they are getting good instruction now, they can maximize their recovery there Road Home and also get SBA. But they do have to pay a portion of the SBA back.

Ms. UDDO. One thing I wanted you to know—and Senator Stevens—that third option was you can sell your property to the State, which is a whole other issue because now we have homeowners deeply concerned about what the States is going to do with those properties. And so we have homeowners actually holding up on rebuilding because they know that neighbor next door is selling to the State. And, that is just a whole other problem that is keeping people from rebuilding. So I did not know if you knew that.

Chairman LANDRIEU. Thank you. Thank you all very much.

Let's call the next panel. The last panel this afternoon is made up today of Nelson Bregón of HUD, David Maurstad of FEMA, Susan Elkins from the Office of Community Development, and Isabel Reiff from ICF International, which is the contractor. As you all are taking your seats, I will introduce you because of our time constraints.

Nelson Bregón is Assistant Deputy Secretary for Disaster Policy and Response at the Department of Housing and Urban Development. He is responsible for oversight of the $18 billion in disaster grants primarily focused on long-term disaster recovery in the Gulf Region.

Our next panelist is David Maurstad, Director of Mitigation and Administrator of FEMA. He is responsible for leading some of America's multihazard risk reduction programs, working to secure the homeland from natural hazards.

Susan Elkins is our next panelist. She is the Executive Director of the Office of Community Development. She was born and raised in Baton Rouge, has been committed to the State of Louisiana throughout her career. She has been working for the State since 1972, and she now serves as the point person in the Office of Community Development that runs the program.

And our last witness is Isabel Reiff. She is a Senior Vice President of ICF. She is the Chief Program Executive Officer of the Road Home Program.

If we could begin, Mr. Bregón, with you, please, and if you would limit your testimony to 3 minutes, we are going to have some questions, if we could, about the panel before and the program status.

**TESTIMONY OF NELSON R. BREGÓN,[1] ASSISTANT DEPUTY SECRETARY FOR DISASTER POLICY AND RESPONSE, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. BREGÓN. Thank you, Chairman Landrieu. My name is Nelson Bregón. I am a Senior Executive Service career employee with the U.S. Department of Housing and Urban Development. I started my career with HUD 27 years ago under Secretary Moon Landrieu. I think you know who I am talking about.

Chairman LANDRIEU. I have heard of him before.

[Laughter.]

Mr. BREGÓN. Yes. I have recently been appointed as the Assistant Deputy Secretary for Disaster Policy and Response by Secretary Alfonso Jackson to coordinate HUD's disaster response across the Department, with other Federal agencies, and to deal with any red tape that perhaps shows up as we undertake this great task.

Previously, I was the General Deputy Assistant Secretary in the Office of Community Planning and Development, and that is the office responsible for the Community Development Block Grant Program. So I have vast experience in disaster funding. I worked directly with the Empire State Development Corporation and the Lower Manhattan Development Corporation dealing with the September 11 supplemental appropriation of about $3.5 billion.

In the past year, through the tireless efforts of State and local government staff in Louisiana, Mississippi, Texas, Alabama, and Florida, and with more than $3.1 billion expended, the groundwork has been laid for a sustained recovery. Yet many challenges remain, especially in the State of Louisiana.

In response to the disasters, President Bush signed the first supplemental appropriation providing $11.5 billion on December 30, 2005. Within 1 month, Madam Chairman, HUD Secretary Jackson allocated the funds, and the State of Louisiana received the maximum 54 percent that we have been talking about.

Last June, after the President signed the second CDBG supplemental providing an additional $5.2 billion, the Secretary once again promptly allocated these funds to the affected States—again providing the maximum amount allowed by law to the State of Louisiana. In total, HUD has allocated a combined $10.4 billion in supplemental CDBG funding recovery funds, the maximum amount allowed by the law. Today, almost $2 billion has been expended.

The CDBG supplemental appropriations acts passed by Congress were clear in their intent and extraordinary in the flexibility provided to the States, far beyond the traditional nature of such supplemental block grant funding. Congress directed that HUD shall, the Secretary shall waive any statute, any regulation with his control. There were only four exceptions that he could not waive. That was civil rights, fair housing, environmental laws, and Davis-Bacon.

[1] The prepared statement of Mr. Bregón appears in the Appendix on page 113.

Chairman LANDRIEU. You have 10 seconds, please.

Mr. BREGÓN. In the case of Louisiana's Road Home Program for homeowners, the State's action plan set aside about $6.3 billion based on local estimates. Two factors largely determined the program's delivery cost. These were the estimated number of households and the amount per grant.

I tell you what, Madam Chairman. I have a lot more to say, so why don't I stop and we will open it for questions and then perhaps I would be able to answer all your questions.

Chairman LANDRIEU. Thank you. Mr. Maurstad.

**TESTIMONY OF DAVID I. MAURSTAD,[1] ASSISTANT ADMINISTRATOR, MITIGATION DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. MAURSTAD. Good afternoon, Chairman Landrieu and Ranking Member Stevens. I am David Maurstad, Assistant Administrator for FEMA's Mitigation Directorate. FEMA's Hazard Mitigation Grant Program provides States and communities with post-disaster funds to help them implement long-term mitigation measures. By funding such activities, the Federal Government helps communities rebuild stronger and safer.

As early as the fall of 2005, Louisiana recognized mitigation's value and set aside $250 million in HMGP funds to encourage local governments to plan for and prioritize traditional mitigation activities such as planning, elevation, and acquisition. Since then, the State has invested valuable time trying to incorporate the bulk of their HMGP funds, over $1 billion, into Road Home, a State-designed program to compensate storm victims with HUD CDBG funds.

Unfortunately, Louisiana did not consult FEMA while developing Road Home; consequently, they have encountered difficulties trying to combine the two programs. In August 2006, FEMA worked with HUD and Louisiana in a flexible and accommodating manner, offering creative options to address barriers to progress. Ultimately, the State's decision to exempt senior citizens from a Road Home penalty, again, without consulting FEMA, makes their Road Home Program unworkable because the exemption conflicts with the Stafford Act's nondiscrimination in disaster assistance section, which states, "Relief and assistance activities shall be accomplished in an equitable and impartial manner, without discrimination on the grounds of race, color, religion, nationality, sex, age, disability, English proficiency, or economic status."

The primary goals and objectives of the two programs are different. The Road Home is a compensation program to individual homeowners; whereas, HMGP helps communities reduce their vulnerability to future events with Federal grants. Last October, Louisiana submitted a single HMGP application for over $1 billion to acquire properties under Road Home. The proposal did not indicate whether the properties met HMGP requirements, nor did it describe how such requirements could be met. Without this information and considerable legal barriers, FEMA denied the application.

[1] The prepared statement of Mr. Maurstad appears in the Appendix on page 116.

Madam Chairman, I would like to provide two copies of letters related to these matters for the hearing record.[1]

Community-wide mitigation educates citizens about hazards, motivates them to incorporate mitigation into their land-use decisions, and galvanizes them to reconstruct stronger. I have visited the Gulf Coast many times since August 2005, and I know the victims are frustrated, and they do not see progress. I have heard firsthand similar testimony as was shared by the previous panel.

As a former Mayor, State Senator, and Lieutenant Governor, I am no stranger to the challenges that sometimes accompany Federal funds. My experience also makes me confident that a concerted Louisiana-FEMA focus on HMGP will result in effective mitigation activities across the State. If the Road Home and the HMGP operate separately, FEMA can provide the State's communities with the resources they need to reduce future property damage and loss of life during future events—our collective mission. With Road Home's attention to homeowners and HMGP's community focus, Louisiana-FEMA collaboration can result in a whole that is greater than the sum of its parts.

Thank you, Madam Chairman, and I look forward to your questions.

Chairman LANDRIEU. Thank you. Ms. Elkins.

**TESTIMONY OF SUSAN ELKINS,[2] EXECUTIVE DIRECTOR, OFFICE OF COMMUNITY DEVELOPMENT, STATE OF LOUISIANA**

Ms. ELKINS. My name is Susan Elkins, and I am here today representing the Office of Community Development. The Office of Community Development is the fiscal agent responsible for administering the disaster relief funds provided by Congress. We are now in our 11th month of the program since the launch of the recovery program.

As of May 23, over 139,000 applications have been received, 115,000 appointments have been held, 60,000 benefit option letters have been sent to homeowners, 41,000 homeowners have selected their option, and we have closed 20,000 homeowners as of today. We have spent over $1 billion to date that has been paid out to homeowners. We will close 10,000 cases this month, and we will continue to ensure that those closings increase as the throughput allows.

We have heard a lot about how slow the program is going, and I would like to address that.

To determine how fast or slow the Louisiana program is moving, there is no precedent for this type of program. The only possible comparison might be how Mississippi did in the same amount of time after starting its program.

Mississippi began their program in January 2006. Louisiana began their program in June 2006, approximately 6 months later. This was due to the need for the additional disaster recoveries that were provided by Congress in June 2006. Mississippi has done a fantastic job in their program.

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[1] The letters submitted by Mr. Maurstad appears in the Appendix on page 227.
[2] The prepared statement of Ms. Elkins appears in the Appendix on page 123.

In the materials that we have provided, you will find a chart that compares activities that are common to both Louisiana and Mississippi programs starting from the time that each State selected its management contractor and tracking progress on a month-by-month basis.[1] By the ninth contract month, Louisiana sent over 30,000 more option letters than Mississippi, and we closed more than 15 times the number of closing. In the same time frame, Mississippi received approximately 17,000 applications, while Louisiana had 110,000 applications—six times more.

At this time I would like to offer some observations for you to consider in examining how you can aid the process and using Federal funds for future disaster recovery, and first is data. There is great incompatibility in the data that is generated and kept by individual Federal agencies, all of which gather information, but there are no standard conventions for the most basic entries like street addresses, and there is no standing agreements to provide that information, and it takes months to get that information. Much time has been wasted because the information needed from these agencies to make informed decisions was not available or reliable or usable. And an example is the first time we used the FEMA data, which we had to have for verification. We could only get a 10-percent match right for the verification of duplication of benefits.

The second is redundancy. We have lost count of how many times the same work has been done but by different agencies. Here is one example: The same properties have been inspected four and five times—first by FEMA, then by SBA, then the private insurers, then the Road Home, and then the lenders. So homeowners are frustrated.

There is also the duplication of benefits, which is huge. The Stafford Act requires us to find and quantify funds from other sources—including private sources—that are presumed to be duplications. The need to do this has slowed down the recovery enormously. Just try getting insurance information from hundreds of private insurance companies for tens of thousands of payments that are made each day, daily, because they change, from an industry that is already overwhelmed and they have no business incentives to provide this information to the State. Sometimes it would take 90 days or longer. It is a nightmare.

I urge you to revisit the duplication of benefit provisions, particularly as they relate to private as opposed to Federal funds, and how they apply to loans such as those from SBA as opposed to grants.

Last, but not least, the Federal regulations inhibit rapid response to disasters. Given time, I could recite a litany of examples of how these well-intended regulations—and they are well intended. Clearly, they are needed in normal times, but they hamper and hamstring recovery efforts tremendously.

Chairman LANDRIEU. Can you wrap up, please?

Ms. ELKINS. The CDBG rules differ from FEMA rules, SBA rules. SBA rules differ from DOT rules. And that is why we are not able to leverage these dollars to use them in the recovery process. We

[1] The chart referred to appears in the Appendix on page 134.

have worked now for a year with FEMA to be able to use the HMGP dollars, and to date, we have not been able to use those.

So I will wrap it up.

Chairman LANDRIEU. Thank you, and you can submit the rest for the record. Finally, Ms. Reiff.

**TESTIMONY OF ISABEL REIFF,[1] SENIOR VICE PRESIDENT, ICF INTERNATIONAL, INC., AND CHIEF PROGRAM EXECUTIVE, LOUISIANA ROAD HOME PROGRAM**

Ms. REIFF. Good afternoon, Chairman Landrieu. I am Isabel Reiff. I am a Senior Vice President of ICF and the Chief Program Executive for the Louisiana Road Home Program.

Before I begin, let me say that it has been a privilege to work on this program with the citizens of Louisiana. We take the responsibility very seriously to both deliver the grants to these individuals who have suffered so much and to do it with compassion. The resilience of these homeowners has been nothing short of inspiring, and I give you my word that we will reach out to each of the individuals here and to everyone else whom we have provided with anything less than A-plus service.

We appreciate the opportunity to discuss the challenges and issues that ICF and our team face in delivering the largest recovery program in our Nation's history. To summarize some of the accomplishments, as of last night we have received, as Susan Elkins just said, about 139,000 applications and just under 108,000 homeowners have scheduled or held appointments. By this time next week, we will have submitted 70,000 award letters and we will have held more than 20,000 closings, which result in a commitment of $1.5 billion to homeowners. At this rate and with no further program changes, 90,000 eligible homeowner applicants will receive their Road Home funds by the end of this year.

Madam Chairman, it is important to understand that this program has been delivered over the past 7 months in a very challenging post-disaster environment during which many changes have been made to the program, including alterations to the calculation of benefits, the additions of new categories of eligible recipients, and a revised process of establishing pre-storm value.

I want to be very clear when I say that we recognize that these changes were made in a very honest effort to improve the program and for the benefit of the homeowner. But the fact is that there has been an extraordinary number of midcourse corrections to the underlying delivery model of this program in an environment that would not tolerate an interruption in service. We need stability.

From a delivery perspective, it is difficult to satisfy a homeowner if we cannot give them definitive information in a changing environment. We are very concerned about the quality of our customer service, and we continuously work to improve it. However, the program is ahead of schedule, and I am afraid that the accelerate pace has come with a price.

Madam Chairman, because there is often confusion in the press and elsewhere about when ICF started operations in Louisiana under this contract, let me take a moment to provide some context.

[1] The prepared statement of Ms. Reiff appears in the Appendix on page 135.

We signed our contract in June 2006, a full 10 months after the hurricanes. Under the terms of the contract, the production phase, the actual processing of claims did not begin until this past October, 14 months after the hurricanes. So we have only been in production for 7 months, and it is in those 7 months that we have achieved the accomplishments that we have just recently referred to.

This program has already been audited seven times by State and Federal authorities without major concern. We are comfortable with that degree of transparency. We have always operated that way. We have, of course, faced significant and unprecedented challenges. We are proud of our achievements as we accelerated the final stage of getting grants to the homeowners.

I should point out that originally the Road Home contract required ICF to complete the process of closing on all of these transactions by the end of 2008. We now project that much of this work will be done and most grants awarded a full year earlier than the original schedule, assuming that there are no additional changes to the program and that there is an application deadline.

We do appreciate that nothing would be fast enough for the thousands of homeowners anxious to return to their homes, and we are constantly seeking ways to accelerate our progress and improve our performance.

Finally, as part of our obligation to inform the State of program progress and outlook, ICF has been providing weekly reports on Road Home progress since November.

So, in summary, I would like to emphasize the following points: The Road Home Program is a recovery challenge unprecedented in its scope and complexity. It was designed and approved by the State of Louisiana, and ICF has been implementing this program at an accelerated pace for the past 7 months, but only for 7 months. The program constantly evolves, and we have made dozens of complex changes in delivery with virtually no interruption in service. And despite all of these challenges, working together, with all programs stakeholders, I believe that dramatic progress has been made and most eligible homeowners will have been compensated by year-end, much earlier than required under our contract.

I would be pleased to answer any questions that you may have.

Chairman LANDRIEU. Well, thank you. There are going to be many questions. There will be many submitted to the record, and, of course, you all will be given a time frame to respond. Our time will only allow just a few questions this afternoon.

I would like to begin with our HUD representative, if I could. Since HUD is in the business of providing housing—and this is the greatest challenge we have on the Gulf Coast, is getting our people back into their homes. This has been focused today on homeowners, but, of course, we have renters and we have multifamily homes. These are predominantly single detached homes that we are talking about. But if the 54-percent cap on the initial allocation between Mississippi and Louisiana had not been placed, has HUD yet done a calculation as to what the actual amount of money would be needed to cover the programs that have been described today? And if you have done it, give me what the numbers are. If you have

not done it, are you able to do it? Because I am going to ask you to do those calculations?

Mr. BREGÓN. Madam, again it is a matter of how do you look at damage and what is it that the State wants to accomplish. Right now, for instance, the program that has been described by the State is an eligible activity, whether they want to do the basic compensation, whether they want to do wind mitigation. Those are all eligible activities——

Chairman LANDRIEU. With all due respect, that is very clear right now, what the Louisiana program is and what the Mississippi program is, and it is getting clearer as this hearing is going on. There is still a question as to whether we are trying to cover wind and flood. But have you done those calculations?

Mr. BREGÓN. We do have the numbers of how many——

Chairman LANDRIEU. What are they, do you know?

Mr. BREGÓN [continuing]. Units are—well, they fluctuate between 105,000 and 150,000, which was what the chart showed that we had before.

Chairman LANDRIEU. There is a big difference between 105,000 and 150,000, and so what I would like to do is, without pressing today, I am going to submit a letter to HUD to ask the question: If there was no arbitrary cap placed by Congress, which I acknowledge was done, just looking at the program that has been described, up to $150,000 grant for flood only, what would that number be? Since you all are in the business of housing, I am going to ask the housing officials to give us that number.

Now, Mr. Maurstad, if I could ask you, you stated in your testimony that the State never consulted you about the use of hazard mitigation grants. Could you go over that again? I do not know if, Ms. Elkins, you would be the appropriate one from the State to respond, but that is not my understanding. But if you could please repeat that?

Mr. MAURSTAD. Yea, ma'am. When the Road Home Program was developed, we were not consulted as to how the Hazard Mitigation Grant Program would be involved in the Road Home Program.

Chairman LANDRIEU. But was Don Powell consulted about that issue?

Mr. MAURSTAD. That I am not sure.

Chairman LANDRIEU. Was HUD consulted about that issue?

Mr. BREGÓN. No, ma'am.

Chairman LANDRIEU. OK. So the State arbitrarily on their own decided to—the hazard mitigation money, there was not conversation——

Mr. MAURSTAD. No. In all fairness, we began working with the State in the fall of 2005 with the first $250 million that they allocated to the various parishes for traditional hazard mitigation work. There was a lock-in amount that was provided to the State that they would have approximately $1.47 billion available totally for hazard mitigation. As they have discussed in testimony today, they were looking at incorporating the balance of the Hazard Mitigation Grant Program into Road Home.

Chairman LANDRIEU. Because they thought they would be short on the Road Home money and needed to use that $1.5 billion to reach their target number of homes covered.

Mr. MAURSTAD. That very well may be the case. That is not a conversation that I have had with——

Chairman LANDRIEU. But you all did not have that conversation with them at the time?

Mr. MAURSTAD. No. There is—the State——

Chairman LANDRIEU. So after they included that, then several months later you all came back and said that really could not be done that way.

Mr. MAURSTAD. In June last year, we began discussions of trying to look at how we could incorporate HMGP——

Chairman LANDRIEU. And we are almost in June this year, and that has not been resolved yet, has it?

Mr. MAURSTAD. We began working with them. There was concern. Administrator Paulison created a separate working group with HUD, the State, myself. That began working in August. We started going through the issues until they then made the decision—again, without consulting with us—about the nondiscrimination issue.

Chairman LANDRIEU. But the bottom line is that FEMA and Secretary—with Secretary Paulison and FEMA and the State have been trying to work this out for 1 year, almost 1 year, and it is not working out yet. Is that basically correct?

Mr. MAURSTAD. We have been working on it with them trying to find ways to make it work for 1 year.

Chairman LANDRIEU. All right. Let me ask you, Ms. Elkins, if I could, this chart from the Lakeview Homeowners' Association—I am actually going to ask either the City Planning Commission in the region to potentially, if they can, provide charts like this for all the neighborhoods, because I think this really kind of gets us to where we need to be. You all both testified that you think within a year the applications will be out and people will have their checks. But according to this one neighborhood projection, it will take 7 years for the homeowners that have applied in Lakeview to receive their checks. So I am confused as to what this record should reflect. Do you disagree with these numbers?

Ms. ELKINS. I have not had time to look at it, but just glancing at it, I think what they did is they looked at the money from the 20 months, with the storm, and we just received the money. So I do not think that this is accurate. We have actually been in production for 7 months. We have only had a contract for 11 months. We had the pilot program first. So our goal is to move at least 10,000 each month.

Chairman LANDRIEU. OK. Well, I am going to ask you, if you do not mind, just for this record to take this document and see if you could work with the Lakeview Association and upgrade it, and if you all could submit that for the record, because if it can be done for this one neighborhood, there are dozens and dozens of neighborhoods throughout, not just the New Orleans region, but St. Bernard and Cameron Parish, etc. And it will give people some hope as to when their applications can be finalized.

One final question to the coordinator. You stated the only missing piece to the original contract were benchmarks for option letters sent to homeowners and for closings completed. You stated you spoke with several housing experts to determine what you should

use as appropriate time frames for closings, that you looked at Mississippi's program because they contained similar tasks as Louisiana's. You looked at title searches verifications. But even as you found it difficult to find a precedent time frame for the completion of option letters and closings, why did you fail to consult with advocacy groups who have been working in the field with Hurricane Katrina victims such as some of the low-income housing organizations, lawyers' committees to determine a suitable time frame? Or did you consult with these and other groups? Ms. Reiff, this is to you.

Ms. REIFF. The time frames for the program and for the contract were provided by the State of Louisiana. We do meet with local groups. We have a complete outreach effort. We work with nonprofits. We use and rely on nonprofits to reach out to special needs populations, to encourage them to come in and to provide them services. And we work often with different organizations to make sure that the materials we are providing are usable, are transparent, and are helpful. So, yes, I do believe we speak with a variety of groups all the time.

Chairman LANDRIEU. OK. Are there any other comments that you would like to make for the record? I will give you each 30 seconds before we close, if there is anything you think you have not answered or responded to.

Mr. BREGÓN. Yes, Madam Chairman, if I may. Again, I want to focus on the fact that the State is the responsible agent here for the administration of the CDBG funds. HUD has been very flexible, and we have worked very closely with the State. We feel that the State has the capacity to run this program. They have been running the CDBG program at the State level for over 20 years.

The other thing I would like to mention is the issue of the environmental reviews. Our position at HUD was we advised the staffers that perhaps they should give the authority to the Secretary to waive the NEPA, the environmental requirements, which is one of the stumbling blocks, barriers——

Chairman LANDRIEU. Was that waiver given?

Mr. BREGÓN. It was not, Madam.

Chairman LANDRIEU. Not given, OK.

Mr. BREGÓN. That is correct.

Chairman LANDRIEU. Mr. Maurstad, any closing remarks?

Mr. MAURSTAD. Three very quick points.

First of all, for the record, we want to make sure that there is an understanding that the numbers for the housing were not a FEMA estimate. FEMA provided HUD data call information that HUD used with a number of other pieces of information to come up with the housing numbers. So if we could clear that up——

Chairman LANDRIEU. Let me try to clear that up for the record. So FEMA is saying do not use our numbers, use HUD numbers?

Mr. MAURSTAD. No. They asked us for information. We provided that information with a series of caveats on what that information was used for and what that information meant. HUD fully understood that and used that in their overall calculations. But they are not strictly FEMA numbers.

Chairman LANDRIEU. Because this Subcommittee is going to find the right numbers, who should we go to to get the real numbers

about how many homes were severely damaged in Mississippi and in Louisiana? Just tell me, who should we go to?

Mr. MAURSTAD. Well, since you have asked my opinion, it would seem to me that there should be a group from the LRA, from HUD, and from Mr. Powell's office that should sit down and be tasked with coming up with a set of numbers that they can all agree with.

My second point would be that it is important that we emphasize that the critical obstacle with HMGP folding into the Road Home Program is the nondiscrimination section violation of the Stafford Act, and so we would like to be able to provide additional information to you on that.

And last is to emphasize that I believe in my working with both the State—is that the HMGP and Road House programs can run parallel and meet the objectives of both. We can run the HMGP program outside but parallel to the Road Home Program and achieve what I believe the Road Home is trying to accomplish with the program inside Road Home.

Chairman LANDRIEU. And you are testifying based on the current funding? You do not think this program will be short so they can take out the hazard mitigation and run it parallel?

Mr. MAURSTAD. I have not looked at that because that is—I mean, our money is available to them.

Chairman LANDRIEU. Correct, but you do not know if you take out the one—your testimony is that you do not know that if you take out the $1.5 billion hazard mitigation that the program then would have enough money to cover all the——

Mr. MAURSTAD. I have not studied the overall needs of the Road Home program.

Chairman LANDRIEU. OK. That is fine.

All right. Ms. Elkins, any closing comments?

Ms. ELKINS. I think that there needs to be greater consistency in the Federal regulations, and I would like, for the record, to ask how long would it take to run this parallel program with HMGP dollars for the homeowners?

Mr. MAURSTAD. Do you want me to respond, ma'am?

Chairman LANDRIEU. Go ahead.

Mr. MAURSTAD. We have already been working with the parishes on the first $250 million. We worked initially with the parishes to make sure that—only three parishes had local mitigation plans that they needed to be able to be eligible for the funds. We worked with them. All of the parishes and communities except one now have that. They are poised to be able to implement the Hazard Mitigation Grant Program in this disaster, just like Louisiana has done in previous disasters. This is not a new program. The State has administered this program in the past. They understand the rules, the regulations. They have done it before, and I believe we can work with them and do it again.

Chairman LANDRIEU. OK. I thank you all very much. The time has come for us to conclude the hearing. Let me thank all of our panelists. Let me particularly thank the homeowners who gave such heartfelt testimony and helped us to focus on the importance of getting this program fixed, getting the data right, the numbers right, the coverage right. I do not want any homeowner in Louisiana or Mississippi to believe that this government is not going

to fulfill its promises. We do not know at this point how exactly that will be done, but this Subcommittee and I believe the full Committee of Homeland Security and Governmental Affairs wants to make sure that this program works better, more completely, more quickly, and more efficiently to help build these communities. And we are going to continue to have hearings until we can figure out the numbers, figure out the coverage, and accelerate the help for the people that are depending on us to do that.

Thank you so much.

Mr. BREGÓN. Madam Chairman, if I may, I would like to request to include my prepared statement.

Chairman LANDRIEU. Your statements will be recorded to the record and additional questions will be submitted by us very shortly.

Thank you. The meeting is adjourned.

[Whereupon, at 5:16 p.m., the Subcommittee was adjourned.]

# APPENDIX

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TESTIMONY OF DONALD E. POWELL

FEDERAL COORDINATOR FOR GULF COAST REBUILDING

UNITED STATES DEPARTMENT OF HOMELAND SECURITY

Subcommittee Chairwoman Landrieu, Ranking Member Stevens and distinguished Members of the Senate Homeland Security and Government Affairs' Subcommittee on Disaster Recovery:

My name is Donald E. Powell and I am pleased to appear before you today as the Federal Coordinator for Gulf Coast Rebuilding. I am here today to discuss the Road Home Program as designed by Governor Blanco and the Louisiana Recovery Authority (LRA).

***Overview of the Office of the Federal Coordinator for Gulf Coast Rebuilding***

In the aftermath of the most powerful and destructive natural disaster in our nation's history, President George W. Bush, through Executive Order 13390, directed the Secretary of Homeland Security to establish the position of Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast Region and asked me to serve in that position.

The President remains committed to supporting the local recovery and rebuilding efforts in Alabama, Florida, Louisiana, Mississippi, and Texas from the damage sustained from Hurricanes Katrina, Rita, and Wilma. The entire Gulf Coast region is of great historical, cultural, and economic importance to this country, and we strive to ensure that State and local governments have the resources they need to help their residents get back on their feet.

Fundamentally, my job is to ensure that the Federal government provides thoughtful, coordinated, and effective support to the State and local leaders who are driving the long-term rebuilding and renewal of the Gulf Coast. I do this by working closely with people in the affected regions, including stakeholders from the public, private, and non-profit sectors, to identify and prioritize the needs for long-term rebuilding. I then communicate those realities to the decision-makers in Washington, advising the President and his leadership team on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. Finally, I work with other Federal agencies to help ensure the successful implementation of these strategies.

President Bush made a commitment that the Federal government would be a full partner in the recovery and rebuilding of the areas devastated by Hurricanes Katrina and Rita, and he is keeping that promise. The Federal government has committed more than $110 billion for the recovery effort through programs as varied as HUD's Community Development Block Grants, funding for the Corps of Engineers, FEMA Public Assistance funding for infrastructure, Small Business Administration loans, and Department of Education and Department of Labor federal grant funding, just to name a few. This figure does not include the costs of the GO Zone tax legislation, from which some provisions were extended at the end of the 109th Congress at the President's urging. This extension runs through the end of 2010 for areas that experienced the most significant housing damage.

This Administration also understands the importance of being good stewards of the substantial amounts of taxpayer money that have been spent on this effort. We rely on State, local, and Congressional oversight and accountability mechanisms in place to assist in the protection of the American taxpayer. If Americans see their tax dollars being ill-spent, their support – which is critical - will wane. It is my duty to review the various plans and strategies brought to us from the region to ensure that they are consistent with the prudent, effective, and appropriate investment of taxpayer dollars. Given this charge, I am particularly concerned about the recent news reports and information that the Road Home Program may not have adequate funding.

The President has made it abundantly clear that the vision and plans for rebuilding the entire Gulf Coast should take a "bottom-up" approach that starts from local and State leadership, not from Washington, D.C. Rebuilding should be an exercise in coordinated, thoughtful, and prudent planning, but not centralized planning. Hence, the Blanco Administration's creation of the Louisiana Recovery Authority (LRA) to create and oversee a grants program for Louisiana citizens using Federal funds was in keeping with this intent. The LRA represents a diverse and talented team tasked with developing the necessary policies to rebuild Louisiana. My office has worked well and tirelessly with the LRA to assist them in finding the best pathways to success, and we will continue to do so until they no longer request our assistance.

***Louisiana CDBG Appropriations***

Rebuilding the housing stock has been a primary focus throughout the rebuilding in Louisiana. In December 2005, as a part of the Department of Defense (DOD)

Reallocation, Congress set aside $11.5 billion in Community Development Block Grants (CDBG) funds for the Gulf Coast. Of that initial $11.5 billion, Congress inserted language stating that no State shall receive more than 54% of the funds. Based on an analysis of need, the Department of Housing and Urban Development allocated funds as follows: Louisiana - $6.2 billion; Mississippi - $5.1 billion; and the remainder (approximately $200 million) to the other Gulf States.

It became apparent to the Administration and the State of Louisiana that this allocation for Louisiana would not be enough to cover their housing needs. Therefore, just after I took the post as Federal Coordinator, my staff and representatives from the State of Louisiana began exhaustive talks to determine the potential additional need. My charge to staff was clear – get the best data possible and put all available information on the table for review. After many weeks of discussion and by using scientific methods like Geo-spatial mapping, SBA loss-verification information, FEMA inspections, and HUD data, all parties involved in the discussions - Federal and State - reached a consensus on the total number of houses destroyed and an approximate cost per household. It should be noted that although FEMA gathers damage estimates for its internal use, these numbers were used as a reference point as they were deemed the most reliable at that time. At the time, all of the information used to determine these estimates was recognized by stakeholders – both Federal and State - to be the most thorough and reliable source of damage information available.

Using the data that emerged from this consensus process, in February 2006, the President requested an additional $4.2 billion in CDBG funds for the State of Louisiana in the

Fourth Supplemental. At that time, the Administration and the State of Louisiana fully agreed upon this amount as evidenced by the following remark made by Governor Blanco at the announcement: "Now, I want to say that these numbers didn't just come from the sky. They were carefully crafted legitimate numbers, analysis after analysis, evidence after evidence. We took it seriously. We didn't just make up a number. We know that that doesn't fly here in Washington." And, as to the President's intentions to aid Louisiana's housing woes, Governor Blanco said: "Today I know that he is fully committed to helping our people. And so on behalf of the people of Louisiana, I have to say a very special thank you." Once again, it is worth noting that the numbers upon which the additional funds were requested represented a consensus between Federal and State officials.

***LRA and the Road Home Program***

After the Fourth Supplemental CDBG funds were requested in February 2006, the Louisiana Recovery Authority (LRA) created the Road Home Program in order to assist their citizenry in rebuilding. The LRA submitted its first action plan to HUD that initially mentioned the Road Home program in April 2006, and the first amendment to that plan – actually detailing the Road Home program - was submitted in May 2006. The plan was later amended by the State and resubmitted in August 2006, with the Secretary of HUD determining that the plan was in compliance with all Federal rules and regulations that same month.

As of May 19, 2007, the homeowner portion of the Road Home Program had 138,123 applicants and had closed on 19,194 homeowner applications, representing $1.4 billion

(22% of the amount budgeted by the state for this portion of the Road Home Program and 13.5% of appropriated funding) with an average grant amount of $75,200.

***OGCR Action***

The funding discrepancies of the Road Home Program were just recently brought to my attention through media reports. At my immediate request, our staff asked the State of Louisiana to provide a full accounting of the Road Home program, including any relevant back-up paperwork and applicant information to better understand the program's complete financial situation. Subsequent to our information request, Governor Blanco contacted me and requested a meeting. I met with the Governor and listened to the issues she identified as problems impacting the State's Road Home Program. Following the meeting, I asked for additional information from the State so that I would have as much information as possible upon which to base my own review of the concerns Louisiana identified with their program. This request was echoed in a letter penned by me to Governor Blanco (attachment #1) requesting the same. Once these numbers have been examined and agreed to by all interested parties, we will know how best to proceed. As a former banker, I know the importance of gathering the facts to provide a clear financial picture.

***Conclusion***

President Bush is committed to rebuilding the Gulf Coast—and rebuilding it better and stronger than it was before Hurricanes Katrina and Rita. A tremendous amount of progress has been achieved. And a tremendous amount of work still lies ahead. We move forward each day, determined to ensure that the Federal government continues to

do its part to support and strengthen the State and local leaders who must drive this rebuilding effort.

I am confident that when history writes the book on Hurricanes Katrina and Rita, it will be a story of renewal. The Gulf Coast States and their leaders have a chance to restore their communities and revive hope and opportunity. I will continue to work with these leaders to ensure that we do not let this opportunity pass.

U.S. Department of Homeland Security
Washington, DC 20528

May 10, 2007

**Office of the Federal Coordinator for Gulf Coast Rebuilding**

Governor Kathleen Blanco
PO Box 94004
Baton Rouge,LA 70804

Dear Governor Blanco:

Thank you again for our meeting yesterday and for our ongoing communications on The Road Home Program as well as other issues of importance.

Just last week I was made aware through various news accounts that there is a possible shortfall in funding for the Louisiana Recovery Authority's (LRA) Road Home Program. While I acknowledge prior concerns raised by the State regarding FEMA's Hazard Mitigation Grant Program (HMGP) funding, I was disappointed to learn of this even broader potential shortfall.

As you will recall, my office worked tirelessly along with your office and the LRA at the beginning of 2006 to determine the mutually agreed upon appropriate funding amount. When we announced the President's intent to ask for an additional $4.2 billion in CDBG funds for the State of Louisiana in February 2006, we were all in agreement that this was an appropriate funding amount for the Road Home program to meet its goals.

In an effort to ascertain the most accurate picture possible – and to avoid any inaccurate conclusions or potential misperceptions - I appreciate the willingness to share with our office the review of original estimates your team has prepared for The Road Home Program. In addition to the numbers, and in order for us to work quickly and effectively on the Federal side of this equation, I would appreciate receiving any relevant back-up paperwork and applicant information. This will better aid our understanding of the program's complete financial situation. I would also appreciate any assistance you could provide to encourage the LRA and the Office of Community Development (OCD) to provide relevant and similar information already requested by OGCR staff.

Although I was asked yesterday to provide an opinion or guidance regarding potential actions the state might consider regarding the shortfall, I hope you understand that I am awaiting a similar review of the data the Federal team used during the development of the original estimates. Until I have received and reviewed that information I cannot make any informed recommendations or conduct detailed conversations. As I mentioned, I do look forward to another conversation once my review is completed.

I know you understand the importance of gathering the facts to provide a clear financial picture and we both share a commitment to transparency for all those involved in this process – particularly those homeowners impacted by the 2005 hurricane season.

Once again, I thank you for our conversation and, as we have in the past, I trust we can work through this together.

Sincerely,

Donald E. Powell
Federal Coordinator for Gulf Coast Rebuilding

# WRITTEN TESTIMONY OF ANDREW D. KOPPLIN, EXECUTIVE DIRECTOR OF THE LOUISIANA RECOVERY AUTHORITY, BEFORE THE U.S. SENATE HOMELAND SECURITY & GOVERNMENTAL AFFAIRS SUBCOMMITEE ON DISASTER RECOVERY

## MAY 24, 2007

Madame Chair, Members of the Subcommittee, thank you for inviting me to testify today. My name is Andy Kopplin and it has been my honor and privilege to serve as the Executive Director of the Louisiana Recovery Authority (LRA)—representing our Chairman Dr. Norman Francis, Vice Chairman Walter Isaacson, and the other volunteers on our bipartisan 33-member board of directors.

Since our appointment by Governor Blanco in October 2005, the LRA has focused on developing policies and strategies for recovery, securing public and private resources, leading long term regional and community planning initiatives, and providing transparency and oversight on the expenditure of recovery dollars.

We do not run the Road Home or any programs at the LRA. With regard to Community Development Block Grant and Hazard Mitigation Grant Program funds appropriated to Louisiana, our job is to recommend expenditure allocations to the Governor and the Louisiana Legislature and to set broad policy guidelines for the programs they approve.

Today's hearing focuses on Louisiana's largest state-led recovery program—the Road Home Homeowner Assistance Program—and the current financial and implementation challenges it faces.

As I address specifics about the Road Home, I would like to put them in the context of some major themes that illustrate the challenges we have faced with our recovery from Katrina and Rita in general and with the Road Home program in particular.

These themes are:

1) Federal investments in Louisiana's recovery have been generous and unprecedented—yet they unfortunately were late in coming, inequitably divided among states, and insufficient to address the true scale of our disaster;

2) Program implementation responsibilities have been delegated to state level agencies—largely because the Bush Administration opposed the Baker/Landrieu Louisiana Recovery Corporation proposal that would have

created a robust federal agency with the mandate and resources commensurate to the task of helping Louisiana recover from the first and third most expensive disasters in American history;

3) The sheer scope of Katrina and Rita overwhelmed all government agencies—federal, state, and local.

4) The red tape associated with FEMA- and HUD-funded programs is choking our ability to access the federal dollars that have been appropriated by Congress for Louisiana's recovery;

5) Finally, the constant haggling required by state and local officials to secure resources, eliminate red tape, and secure waivers and extensions has led to uncertainty that has slowed the recovery and undermined public confidence.

Let me take each and illustrate how it has impacted the recovery broadly and the Road Home in specific.

1. Delayed, Inequitable and Insufficient Federal Investments

*Delayed and Inequitable Investments*

After Katrina and Rita, the 109th Congress waited until Christmas to fund a recovery package to help the Gulf Coast rebuild. But when Congress acted, it wisely increased the President's recommended funding for Community Development Block Grants from $1.5 billion to $11.5 billion.

But the legislation unfairly capped Louisiana's allocation at 54% of the total CDBG appropriation. Congress essentially passed a law forbidding HUD from allocating resources equitably based on damages. That meant Louisiana was awarded $6.21 billion and Mississippi $5 billion when HUD announced the initial allocation of CDBG funds in February 2006.

The LRA spoke out about the inequities long before the bill passed, and we redoubled our efforts afterward. We had already documented that Louisiana suffered 77% of all housing damage from the 2005 storms—Katrina, Rita, and Wilma. Compared to Mississippi, Louisiana had more than three times the housing damage, seven times more citizens displaced, seven times more university students displaced, five times more damage to electric utilities, three times the number of K-12 schools destroyed, five times the number of hospitals destroyed, nearly ten times the number of businesses lost, and five times the decrease in employment. And the vast majority of our damage was caused by the catastrophic failure of federal levees that had been built and certified as being adequate to protect us by the Army Corps of Engineers.

With leadership from Governor Blanco and Louisiana's Congressional delegation, we fought for fair and equitable funding from Washington on behalf of our homeowners,

renters, small business owners, parishes, towns and cities. LRA board members personally took the case to Capitol Hill and the White House. After vigorous negotiations with LRA board members representing Governor Blanco, Chairman Don Powell announced on February 15, 2006 the President's commitment to support an additional appropriation of $4.2 billion in CDBG funds to bring Louisiana's total for housing and infrastructure to $10.4 billion. This included $7.5 billion to assist homeowners. In arriving at the $7.5 billion figure, we agreed to rely on HUD's analysis of FEMA inspection data, which at the time was considered by the Office of the Federal Coordinator to be the best available information.

Our request during these negotiations had been for a total of $14.9 billion in CDBG funds, including $9.4 billion for single family homeowners (and excluding economic development which Chairman Powell asked to be considered at a later date). In arriving at the $10.4 billion level for CDBG funding, Chairman Powell also asked state negotiators to rely on the $1.7 billion FEMA was estimating at that time would be allocated to Louisiana in HMGP funds to pay for the elevations, buyouts, and smaller home safety investments (called "individual mitigation measures")that were contemplated in our homeowner assistance budget. Although state negotiators objected based on their knowledge that the HMGP program imposed considerable administrative burdens, they ultimately accepted the proposal given that HMGP funds are broadly intended to cover the elevations, buyouts, and safety measures we proposed and based on Chairman Powell's commitment to help state officials streamline the FEMA process.

The President's decision to support an additional $4.2 billion appropriation of CDBG funds for Louisiana came six weeks after Congress first passed a supplemental appropriations bill containing CDBG funding. Unfortunately, it was not until four months later, June 15, 2006, before President Bush signed into law the bill that secured Louisiana's additional $4.2 billion in CDBG funds. That was nearly six months after the initial supplemental appropriation of CDBG funds was approved by Congress in December, 2005, and nearly ten months after Katrina hit Louisiana. For homeowners frustrated by the pace of the Road Home program 21 months after the storms, it provides little solace for them to hear that half of their wait was on the 109th Congress to fully-fund our program. But any fair review of progress needs to consider June 15, 2006 as the effective start date for Louisiana's program. Unfortunately, from the perspective of a family who lost their house due to Katrina or Rita, federal assistance was already long overdue by June 2006.

*Insufficient Federal Investments*

Today, eleven months after being fully funded, the Road Home program has finally begun hitting its stride. By the end of this week, 20,000 homeowners will have closed on their grants—double the number who had closed just four weeks ago.

[Louisiana has now surpassed Mississippi in the number of awards that have been paid to homeowners. Mississippi has closed 13,678 awards and paid out grants to 12,846

homeowners in Phase One of their program. They have not closed any grants for Phase Two yet.]

Yet just as this news of improvement arrives, the program has been covered by a cloud of uncertainty again due to anticipated budgetary shortfalls (See Appendix A). ICF International, the Division of Administration Office of Community Development's (OCD) contractor for the Road Home program, has developed a budget projection based on rigorous analyses of application data and grant awards that estimates total program costs of approximately $10.4 billion—approximately $2.9 billion more than the $7.5 billion amount negotiated with Chairman Powell and budgeted by the state. If the $1.2 billion in HMGP funds that have been appropriated and are budgeted for this program are not approved by FEMA, this shortfall grows to $4.1 billion.

This estimated program cost of $10.4 billion is a mid-point range that the state calculated based on the current estimated number of eligible applications and based on the current estimates of benefit calculations. Still today, these factors are not fixed as applications and damage assessments continue to arrive and our estimates are just that—estimates based on the best analysis of current data.

When the state launched the Road Home program in August 2006, program guidelines were created to ensure that expenditures would remain within the $7.5 billion budget allotted during the funding negotiations, including assistance caps and penalties that were imposed on features of the program. These caps included an overall limit of $150,000 per homeowner, a limitation that grants cannot exceed the home's pre-storm value, capping elevation assistance at $30,000, limiting additional assistance to low income families to $50,000, limiting buyout compensation to the homeowner's uninsured gap, applying a 30% penalty to uninsured homeowners, and a 40% penalty for applicants choosing not to remain homeowners in Louisiana. Even with the programmatic caps and penalties, the overall award calculations are higher than expected for elevation costs and homeowner grants.

ICF's projection shows this deficit results largely from two factors.

1) First, it appears that the program will find nearly 20,000 more homeowners than FEMA estimated are eligible for grants based on a determination by ICF's inspectors that they suffered major or severe damage according to FEMA's definitions. The program assumed 114,532 applicants would ultimately be processed and awarded benefits; currently, the pool of eligible applicants with major and severe damages is expected to be around 132,215.

2) Second, average awards are higher than had been initially projected—because ICF's inspectors are finding that many homes which had been categorized by FEMA as suffering "major" damage should have been categorized as suffering "severe" damage warranting a complete demolition and rebuild. Because severe damage properties are more expensive to serve than major damage properties, the difference between the expected number of "severes" (52%) and the actual number (72%) has caused large, unanticipated cost increases.

While Louisiana's projected average grant of $74,173 is higher than the $60,109 originally projected, it is comparable to Mississippi's average grant of nearly $70,000 in their homeowner assistance program. Furthermore, based on FEMA's original estimates of major vs. severe damage, the fact that Mississippi was estimated to have more homes in the major damage category (84% major;16% severe) and Louisiana had nearly half (48 % major; 52% severe) with severe damage, Louisiana's grants should be even higher if program criteria were identical in both states.

The consequences of the Road Home budget shortfall are extraordinary. Governor Blanco has asked the LRA to consider temporarily reallocating other CDBG funds from other programs to shore-up the Road Home budget. As the homeowner program has always been our highest priority, we will do what is necessary to close the funding gap. But even a temporary reallocation of other CDBG funds (which would cut rental housing and public infrastructure restoration programs) will *not* be sufficient to cover the projected shortfall.

Because the $1.2 billion of HMGP funds have not been approved by FEMA and made available to the Road Home program, the proposed elevations and individual mitigation measures (IMMs) must be paid for by CDBG funds or discontinued. Implementation of grants for individual mitigation measures is currently on hold for budget reasons. All of us believe it is necessary to invest in these prudent safety measures now in order to make our state less prone to damage from future storms and improve access to and availability of insurance. To implement the individual mitigation measures program would require an estimated $573 million which is not listed as part of our projected budget shortfall.

Our philosophy with the Road Home program from the beginning has been to ensure every homeowner who is eligible receives their full grant award as quickly as possible. But the commitment to provide the full grant award to every single eligible homeowner cannot be met without additional funding.

Given that this budget shortfall is due to our good faith reliance on FEMA data which has now been shown to underestimate both the number of eligible homeowners and their level of damage and given the fact that Louisiana's $10.4 billion in total CDBG allocations does not reflect an equitable distribution of CDBG resources based on damages, we believe additional federal CDBG funding to support Louisiana's Road Home program is clearly warranted and we ask for your thoughtful consideration and support of this request.

To put this request in context, please consider the overall consequences of Katrina and Rita to Louisiana's families, businesses, public infrastructure, and economy.

The LRA has documented that Louisiana suffered an estimated $100 billion in physical damages—to houses and apartments, to small businesses and large factories, to agricultural crops and timber, and to public infrastructure like roads, hospitals, schools, and fire and police stations.

## Louisiana's Hurricane Property Losses

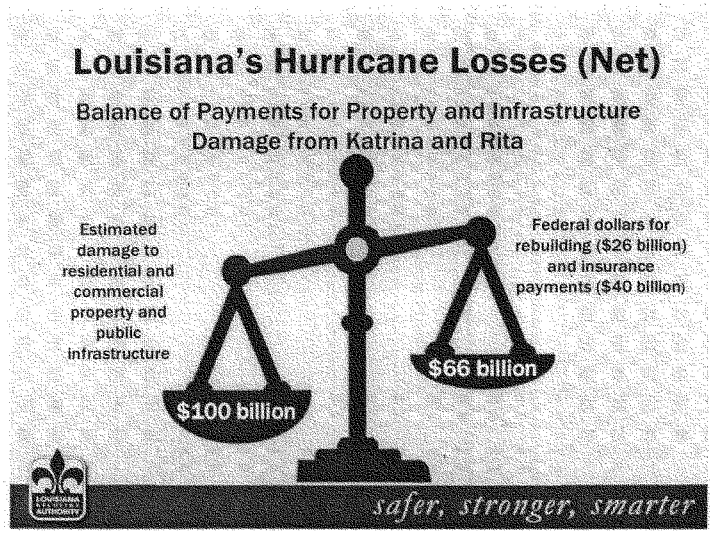
**Estimated Property Losses:**

| | |
|---|---|
| • Homes, Vehicles, Personal Property | $35 billion |
| • Commercial Structures, Property, Inventory | $34 billion |
| • Public Infrastructure *(utilities, roads, ports, rail, water)* | $17 billion |
| • Public Facilities: State, Educational, Health | $8 billion |
| • Levees | $6 billion |

**TOTAL EST. PROPERTY LOSSES: $100 billion**

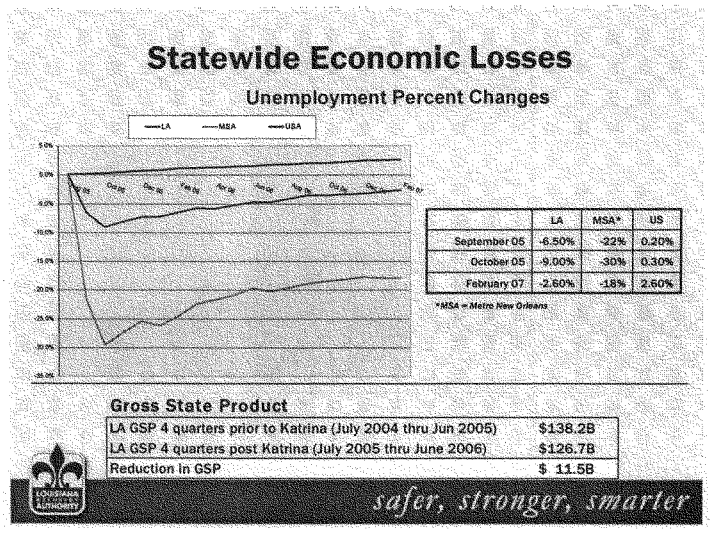
*safer, stronger, smarter*

Federal appropriations for rebuilding hard infrastructure in Louisiana—including the CDBG funds—are estimated to total over $26 billion. Insurance payments to commercial and residential policyholders—including federal flood insurance—are estimated to be $40 billion. That leaves Louisiana with an estimated $34 billion deficit—a $34 billion gap of unrecovered physical assets—which translates to approximately $20,000 per Louisiana family.



But that's not all—in the four quarters following Katrina and Rita—Louisiana's economy shrunk by $11.5 billion. That's $11.5 billion removed from our economy. That's $11.5 billion in lost wages our workers were counting on to feed their families and pay their bills, $11.5 billion in gross earnings our businesses were banking on—and I mean that literally—as most small business owners have mortgaged everything they own.

And despite job growth in Baton Rouge, Houma and North Louisiana—our state was down a net 127,000 jobs six months after the storm and remains 52,000 jobs below the employment level we had on August 29, 2005. Jobs created through the recovery and job growth elsewhere in Louisiana still have not offset the tremendous losses we suffered in the devastated areas in Southeast and Southwest Louisiana. The New Orleans Metropolitan Statistical Area (MSA) is currently 107,300 jobs below its pre-Katrina level.




Besides workers, small business suffered the most. A study by the LRA showed that a ten months after the storm, 54% percent of businesses in St. Bernard Parish, 27% percent of businesses in New Orleans, and 21 percent of businesses in Cameron Parish still had not reopened, and those that had reopened had significantly fewer workers.

So, in President Bush's words, to do "what it takes" to rebuild Louisiana after such devastating losses will require short-term federal investments to shore-up the Road Home program and long-term federal investments as we rebuild critical infrastructure and build stronger and safer neighborhoods and communities. We have been grateful for the generous assistance that Congress has provided and particularly appreciate the work currently being done to secure a waiver of FEMA's state cost-share for Louisiana, and ask that you help us maintain our commitment to assist each and every homeowner who has been determined eligible for a Road Home grant.

Finally, members of the committee should note that Louisiana provided an unprecedented $4.6 billion in state money for recovery items, including critical areas like coastal, education, medical, insurance, business and transportation infrastructure destroyed by the storms. Governor Blanco outlined this commitment in a letter to our delegation last week.

Specifically, state funds obligated for recovery-related needs include:

- $188 Million - First responders and emergency preparation
- $1.9 Billion - Direct assistance to Louisiana citizens, including needs like the LA Citizens Insurance tax credit, repatriation for displaced citizens, the LA Swift bus service, and the state's FEMA match for assistance to individuals
- $813 Million - Accelerated tax credits for affected businesses and debt service assistance for local governments
- $1.2 Billion - Infrastructure construction and restoration
- $83 Million - Education emergency funding and faculty retention and recruitment
- $128 Million - Public assistance, hazard mitigation, and local match for FEMA assistance
- $265 Million - Other assistance

2. Program Implementation Delegated to the States

The LRA recognized that the scope of damages inflicted by Hurricanes Katrina and Rita called for a commensurate federal response. On November 17, 2005, LRA Vice Chair Walter Isaacson testified in support of Rep. Richard Baker's bill to create the Louisiana Recovery Corporation, which would have strong federal authority as well as access to resources from the United States Treasury as necessary to undertake a massive and coordinated effort to rebuild housing, commercial property, and public infrastructure. With the bipartisan endorsements of Governor Blanco and the entire Louisiana delegation and the introduction of companion legislation by Senator Mary Landrieu, the Louisiana Recovery Corporation represented the state's consensus on how to assist homeowners and rebuild communities.

Unfortunately, this legislation was vigorously opposed by the Bush Administration as an unnecessary and duplicative "layer of bureaucracy" and most recovery program implementation efforts devolved to state agencies who have struggled to build capacity overnight as they simultaneously fight the federal red tape that impedes their ability to design and execute effectively.

3. The Scope of Katrina and Rita has Overwhelmed All Agencies

Hurricane Katrina was the most expensive natural disaster in American history. What most Americans don't realize is that Hurricane Rita—which struck Louisiana three and a half weeks later—was the third most expensive natural disaster in our country's history. Katrina created the largest displacement of American citizens since the Dust Bowl of the 1930s.

To put in context the work required of state agencies implementing recovery programs, it is useful to consider the challenges federal agencies faced. Consider that FEMA was still delivering travel trailers to families until late last year — well over a year after displaced families had applied for assistance and the agency had been funded for this activity. Consider that in June 2006, the Small Business Administration (SBA) had a backlog of

150,000 SBA loans—ten months after SBA was funded to implement this "off-the-shelf" disaster assistance program that had been implemented by SBA in Presidentially-declared disasters for decades.

Implementing programs of the size and scope required by recovery from Katrina and Rita demands not only exceptional administrative skill and organizational capability, but also control of your own destiny. As you know from earlier testimony, implementation of the Road Home program has been a struggle from the start—from securing the money to designing a program and hiring a contractor to ramping up grant closings—and it has been a burden for storm victims.

There was no model for a program to rebuild more than 120,000 homes, no play book that the state of Louisiana could request. The federal agencies charged with overseeing these programs had never dealt with disasters of this scale and therefore could be of only limited assistance to the state. On top of that, a complex federal bureaucracy has compounded the problem. As you will hear later, the federal strings attached to CDBG and HMGP funds left state agencies obligated to follow past program precedents that defy common sense, forced to develop regulatory work-arounds that add complexity to what should be simple processes, and mired in red tape that impedes their progress.

The LRA designed the broad policies for the Road Home program, just as we did for the Small Rental Property program which has awarded $202 million in grants to create over 5,000 units of affordable housing, the "Piggyback" program that has awarded over $400 million to develop thousands of affordable housing units in mixed income developments, the small firm loan and grant program that has awarded over 4,000 grants averaging $18,000 each to small business owners, the $28.5 million Higher Education Research and Commercialization program, the $28.5 million Tourism Recovery program, the $38.5 million Workforce Recovery program. Overall, we have made recommendations and designed policies for nearly $11 billion worth of programs.

We took our responsibility for the Road Home program seriously, as we do today, and made the best policy recommendations we could.

The Division of Administration Office of Community Development (OCD) has done its best to implement the program and manage its contract with ICF.

Because of our role in the Road Home program, our board and staff recognize the need to revisit its provisions from time to time to ensure that they are working as intended. Whenever necessary, the board has made changes to benefit homeowners as well as maintain the integrity and intent of the funding - that of rebuilding neighborhoods and communities better than before.

Two examples include allowing mobile homes on leased land to participate and making sure seniors are not penalized if they choose not to move back into homeownership.

Policies dealing with disbursement accounts and the three-year occupancy covenant have also recently been changed. Although both went through a rigorous public input process

and were part of the original program approved by our Board, the Governor, and the Legislature last May, they have now been eliminated from the program as a result of recent directives from HUD.

While the Road Home Action Plan was sound, we acknowledge the program has not gone as well as we had hoped and has served to compound the anxiety and frustration that our displaced residents have been going through since the storm. It has become a point of antagonism rather than healing and harmony, and we regret that. We are pleased that closings have now begun to move forward at a much faster pace and we trust they will continue.

As we saw issues with implementation of the program and the provisions of the ICF contract, we have attempted to work with the Division of Administration's Office of Community Development (OCD) and ICF to address those issues and to make it a much smoother and more expedited process on behalf of the homeowners who are anxious to return home.

We have worked closely with OCD and ICF to identify procedures that might be hindering the speed of the program, and OCD should be complimented for being vigilant in this regard. Recent changes that have our strong support include the elimination of the subordination requirement, the elimination of any step that requires us to identify which lending institution holds a mortgage on the property, and the use of affidavits from homeowners to verify such information as insurance proceeds that the federal government requires us to collect. These steps have sped up and will continue to speed up the process.

We understand and accept that when the recovery is not progressing as quickly as it should, people will find fault with the LRA. It is entirely appropriate for people to tell us of their concerns and we provide a public forum to do that at our monthly meetings. Governor Blanco asked us to be her problem solvers, and that is exactly what the LRA staff and board do regularly.

At the Governor's direction, our board has continued to serve as advocates for our homeowners. Walter Leger has led that charge for us as the Chairman of the LRA's Housing Task Force. Most of South Louisiana has heard him each and every Wednesday afternoon on Garland Robinette's radio show troubleshooting Road Home problems for folks that lost their homes in 2005. He has kept this up since February 2006 and we could never thank him enough. He has volunteered countless hours at community meetings, talking with homeowners, meeting with legislators, testifying before Congress – all as a volunteer.

But most importantly, he is a homeowner. Like so many others, he lost his home in St. Bernard Parish and understands what more than 130,000 families have gone through over the last 21 months. He has made it his personal mission to know this program, to monitor its progress and to push for better results.

In fact, at the LRA board meeting just two weeks ago, in addition to addressing the Road Home budget, at Mr. Leger's direction, the board asked the LRA's Chief Financial Officer to research typical penalties and performance incentives offered in contracts similar to ICF's so we can provide this information to OCD for its use in contract renegotiations in July. The board also voted for a Road Home Statement of Principles, developed in conjunction with the Citizens' Road Home Action Team (CHAT) and a faith-based advocacy coalition called The Jeremiah Group. These Principles describe basic goals for what homeowners should be able to expect as they progress through the program. The hope of these groups and our Board is that these Principles lay the groundwork to guide change and improvement.

More still can be done, and we are working with these citizens' and faith-based groups to develop recommendations for additional improvements that can speed up the program. We need help to find out why so many applications are lost, stuck, and not responded to, and improve the systemically troubled customer service that has caused suffering for so many homeowners who are in need of clear information.

One such recommendation from these groups calls for an independent team to conduct an immediate "in-flight" review of the program. The goal would be for a team with expertise in large systems and processes to review the Road Home program and determine if there are process improvements that can be made, that might save money on ICF's contract without increasing errors, and can speed up the program's services to homeowners. Efforts like this can bring the best minds to the table to advise on how to make the program work better and faster, and the LRA believes that's still needed.

We know that you want to see improvements in the Road Home program, and we are committed to that too and will remain vigilant in pushing for improvements until they are made.

Finally, let me address something we hear about quite often—the comparisons between Mississippi's progress and Louisiana's progress and between Mississippi's program and Louisiana's program. I want to be very clear on this. If we had designed an identical program to theirs, we would have chosen to exclude anyone living in a flood zone. That would have meant some of the most deserving homeowners–those who lost their houses due to the failures of federal levees—in Gentilly, Lakeview, the Lower Ninth Ward, St. Bernard Parish and Cameron Parish in Southwest Louisiana would have been excluded and left with nothing.

Nor could our low-income families—of which we have a substantial percentage—afford to wait until a second round of homeowner assistance was developed that provided extra assistance to those families with incomes below 80% of the median as has been done in Mississippi. Although it added another calculation and verification step to our process, additional compensation grants of up to $50,000 for low-income families have been part of our program since its inception.

Nor did we want to force homeowners to forego the opportunity to elevate their homes by forcing them to apply separately to FEMA for an elevation grant under the HMGP program. The Road Home program offers a one-stop shop where a homeowner can apply for compensation for the damage to their house as well as for compensation for meeting FEMA's Advisory Base Flood Elevations. This process adds another option for the homeowner to consider when making his or her decision, but makes it simpler for them to get the assistance they need to elevate and more likely that they will be able to do so since the program is housed under one roof.

But as I stated to earlier, the chief difference between our program and that of our neighbors to the East comes down to one thing. Mississippi's housing program received full funding in December of 2005, while Louisiana waited six more months before our program was fully funded. This being said, Louisiana has still been able to surpass Mississippi in the number of closings by almost 6,000, and Louisiana's program continues to accelerate each day.

4. Choking on Federal Red Tape

As I have noted, Louisiana did in fact receive full funding for the Road Home program in June of 2006. But those funds came down to us in Louisiana wrapped in red tape with strings leading back here to Washington. Mr. Leger presented this story of bureaucratic inertia before Senator Lieberman's field hearing in New Orleans in January of his Committee on Homeland Security and Governmental Affairs and received commitments from the Chairman to explore what options we have for eliminating some of these barriers to our recovery. Madame Chair, you have been leading much of this fight on our behalf for some time now.

One of the most difficult challenges we faced in designing the Road Home program—both the homeowner and small rental programs—has been dealing with certain federal regulations that can hamstring recovery programs. A repair program like the one we envisioned when we first went to Washington would have been subject to time-consuming, expensive, and cumbersome environmental reviews. These environmental reviews may be appropriate for highway construction and other major construction efforts and may even seem manageable when a state or city is doing a few dozen housing rehabs for low income families. However, they are cumbersome, time consuming, and expensive, and therefore inappropriate for repairing and rebuilding tens of thousands of houses which will occupy the same footprint they did before the storms. The state applied for a categorical exemption of the environmental review requirement but was denied. This categorical exemption really should have been granted by Congress when the CDBG grants were originally funded.

Not desiring to subject our citizens to the unnecessary and costly burdens of an environmental review, we reinvented the Road Home program as a "compensation" program, providing compensation grants for damage, additional compensation grants for low income families, and elevation grants for homeowners who will agree to meet FEMA's new advisory base flood elevations. This redesign of our program was

unfortunately necessary so the program could be implemented as quickly as possible, but this program design still requires us follow many cumbersome CDBG regulations and has meant that we have had to be creative in order to run a program that meets our goals.

To ensure the highest probability that homeowners would use their compensation grants for rebuilding as Congress clearly intended, state officials signed a Memorandum of Understanding with lenders providing that grant proceeds would be deposited in disbursement accounts for the homeowner to draw down as compliance with the state's covenant with the homeowner was achieved. This policy was clearly reflected in the state's action plan that was approved by HUD, and the procedures being followed were well documented and publicized. Nine months into program implementation, however, HUD declared these disbursement accounts and the state's MOU incompatible with a compensation program and they were eliminated from the program. Although that change has been widely praised by applicants, it has significantly increased the probability that homeowners might accept their grant but leave their properties blighted and has caused local officials, civic association leaders, and neighboring homeowners concern. In fact, the choice should never have been between disbursement accounts or increased blight risk. A simple program that provides the full cash grant up front but requires the homeowner to accept a lien on the house until the repairs are completed would have satisfied most applicants—except for the fact that such a design wasn't possible as it would have added years to the program by requiring environmental reviews of every house.

One of the most significant delays in the Road Home program has come from federal requirements that a homeowner's insurance benefits and the Federal Emergency Management Agency's (FEMA) assistance for structural damage must be deducted from our calculation of a homeowner's grant assistance. The deduction of insurance and FEMA funds designed to prevent a "duplication of benefits" are two examples of deductions and corresponding verifications that we have no choice but to include in our program design, but that are taking significant resources and time in order to complete as the contractor attempts to move as quickly as possible to provide assistance to homeowners.

Another area that should be addressed immediately is the SBA's failure to distinguish the difference between a grant and a loan, and I want to thank the Chair for introducing legislation to fix this problem. Although SBA's loans were every bit as slow in coming to our homeowners in the months after the storms as the Road Home grants, many Louisiana families have now received them and are taking advantage of the SBA's lower interest rates on the capital they need to repair and rebuild. As with any loan, the borrower signs a binding contract to repay the government this money. However, under regulations of the SBA, if a homeowner receives a grant to rebuild, it must use those funds to repay the SBA, placing a homeowner in a situation again of limiting his or her resources to rebuild. Since our grant program provides only a portion of the funds, these SBA loans provide critical additional capital our families need to rebuild.

Even the SBA Administrator has admitted that a subsidized-interest-rate loan is not the same thing as a grant, and that a borrower—regardless of whether he or she receives a grant—has an obligation to repay the loan. Nonetheless, SBA has not adjusted its policy. Homeowners going to closing today are still having their grant amounts reduced to repay this money to the federal government immediately, even though they may need it to complete their repairs and even though they have an ongoing responsibility to the federal government (which has already budgeted for these loans) to repay the note with interest.

Another area where red tape has limited our efficiency and progress relates to our use of Hazard Mitigation Grant Program (HMGP) funds in support of the Road Home housing program as requested by Chairman Powell and described earlier. Although state negotiators objected based on their knowledge that the HMGP program imposed considerable administrative burdens, they ultimately accepted the proposal given that HMGP funds are broadly intended to cover the elevations and buyouts we proposed and based on Chairman Powell's commitment to help state officials streamline the FEMA process. As of today, despite the best efforts of Chairman Powell and his staff to facilitate a solution to this issue, FEMA has been unwilling or unable to approve nearly $1.2 billion of funding that is desperately needed for the Road Home program.

This issue is critical. Again, if it is not resolved immediately, the projected $2.9 billion shortfall becomes a $4.1 billion shortfall. The funds are available for their intended purpose, yet the Road Home program cannot access them.

We explained FEMA's objections to our application—a primary one of which is our decision to provide additional benefits to the elderly—to Chairman Frank at the Financial Services Committee hearing in February. While at the witness table, HUD Deputy Secretary Roy Bernardi and LRA board member Walter Leger agreed on the proposed use of funds while FEMA's representative, David Garrett did not. When Chairman Frank asked Mr. Garrett how we might resolve this matter, he answered that he did not think it could ever be resolved. This is unacceptable. Nothing has changed since February. We are undertaking a rebuilding effort of epic proportion and FEMA has refused to provide any flexibility on this issue despite Chairman Powell's request that the state budget for its elevations and buyouts with HMGP funds.

Much of this headache would be eliminated if Congress directed FEMA to approve our use of HMGP consistent with the HUD-approved Road Home program or if Congress moved the funds to HUD for administration. Considering HUD has already approved our program and our proposed use of funds, this route may avoid a time consuming attempt to amend the Stafford Act. We urge Congress to act quickly on this issue on our behalf, since FEMA has been unwilling to do so.

5. The Constant Haggling Slows the Recovery

It began with FEMA providing Louisiana with 100% coverage of debris removal and emergency services for only 30 days at a time after the storms when a full match waiver was justified and it continues today as state and local government officials fight to get

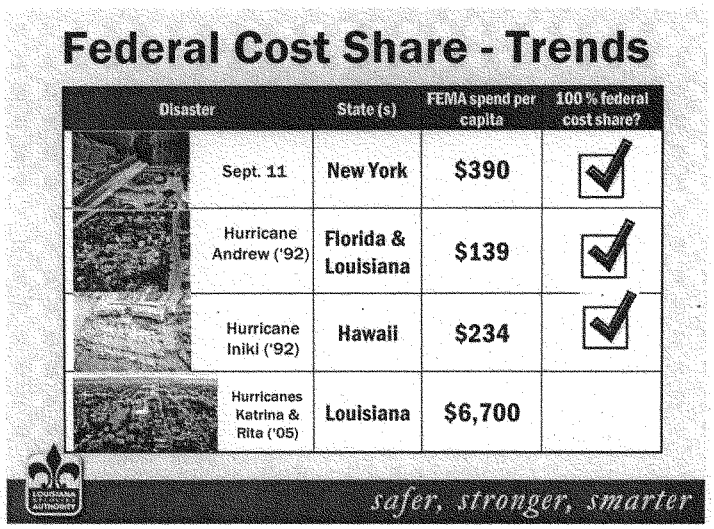
FEMA Project Worksheets (PW's) properly valued so they have the resources they need to begin construction. For example, the original Project Worksheet for Bootheville-Venice High School in Plaquemines Parish began at $547,000 in March 2006 and after constant attention by local and state officials is now $8 million. There are 20,000 PW's, and almost all of the largest PW's for construction projects have required significant haggling to get them valued appropriately.

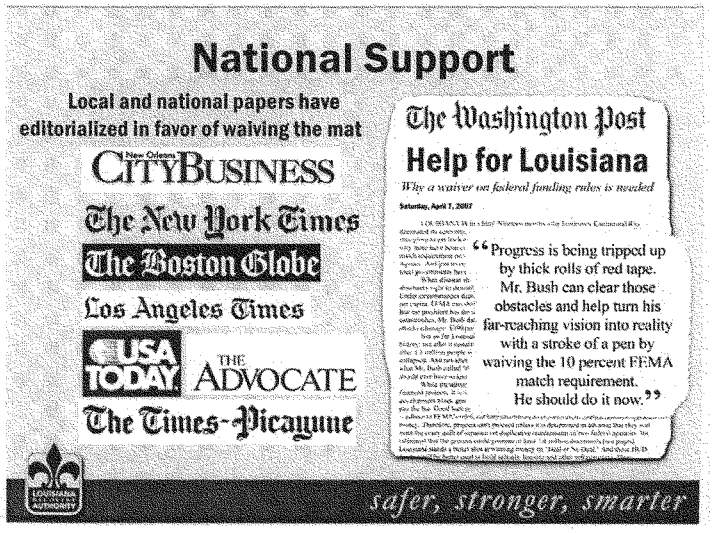
The haggling over inequitable appropriations, match waivers, Project Worksheets, deadlines for rental, hotel and trailer assistance, etc. have been ever-present since Katrina and Rita struck. They have characterized the recovery in Louisiana, undermined confidence and slowed progress.

That is why it is so important for state and federal officials to work closely and quickly to resolve the budget cloud hanging over the Road Home program. It has the potential to deal Louisiana another enormous setback on the road to recovery.

Madame Chair and Members of the Committee, we are grateful for your support of Louisiana's request for a waiver of the state match for FEMA programs. If the emergency Supplemental Appropriations bill now before Congress becomes law, the inclusion of the match waiver in this bill could free up an estimated $775 million for Louisiana's recovery. While we had hoped to push the majority of this money to the parishes to help them fund the implementation of their long-term recovery plans, our first priority with these funds must be to address the shortfall in the Road Home program.

This match waiver is justified based on the level of damage we sustained in Louisiana and past precedent. FEMA estimates that their per capita costs in Louisiana from Katrina and Rita will be $6700 per resident—over 60 times the standard at which FEMA's own guidance recommends a 90% federal cost share and over 15 times higher than FEMA's prior record after 9-11. The federal government has waived the match 32 times since 1982—for New York after September 11th, for Florida after Hurricane Andrew, for South Carolina after Hurricane Hugo, and for Hawaii after Hurricane Iniki. If a full match waiver is not justified after a small state is hit with the first and third most expensive disasters in American history, when is it ever justified?




Please also remember that Louisiana is investing heavily in its own recovery. Governor Blanco recently outlined $4.6 billion in direct recovery investments the State of Louisiana has made or has committed to make since the storms—including in housing,

rental assistance, health care and mental health services, insurance, public infrastructure and disaster match payments.

By waiving our FEMA cost share, forgiving Community Disaster Loans, and making the other investments in our recovery that are contained in the Supplemental Appropriations bill, Congress will play a key role in pressing the accelerator on our recovery.

By working with us on a plan to address the Road Home shortfall such that all eligible applicants get their awards, Congress will have honored the sacrifice and perseverance of thousands of Louisiana families.

Thank you for the opportunity to appear before you today. I'd be happy to take any questions that you may have.

# Overview of Homeowner Assistance Needs

- State made a request to Office of the Federal Coordinator for $14.9B including $9.4B for owner-occupied housing
- Office of the Federal Coordinator and state officials negotiate $7.5B for homeowner program
- State officials developed Road Home program design with program limits to fit available funds
- Recent data from closings has shown the program costs are projected to exceed the available budget

# Overview of Homeowner Assistance Needs

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# Initial Analysis of CDBG Needs

| Objective | Cost $ Billions |
|---|---|
| • **Return people (safely) to their homes** | **9.0** |
| • **Foundation for economic recovery** | |
| – Affordable, mixed income rental housing | 2.6 |
| – Competitive utility costs | 0.5 |
| | **3.1** |
| • **Public infrastructure – built to meet new state building codes** | **2.3** |
| • **Administration and oversight** | **0.5** |
| | **14.9** |

**Note:** This slide was presented to the Office of the Federal Coordinator (OFC) during negotiations in January 2006 as part of Louisiana's request for additional CDBG funding.

# Initial Estimate for Negotiation of Supplemental Owner-Occupied Housing Program

| | Homes | Cost/ Home | Cost Estimate |
|---|---|---|---|
| **Uninsured with major/severe flood damage** (Includes mitigation for approximately 8000 units) | 39k | $131k | $5.1B |
| **Insured with major/severe flood damage** (Includes mitigation for approximately 16,000 units) | 69k | $41k | $2.8B |
| **Uninsured with major/severe wind damage** (damages and mitigation not to exceed home value) | 6k | $113k | $0.7B |
| **Insured with major/severe wind damage** (allowance for mitigation on top of insurance – capped at home value) | 13k | $30k | $0.4B |
| **Program Management** | | | $0.4B |
| **TOTAL OWNER-OCCUPIED HOUSING PGM** | **128k** | **$70k** | **$9.4B** |

Source: FEMA, SBA, NFIP

# Summary of Road Home Budgets

| | |
|---|---|
| Initial State Request[1] | $9.4B |
| OFC Response | $7.5B |

| | |
|---|---|
| Program Launch Budget[2] | $7.5B |
| Current Projections[3] | $10.4B |

[1]Source: LRA (with support from McKinsey & CO)
[2]Source: LRA, OCD, ICF
[3]Source: ICF, OCD, LRA

# Negotiating down to $7.5B

## Key differences in negotiations

- No wind damaged properties covered ($-1.1B)
- Lowered the number of flooded homes from 107,000 to 102,000 ($-0.4B)
- Program management costs not included ($-0.4B)
- Elevations and buyouts to be funded with Hazard Mitigation Grant Program Funds

## Total difference = $1.9B

## Program Constraints to Reduce Budget to $7.5B

- Road Home would not discriminate against wind damaged homeowners that suffered a comparable loss
- Caps applied to manage costs as follows:
  - Total award may not exceed $150,000
  - Compensation grant cannot exceed pre-storm value or the cost to replace the home
  - Elevation grant cannot exceed $30,000; $7500 maximum for other mitigation activities (if funds available)
  - Additional Compensation Grant for Low and Moderate Income families cannot exceed $50,000
  - Buyouts capped at lower of repair costs, pre-storm value or $150,000
- 30% penalty applied to award of uninsured applicants
- 40% penalty applied to those moving out of state to encourage resources going to rebuild LA (does not apply to elderly or military with permanent Change of Assignment orders)

# Road Home Program – Who is Eligible?

- Homes that received "major" or "severe" damage due to the hurricanes. According to FEMA definitions:
  - "Major" is 1 ft flood, 601 sq ft of roof damage with associated floor and wall damage, or major structural damage
  - "Severe" is a home that requires a rebuild
- Homes must have been owner occupied at the time of the hurricanes
- Mobile home and condominium owners are included as owner occupants
- Louisiana assumed it would serve 95% of the 122,592 owner-occupied homes that FEMA inspections had determined to have "major" or "severe" damages

Note: based on analysis of the updated November FEMA inspections data, the number of "major" or "severe" damage was further revised down to 120,560 in Dec 2006.

# Road Home Budget Based on $7.5B

**The Launch Budget was designed around 4 programs to give homeowners realistic options:**

| Program | Number | Average | Total |
|---|---|---|---|
| Repair | 55142 | $42,839 | $2,362,249,416 |
| Rebuild | 46886 | $82,815 | $3,882,904,303 |
| Relocate | 6252 | $65,190 | $407,536,629 |
| Sell | 6252 | $37,064 | $231,709,652 |
| TOTAL | 114532 | $60,109 | $6,884,400,000 |
| Program Mgt | | | $615,600,000 |
| | | | **$7,500,000,000** |

# Launch Budget vs. Current Projection

## Launch Budget

| | Number Served | Compensation | Elevation | IMM | ACL | TOTAL |
|---|---|---|---|---|---|---|
| Average | 114532 | $34,556 | $8,341 | $5,005 | $12,207 | $60,109 |
| Total | 114532 | $3,957,769,633 | $955,286,430 | $573,200,888 | $1,398,143,049 | $6,884,400,000 |

Ave awards significantly higher

## Current Projection

| | Number Served | Compensation | Elevation | IMM | ACL | TOTAL |
|---|---|---|---|---|---|---|
| Average | 132215 | $48,225 | $13,045 | $0 | $12,903 | $74,173 |
| Total | 132215 | $6,376,030,052 | $1,724,688,052 | $0 | $1,706,026,923 | $9,806,745,027 |
| Shortfall | -17683 | -$2,418,260,419 | -$769,401,621 | $573,200,888 | -$307,883,874 | -$2,922,345,027 |

Serving an additional 17.7k

ESTIMATED DEFICIT

# Launch Budget vs. Current Projection

| | Initial Assumption | Current Reality |
|---|---|---|
| Number Served | 114,532[1] | 132,215[2] |
| Average Award | $60,109 | $74,173 |
| Percent of homes with 'severe' damage | 52% | 72% |
| Cost to repair / pre-storm value | 54% | 54% |
| Cost to rebuild / pre-storm value | 135% | 170% |
| Current Ave Award for Repair Option | $42,839 | $56,366 |
| Current Ave Award for Rebuild Option | $82,815 | $90,473 |
| Insured Homeowner Coverage[3] | 76% | 61% |

[1]95% of the "major" & "severe" damaged homes. Based on ICF analysis of updated FEMA data from November of 2006 indicating 120,560 "major" and "severe" damaged homes.
[2]ICF, OCD and LRA mid-range projection; could be as high as 159k or as low as 105k
[3]For those with insurance, the estimated percent of loss covered by their insurance where loss is measured as percent damage times pre-storm value.

# Major issues driving cost differences

- **MORE PEOPLE:** Projections indicate we will serve an additional 17,700 homeowners at an estimated cost of $1.3B (based on projected average award of $74k)
- **MORE DAMAGE:** Damage levels are higher than anticipated with more totaled properties than FEMA inspections indicated – estimated increased cost is $0.8B without considering the additional 17,700.
- **HIGHER COSTS:** Repair and rebuild costs are higher than anticipated – estimated cost increase is $1.1B even using the original FEMA numbers for "major" and "severe" damage.
- **LESS INSURANCE:** Insurance payments are providing less assistance per homeowner than anticipated – estimated additional cost to the program is $1.1B.

# Current Road Home Stats – May 4, 2007

- 133,419 applications have been recorded
  - Not all applicants will be found eligible
  - On May 3rd alone, program received 739 applications
- 60,843 award letters have been mailed
- 15,043 homeowners have closed on their grants
  - 398 homeowners closed on May 3rd
- Average for current awards is $73,997. (Based on 31,488 award letters that have been returned. Grant amounts are dependent on a homeowner's choice.)
- Estimated overall average of $74,173. (Based on regression analysis comparing applicants who have accepted offers to date to overall applicant universe.)

## Conclusions

- Predicting the number of eligible applicants, their behavior, and the eventual rebuilding costs without valid damage estimates and home valuations in advance is virtually impossible, but reasonable estimates were made with the information at hand.
- Based on the current reality, even optimistic projections indicate that there will be a budget shortfall.
- Any solution that does not involve an increase in the overall budget will hurt Louisianans and the rebuilding effort.

# I AM A VICTIM OF HURRICANE KATRINA

**Name: Walter Thomas**
**Disaster Address: 2201 Flood Street, New Orleans, Louisiana 70117**

**When KATRINA hit New Orleans on August 29, 2005, I was asleep on my couch at 2201 Flood Street, New Orleans, LA. When I woke up the next morning the couch was floating across the room, the water was rising very**
**Fast. I was able to get the Attic. The water begin to come into the attic, it got up to My neck, I got a board and knocked a whole in the roof large enough for me to climb on the roof of the house. The water rose above the roof of the house . A truck tire came floating by and I grabbed the tire and floated in the water until**
**About 6:30 pm, approximately 10 hours before a friend came by in his boat and rescued me and a neighbor and took us to a school at Caffin and Claiborne Street. I helped to keep order at the school as more and more people were coming**
**In and tried to keep a count of the people as they came in. I was at the school until the next evening. Wild Life and Fishery came and took everyone to St. Claude Street and we walked across the St. Claude Bridge to get into Military Trucks that**
**Were waiting to take us to the Superdome. I was at the Superdome about three days, I volunteered to help serve lunches and water to the evacuees and helped the EMS to help people with their medical needs. I was put on a bus that was taking us**
**To Houston, Texas, when we got to Houston they waved us on and said they did not Have room for any more people, the bus continued on to Dallas, Texas. Dallas was full and waved us on, we continued on to Fort Worth, Texas and they were full also.**
**From Fort Worth we went to Arlington, Texas, they had a Center to accommodate us. About 8:00 am the next morning I became sick and was taken to the hospital , I was suffering from dehydration, high blood pressure and diabetics. I went to sleep and when I woke up all I could see was water and dead bodies floating. I was threatening a nervous breakdown. After two days at the Arlington Center**
**I got an airline ticket and went to Mobile, Alabama where I have family that could Help me. Once in Alabama, after about two months I was able to get a Fema Trailer and I stayed in Alabama until December 2006. I was sick and taking medical treatment during the time I was in Alabama. In December 2006, I went back to live in New Orleans and got a Handicapped Trailer from Fema.**
**Katrina has left a permanent disability on my life, I don't feel if I will ever be the Same again.**

May 25, 2007

Walter Thomas

New Orleans, Louisiana 70117

To Whom It May Concern:
I, Walter Thomas, AKA, Tommy Tee. I am writing this testimony about a telephone call I received from The Road Home Program while I was a patient in University Hospital in New Orleans, LA. I was hospitalized for colon cancer. After taking several tests I was Given Major Surgery for Stomach and Colon Cancer. Two days after surgery while I was still in recovery my cell phone rang, it was The Road Home Program calling. I had My cell phone on so I could let my family know what room I was in. The man I spoke With on the phone identified himself and told me he was calling to discuss my settlement. I told him I was in severe pain and suggested we do it at another time, he insisted on taking about the money. He said he had a check for me for $86,000 and if I accept that amount he would put my application in the approved file. I again told him I was not able discuss it with him and please call me at another time. He told me he could not tell me when someone would be back in touch with me. As of this date I have not heard back from anyone from the Road Home Program.

**TESTIMONY OF CONNIE UDDO,**

**DIRECTOR**

OF THE

**ST. PAUL'S HOMECOMING CENTER/BEACON OF HOPE**

**RESOURCE CENTER,**

EMPLOYED BY

**OFFICE OF DISASTER RESPONSE,**

**EPISCOPAL DIOCESE OF LOUISIANA**

Madam Chair, Senator Stevens, and Members of the Subcommittee, my name is Connie Uddo, Director of St. Paul's Homecoming and Beacon of Hope Resource Center in Lakeview . I have been a resident of the neighborhood of Lakeview for 20 years, which flooded from the levee breach at the 17th Street Canal. I am not a politician or civic leader. I am just an ordinary resident who has stepped up to the plate, become passionate about the recovery of my city and my neighborhood. I didn't even know what disaster response was 21 months ago and here I am today. I am first of all honored to be a part of this hearing. I thank all of you for showing a need to look into the Road Home Program as indeed, there is a huge need, as we face yet another potentially catastrophic situation, The Road Home Program or, as we say in New Orleans, the "Road to Nowhere". I carry the message of my neighbors' hopelessness, discouragement, frustration and depression due to the flaws and failures of the Road Home Program.

Before I tell you about the specific problems we are facing with the program and offer some solutions, I would like to briefly give you some background on our neighborhood. Lakeview is a community of about 7,100 households, all of which were flooded for over 20 days as a result of the levee breach. We are a middle income neighborhood; not rich but not poor. We are a close-knit community. We are members of the oldest and largest neighborhood association in Louisiana and have developed a model program of block captains that enable us to collect needed data about our neighborhood to closely monitor our progress and our problems. We are considered the model of recovery in New Orleans because we have a resident population that is trying to move forward as best as they can, on their own. But many of our residents cannot do it on their own. As this display indicates, nearly two years after Katrina, only about 17% of our residents have returned to their rebuilt or repaired homes while another 24% is moving ahead with rebuilding or repairs. Nearly 60% have not moved forward because they are waiting for the Road Home Program to let them know if they will have sufficient resources to rebuild or repair, or will they simply have to sell their property and move on.

At St. Paul's Homecoming Center, we actually give Road Home representatives use of our offices, at no charge, to provide assistance for our residents. You can only imagine the traffic flow that we have. People come from all parts of the city. They come to try and get answers, and still walk out without any answers. In preparation of this hearing, I sat with the Road Home Representative and asked her what were the main complaints about the program and what she saw as the problems. The representative's response was:

1. The wait ... it was just taking too long for people to get their money ... many just can't hang on anymore.
2. The Road Home was so over protective regarding fraud that the anti-fraud policies were detriments to the program.
3. Policies were inconsistent. Everyday something changes ...some employees know about it and some don't. Every time you call someone there is a different answer.

4. People can never get the same answer ... you never talk to the same person and you are always told that you will be contacted and you rarely are.

The difficulties of this program are so severe that faith-based organizations, such as the Episcopal Diocese of Louisiana, are now offering home owners money for rebuilding with the hope that when the homeowner gets their Road Home money, the Diocese will be paid back . If this money doesn't come through, then the rebuilding programs will end. I am personally a member of their faith-based staff and am seeing disillusionment and discouragement from my constituents, as they are beginning to question why the government cannot more quickly and efficiently provide the resources that have been committed by Congress to speed our recovery. Why should they continue to carry the full burden of this recovery on their backs? These organizations have invested millions of dollars, time and effort. Thousands of volunteers are coming to New Orleans this summer to help us through the next phase of our recovery which is "rebuilding," but we are in a dead standstill, as there is no money for building materials. I can honestly say that as someone who has worked with volunteers and faith-based organizations for over a year now, that if they become as discouraged as the residents and start pulling out, then we can kiss our recovery good-bye.

We were devastated both physically and emotionally. Our mental health is in crisis. The depression has shifted from the storm to the hopelessness and stress of the Road Home. Yes, it is that bad. We all know that New Orleans has numerous problems and the finger cannot be pointed at just one thing. Clearly, the Road Home is one of the main problems blocking the recovery.

I have identified our problems and possible solutions as follows:

**1. Problem Identified – Too Many Anti-Fraud Safeguards**

**Suggested Solution:**

Just as the Internal Revenue Service requires annual tax returns to be filed first, with audits done at a later date to verify the accuracy of the data submitted, so should the Road Home Program. Every year, we sign our tax returns with an oath stating that the information submitted is true and correct under penalty of law including prison. Every American is viewed to be on an honor system when filing tax returns and audits are done on a random basis or when the data submitted is determined to be out of the ordinary. Refunds are distributed before audits are conducted. Why does the Road Home Program treat its applicants, who have clearly sustained catastrophic losses, as guilty of fraud until they are proven innocent? Applicants who are awarded a grant and are later determined in an audit to have submitted false information would be subject to the same harsh penalties that tax evaders face.

**2. Problem Identified – The Calculation Process is Too Complex**

**Suggested Solution:**

Publicly disclose the formula that is used to calculate the award. Currently, it is not available to even check for miscalculations. No one knows how to determine if it is correct or even fair. And there is some component that requires the calculation of the property's repair cost, **which is subjective.** The award should be based on the loss sustained based on pre-Katrina appraised value, not a subjective attempt to determine repair costs.

**3. Problem Identified - Inconsistency of Award Amounts**

**Suggested Solution:**

Three homeowners with homes of similar age, style, size, damage, and insurance coverage in Lakeview, received widely different award letters ranging from zero to a full award of $150,000. All Road Home Inspectors must have simple procedures to follow in determining awards and all must know those simplified rules. Hire local certified real estate appraisers who know and understand our market.

4. **Problem Identified – No Specific Timeline for Claims Resolution and Award Payment**

**Suggested Solution:**

Just as the IRS does, if the appeal process is to take more than 90 days, the appellant needs to be told the reason why additional time is required to resolve the claim, and who is the specific person handling the case and their contact information. Hire local real estate attorneys to mediate more complex issues such as multiple ownership, inheritance rights, property swaps, multi-family homes, and condos. Create a Problem-Resolution Department, just as the IRS has with an assigned case manager who shepherds the case until the award is paid. Many of the earliest applicants that are in resolution are passed over, while later applicants are now getting paid.

Thank you for the opportunity to appear before you today. May God bless us all as we press through these challenges in our recovery.

**DEBBIE GORDON, PRESIDENT,
CHIMNEY WOOD HOMEOWNERS'
ASSOCIATION,
NEW ORLEANS, LOUISIANA**

My name is Debbie Gordon; my damaged address is 1007 Chimney Wood Lane, New Orleans East. My community received approximately 7 to 10 ft of water but 5 ft of water sat in my house for 3 weeks; until the Corp of Engineers was able to close the breeches and pumped the remaining water out of the city.

The Administration of Road Home is dysfunctional and bureaucratic. Why? Everyone knows what is needed but in competency and politics is making it difficult for the victims to be compensated.

My personal experience with Road Home has been discouraging, frustrating and stressful. The recent announcement regarding the shortfall of money available has created additional stress and fear. I applied for my grant the same day it became available on the Web. It has been 9 months since I started this process and I am still waiting. I attended the required interview, had all required documentation and had to be subject to fingerprinting like we are the criminals. Again we had to take it thinking this will all be over in time and I get my life back to some sense of normalcy. I was displaced 3 times and was dealing with situation from afar but I did my part. My home was inspected and I thought I was on my way to an award letter. My account has been in the option letter created since October and as of this date I never received my letter nor do I have an appointment for any final closing. Being the President of our homeowners association I stay informed of all developments and heavily involved with constant changing developments. Our community of 74 homeowners is all in the same situation. One out of seventy-four homeowner's from my community has made it to the title company but has yet to be scheduled to sign and receive his grant award because the State still has it on hold with no further explanation. Where is our recourse? We have none. We are at the mercy of Road Home officials.

The responsiveness to inquiries with the Road Home counselors is a waste of time because they don't know what is going on themselves. They have been trained to remain customer friendly and close with the script "Remember Louisiana wants you to come home" which is a slap in the face when you can't get answers. If I had to grade the responsiveness on this program it would receive an "F"

Several call centers have been set up but they can't reveal any details just general information which is useless and can't answer your question. The sense of urgency is just not visible based on how many grants have been approved. The verification process should have been established long ago and should not be an excuse for delays. Each agency that is involved need to cooperate and provide information in a timely manner; and any disclosure from other government agencies need to be readily available. These delays are causing foreclosures in my community because people have given up and loss trust in our government. Just think of all the duplication of money that is being spent for two locations.

Expedite all awards like yesterday.

Beside the Road Home grants our community needs major infrastructure repairs, basic city services, hospitals, grocery stores and everything that goes with the quality of life we had before Katrina My community had two major hospitals pre-Katrina and as of this date we have 0. The State Government has been informed of the health crisis but don't seem to care. We still don't have a major grocery store chain and none that has committed to reopening as of this date.

I suggest local, state and Federal government stop finding ways to delay the process. The fraud prevention attachments with the Road Home grants should be added to the administrators instead of the citizens. We did not commit a criminal act so why are you treating us like we did. If layers of verification are removed, streamline the process,

upgrade the E-grant system to provide current and correct information this program could be successful. The last report said 17,680 people had been paid. The last count on applicants is over 100,000. Does that sound like good results to you?
I chose to return to New Orleans not only because it is my home, I deserve the right to return and to be made whole and so does everyone that was forced out because of levee failure.

Stop the madness!

## FRANK SILVESTRI, CO-CHAIRMAN, CITIZENS' ROAD HOME ACTION TEAM (CHAT) NEW ORLEANS, LOUISIANA

On behalf of our group, the Citizens' Road Home Action Team (CHAT), I would like to express our appreciation and thanks to this Committee for the opportunity to provide some information, and hopefully some additional insight into the Road Home Program. In turn it is CHAT's sincere hope that Congress will take the necessary next steps to continue to help the people of Louisiana, who are still trying to get home, nearly two years after Hurricanes Katrina and Rita.

**Introduction**

When the history of the federal response to Hurricanes Katrina and Rita is finally written, what will our grandchildren be told was done by government to help its own people after the greatest natural and man-made disaster in our country's history?

In the files of the Road Home Program (RHP), are the stories of more than a hundred thousand people still waiting for a grant check. The program is running out of money because of under-funding, and now it is in danger of grinding to a halt.[1]

The estimated shortfall in RHP funding is the most serious and imminent threat facing the recovery of the parishes of southeast Louisiana and the greater New Orleans area. This program is the only chance for most of these hundred and thirty thousand people to rebuild their homes.

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[1] Louisiana's original request to the Office of the Federal Coordinator was for 9 billion dollars to rebuild owner-occupied homes, exclusive of administrative costs. Even this amount would have been insufficient in view of damage assessments that were too conservative and more uninsured and underinsured homes than originally estimated.

The people of Louisiana share a unique heritage. They are resilient, hard-working, honorable men and women and they have enormous determination. But they are being stretched to the breaking point and time is their enemy. Many have come back, many more want to return, but they cannot do it without the continued help of this Congress.

Many people forget that most of New Orleans still remains devastated. An estimated 200,000 homes, including approximately 77, 000 rental properties were severely damaged or destroyed by Katrina. Of these approximately 123,000 were owner- occupied homes, according to original estimates made by FEMA and, CHAT understands, relied on by the Louisiana Recovery Authority (LRA) in setting up the RHP. The original goal of the RHP was that federal grants would give the homeowners of Louisiana the means to rebuild smarter, safer and stronger.

Before the shortfall, the most significant problems in the Road Home Program CHAT observed were the painfully slow pace of the disbursement of grants, poor execution in the determination of those grants, conflicting or inconsistent federal and state policies or regulations, excessive anti-fraud measures and the inability of ICF (the program contractor) staff to communicate to applicants basic information about program policy, the rules of the program or the status of their files.

Even if Congress provides this desperately needed additional funding, and it must if this program is to succeed for all the people who lost their homes in the flood, persistent problems with the Road Home Program must be corrected. If grant money does not get into

the hands of the people for whom it was intended very rapidly, it will prove too little, too late, for most.

Although CHAT has been one of the program's harshest critics concerning the quality of its implementation, a fully funded Road Home Housing Program is essential to recovering our region. CHAT believes this program can succeed and must. Calls to fire ICF or disband the LRA would only result in longer delays and more hardship. Should that happen, the effect on applicants would be like throwing a drowning man an anchor.

**The LRA and CHAT**

The Citizens' Road home Action Team, (CHAT), is an entirely volunteer group of people who share the common goal of trying to rebuild, not just their homes, but their city as well. CHAT was founded by Dr. Melanie Ehrlich, who in her day job as a geneticist at Tulane, works on, among other things, a cure for one form of muscular dystrophy. She is the heart of CHAT, and has been ceaseless in her efforts to help others.[2] Starting in late September 2006, CHAT began asking questions about the RHP, meeting with LRA and RHP officials, learning about the program and making whatever information and documents it obtained freely and easily available to the public.

Through concerted effort, CHAT learned a considerable amount about the problems people had, and continue to experience with the RHP. CHAT worked with LRA and Road

[2] Dr. Ehrlich has provided an affidavit toi the committee which includes attachments detailing the comments of applicants concerning their experiences with the RHP. In addition to Dr. Ehrlich, Shawn Antee, Laura Lebon, K.C. King, Ray Broussard, Karen Fontana, Deborah Langhoff, Karen Gadbois and Alan Guiterrez, to name a very few who have contributed hundreds of hours and more, while dealing with their own recovery problems, trying to improve the process.

Home officials to promote reforms in the grant evaluation process that included the use of more accurate Louisiana certified appraisals instead of drive by appraisals, the tender of awards, which allows grant recipients to accept their grants without losing their right to appeal, getting OCD and ICF to publish the policies and rules of the program so that applicants could better understand the process, correcting deficiencies in the "closing" documents that were unfair and unduly restrictive on grantees, and most recently putting forward a proposed Road Home Applicants Bill of Rights, which was unanimously adopted by four parish councils, and recently by the LRA, in a modified form.[3]

CHAT's experience with LRA officials has been open and frank. While CHAT members have often been frustrated at long delays in implementing reforms that RHP officials agreed were needed, leaders of the LRA, the Office of Community Development (OCD), and the contractor ICF have usually been available to hear CHAT's complaints and suggestions and, on several occasions, took corrective action. Moreover, the LRA has recently made a place in the LRA structure for members of CHAT and other organizations working with applicants to increase communication with such groups.

In sharp contrast however, there has been a persistent lack of meaningful communication between RHP/ICF front line personnel and applicants who have been unable to obtain basic information about the program or the status of their file.[4] This has compounded problems for people who have been out of their homes for nearly two years. It is

[3] A copy of the Bill of Rights adopted by the New Orleans city council is attached.
[4] See affidavits of Linda LeBon and Ilene Powell and CHAT survey data and comments attached to the affidavit of Dr. Ehrlich.

impossible for people to plan where to live, where to look for work or where their children may go to school, without knowing if and when they will have the funds needed to rebuild their home.[5]

**Persistent Problems In The RHP**

CHAT believes that many of the early problems associated with the program resulted from lack of a clear and efficient delineation of policy which should have driven the implementation process and a clear chain of command. The question of who's in charge is still somewhat ill-defined. The LRA makes policy. Execution however, appears to lie exclusively within the province of a state agency, the Louisiana Division of Administration's Office of Community Development (OCD). OCD, in turn is supposed to oversee the program contractor ICF. When policy reforms suggested by CHAT were agreed to by the LRA, it typically took months to implement them, with no clear reason for the delay except that the papers were sitting in one office or another waiting for a signature from someone else.

Of equal significance however are poor communication and problems that have arisen between the LRA and federal agencies and officials that fall squarely into the category of "red tape." While CHAT's knowledge of these matters is "second-hand", it is understood, for example, that it took FEMA nearly fifteen months, after three unsuccessful attempts, to produce a record that was only 85% accurate for comparison purposes to allow the RHP to verify FEMA payments to residents and thus comply with one of the Stafford Act

[5] CHAT has recently learned from ICF that one change which will now be instituted will put a single person in charge of an applicant's file from start to finish, something CHAT believes could significantly improve communications with applicants.

impediments to releasing funds to families. This list was apparently not provided by FEMA until November, 2006.

Similarly, it is understood by CHAT that HUD has reversed policy on more than one occasion. While this is a matter obviously best determined from LRA and HUD officials involved, one well known example involved the lump sum award issue. CHAT has been told that HUD was aware from the outset that the RHP was originally designed as a hybrid compensation/rehabilitation program. Nevertheless, HUD officials recently determined that the RHP had to disburse all grants as lump sum awards; i.e, that the RHP could not require deposit accounts to disburse funds as repairs were completed to insure rebuilding by those who elected the rebuild option. Ultimately, CHAT believes this was a beneficial change in HUD policy, because it put money in peoples' hands faster and eliminated a number of requirements that were frankly burdensome on applicants. Miscommunication between HUD and the LRA nevertheless has clearly contributed to more delay and resulted in further retooling of the program. Had HUD's policy imperatives been made clear from the start, a simpler faster disbursement process could have resulted.

Finally, it is abundantly clear that anti-fraud measures were given undue priority in the program. Applicants have had to be photographed, fingerprinted and verified ad nasueum. It has been reported to CHAT and other groups that on the few occasions when an applicant could get a person on the phone to discuss their file, they were invariably told they were "in verification", which was the equivalent of limbo.

CHAT believes the most urgent problems currently facing the RHP are:

*The Shortfall in Funds*

When the funding enabling these grants was tallied up, it amounted to approximately 7.5 Billion dollars for owner-occupied homes for thirteen parishes throughout the entire state of Louisiana. That is the gross figure. When contractor costs are subtracted (about 615 million off the top), what's left is approximately 6.8 billion, assuming 1.1 billion of that, still stuck because of FEMA "red tape" is ever released.[6]

That damage estimates did not accurately capture the true magnitude of the destruction does not make the problem any less severe, but only more urgent.

That there was less insurance coverage than predicted or that some insurance companies would not honor claims should surprise no one.

CHAT urges the Congress to see to it that no applicant is left behind or told his grant had to be cut because there isn't enough money. Even at twice its initial funding, many homeowners would still face enormous obstacles because rebuilding costs are frequently greater than grant awards.[7] When you factor in increased costs in rebuilding due to the higher costs of materials and contractors in the area, rising insurance premiums and energy bills, the obstacles facing grant recipients are truly daunting even when they do get their grants.

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[6] It is understood FEMA has held 1.1 billion dollars in HPMG funds that the RHP includes in its 7.5 billion dollar program fund. CHAT urges this Committee do whatever it can to get FEMA to release these funds for use as CDBG grants. Otherwise the shortfall will be even greater and the disbursement process necessarily shut down even soonetr.

[7] Under LRA policy, the lesser of rebuild cost or pre-storm appraisal is used to calculate the grant. This CHAT has been told is because HUD regulations provide that grants cannot exceed pre-storm appraised value.

CHAT is concerned that the shortfall may be greater than calculated. CHAT urges this committee to fully explore the likely real needs of this program and it may find that what is really needed is more in the range of $11 B, based on current figures.

*Fairness And Efficiency In The Process*
*(Getting People Out Of FEMA Trailers Fast)*

Only 16,000 of 130,000 applicants have received their grants. There has been an enormous improvement in the pace of awards in the last three months. However, because of the shortfall, the program will soon have to stop sending out award letters. The RHP urgently needs to get people living in FEMA trailers and half finished homes their grant money so they can complete their houses.

Two months ago, CHAT proposed that the RHP undertake an independent, rapid in-flight review of ICF and OCD, that would not interfere with the operations of the program, would identify bottlenecks and propose short term solutions to improve the process. CHAT suggested either a federally funded non-profit research corporation and/or a private firm be approached to conduct such a review. [8] After raising this issue at two LRA Board meetings, the LRA agreed last month to undertake such a review, but it has not happened yet and there may be no funding for it. As part of this Committee's oversight, anything that can be done to get such a review underway would be beneficial. Such a review would likely result in more directed improvements and increased efficiency in the program.

*Transparency and Accountability*

[8] This review is discussed further in the affidavit of K.C. King.

You cannot expect people to have faith or hope in a program where the rules frequently change and are kept from them. CHAT has encouraged the RHP to keep the public informed, to put information about the program, the rules, changes in policies, problems that develop with the process on its website. It has improved in this area, but needs to do better. Equally important is the vital need for people stuck in the process that call the RHP to be able to get accurate and timely information concerning where there application is, why it's stalled, what can be done to move it forward, and how long it may take for the problem to be resolved. ICF's communications with applicants has been in large measure disastrous and has engendered distrust and despair among thousands of people stuck in the pipeline.

The contractor needs to be held accountable. The contract executed between the Division of Administration and ICF contains no performance benchmarks that benefit applicants and no penalties for failure.

**What Can The Federal Government Do?**

Additional, adequate funding is needed to cover the shortfall in the program, once it is accurately determined. There must be enough money to insure every applicant receives a fair grant award. Without the assurance of Congress that this program will be fully funded, the RHP will either have to shortchange remaining applicants or shut down somewhere around applicant 85,000.

FEMA and HUD regulations that the LRA contends are slowing up the process must be rapidly identified, examined and eliminated where possible, whether that happens through

Congressional action, the Federal Coordinator's Office or by Executive Order, it can't happen soon enough.

Continued oversight by this committee is needed. HR1227 was passed by both houses and vetoed. Such legislation would help provide transparency and accountability.[9]

There must be better communication between involved federal agencies and the LRA. If knowledgeable agency representatives, with authority to act on behalf of FEMA and HUD were required to routinely meet with representatives of the LRA and RHP to deal with issues delaying the program, and report to this Committee on their progress or lack of it, it could lead to the earlier resolution of issues that delay the rapid disbursement of grants.

People in the affected region do need to build smarter, stronger, safer, especially if they can't count on their flood protection. This cannot happen without elevation grants. The cost to rebuild a destroyed home has no relationship to the cost to elevate. Both must be adequately funded. People who want to elevate should be given the help they need to do so. Coordination between the LRA and the NFIP, which has the data and expertise in this area for a genuinely effective elevation program that could result in smarter, safer homes. Such money will be far better spent than having to deal with the consequences of another storm, if elevation grants are shortchanged.

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[9] Require the State of Louisiana to submit monthly reports to the House Committees on Financial Services and Transportation and Infrastructure, and the Senate Committees on Banking and Homeland Security, on the implementation, status and effectiveness of the Road Home Program. Monthly reports should include: the number of applications submitted; the number of households served; the average grant amount received by households; the number of personnel working on the program; and actions taken to improve the program.

It is widely held that some insurance companies have either denied legitimate claims, or not fairly adjusted losses. Congressional inquiry into such practices should be considered. In addition to uninsured and underinsured homes, any such conduct by insurers has only further contributed to the shortfall of the RHP.

National disaster insurance is needed to make insurance affordable for everyone and to fairly and evenly spread the cost of losses from future natural disasters wherever they occur, so that such coverage is affordable for everyone. Only a handful of companies are writing coverage in Louisiana. Insurance rates have doubled for many homeowners. You can't get a mortgage if you can't get insurance.

**Conclusion**

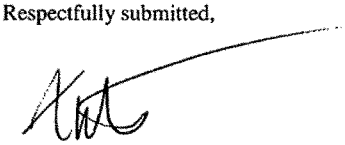
We are rapidly approaching another hurricane season. Last year an elderly woman living in Gentilly, not far from my home was killed when a tornado struck.. It was to have been her last night in her FEMA trailer.before returning to her nearly finished home..

What happens in the next few months when a hurricane, or even a tropical storm, comes through New Orleans with 16,000 people living in FEMA trailers because they are still waiting for their Road Home money?

It would be disingenuous to suggest that mistakes were not made in the government's response to Katrina and Rita, both by the federal government and the state. Of Louisiana. It would be shortsighted and unfair to the storms' victims if those mistakes are not determiend so that they may be swiftly corrected.

The single most important goal of the federal government and the state of Louisiana must be getting the Road Home Program adequately funded and those funds rapidly disbursed to the people for whom it was intended.

Respectfully submitted,



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May 21, 2007

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May 29, 2007

The Honorable Senator Mary Landrieu
Chairman
Ad Hoc Subcommittee on Disaster Recovery
340 Dirksen Senate Office Building
Washington D. C. 20510

Re: The Road Home Program

Dear Senator Landrieu,

Let me express my appreciation to you for inviting me to represent our organization, CHAT at the Road Home hearing last Thursday. After seeing your evident concern and appreciation of the issues, and the direct and capable way you handled the hearing, it is clear we are truly fortunate to have your voice in Congress representing our state at this crucial time.

As I am sure you are aware the focus now seems to be on a blame game over who caused the shortfall. All of the storms' victims, regardless of whether their damage was caused by flood or wind (or as in most cases, by both) need and deserve this federal aid to rebuild and the fact is the initial funding was inadequate.

Although CHAT has been involved in trying to improve the LRA and Road Home process for nearly eight months now, trying to make the disbursement of grants faster and fairer, and in several instances succeeding, we have only recently begun to appreciate that Congress must now play an even greater role, getting the program back on track if the recovery is to succeed.

Senator Landrieu, you clearly understood the first step in this requires having an accurate picture of the true extent and causes of the shortfall. There is so much disparity between the figures given by the various sources involved that it is impossible at this point to determine what that number really is. And until that is done, it will be impossible to obtain more money for our state. Getting accurate numbers is something only your committee can do. Clearly there is good reason to doubt the administration's position on this and unfortunately, as set forth in my written testimony, CHAT also has reason not to take all things represented by the Office of Community Development and

ICF at face value. Although there has been recent substantial improvement in the pace of grant awards, CHAT is concerned there are still significant errors in awards being made, unnecessary delays and abysmal communications with applicants.

Two months ago CHAT proposed to the LRA that a rapid "in-flight" review by a FFRC, or some other qualified entity, undertake a quick 30 day assessment of OCD and ICF policies, systems and practices with the intent of making recommendations to eliminate persistent bottlenecks and make the program fairer.

Although the LRA board has agreed this is something they would do, CHAT is concerned it is a low priority, particularly in view of the shortfall crisis, and that the LRA is tempted to narrow the scope of the review, reducing its effectiveness. It is also clear there is concern such a review would discover mistakes that may hurt the LRA's request for much needed, additional federal funding. CHAT believes the opposite is true insofar as such a review would demonstrate a commitment by the LRA to improve the program, even at the risk of exposing past errors. CHAT also thinks it would help your efforts to make a case for additional funding to show that the LRA is committed to insure future funding would be better managed, following the recommendations for improvement such a review would almost certainly produce. It might also provide the basis for a compromise between the Federal Coordinator's Office and the LRA, particularly if the review were carried out by an independent party acceptable to both. But time is of the essence if any good is to come from such a review.

During Senator Stevens questioning, I don't think I was able to clearly impress upon him the importance and urgency of the need for people to obtain elevation grants so they can rebuild safer houses. This part of the program is stalled now both because of a fifteen month old dispute between the LRA and FEMA over HPMG funds and the LRA's immediate concern about the shortfall. No elevation component is being included in award letters going out, and frankly the Road Home's approach to elevation awards was poorly done. The RHP was giving a uniform $15 per square foot for elevation to everyone, even though most homeowners clearly need more while others have no intent to elevate or requirement to do so under the plan.

Following the hearing Thursday night myself and another CHAT member began working on a new approach to this issue aimed at taking the elevation issue out of the RHP, and resolving the fifteen month deadlock between the LRA and FEMA over 1.2 B in HPMG funds the program has been counting on. Essentially, we are looking at having elevation grants handled through NFIP directly to accelerate their availability using the existing HMPG funding FEMA is holding for this purpose. This would also allow the RHP to deal solely with grants for rebuilding and result in a much fairer elevation grant system. There will still be a shortfall in LRA funding, but it will not be complicated by the elevation component. We are pursuing this proposal with the LRA this week.

Concerning the mortgage situation, when the original program had a deposit account requirement that afforded some guarantee funds would have to be used for rebuilding, the LRA negotiated an agreement with most lenders to forestall foreclosures.

When HUD required lump sum disbursements in March, that went out the window, so foreclosures have and will likely continue to increase in New Orleans.

As you continue to work on recovery issues, please consider how much the country needs national disaster insurance. It will benefit victims of future disasters in any place and it may be the only answer to the insurmountable problem of insurance that is unaffordable for many in southeast Louisiana and is having a staggering effect on the recovery.

Of course, all of this is pointless without flood protection that is not an empty promise.

New Orleans is the site of one of the biggest mistakes the federal government ever made, shortchanging flood protection. It should be a place where America learns from its mistakes and does something about them. New Orleans could be a great center for education, medical research and other applied sciences from coastal and wetland research and restoration to the next step in space exploration with an expanded role for NASA and Michoud. New Orleans needs the 21st century equivalent of a WPA or Marshall plan; something to rebuild our infrastructure and put our people back to work.

If I can provide any further information or assistance, please do not hesitate to advise. Thank you, again.

Sincerely,

Frank A. Silvestri

FAS/lsb

# WRITTEN TESTIMONY OF FRANK A. TRAPANI 2007 PRESIDENT, NEW ORLEANS METROPOLITAN ASSOCIATION OF REALTORS®

Introduction

The New Orleans Metropolitan Association of REALTORS® thanks the Subcommittee for holding these hearings and continuing to focus on the aftermath of Hurricanes Katrina and Rita, and the levee failures. My name is Frank Trapani. I am a REALTOR® with Latter & Blum REALTORS®, Inc. I am also President of the New Orleans Metropolitan Association of REALTORS®. I represent over 4700 REALTOR® members. Over 60% of our members experienced the loss of property, business and income. Sadly some lost their lives and others lost family members. It has been the biggest challenge of my life to assist our members in putting the pieces of their lives back together after such a tremendous, far reaching disaster. In addition, as REALTORS® we are charged with the responsibility of assisting those who lost their homes in trying to obtain new housing. There is much to be learned in the aftermath of these disasters, and we applaud your leadership in pursuing this discussion and identifying solutions that can help mitigate any future catastrophes.

Road Home Program

The New Orleans Metropolitan Association of REALTORS® supports the goals of the Road Home Program. Helping residents of the disaster area to get back into a home or apartment as quickly and fairly as possible is critical to recovery. Assistance to help homeowners return, rebuild and decide on their future is vital work. The Road Home also recognizes the needs of small property owners, without whom affordable rental housing is scarce.

However, the implementation of the Road Home Program has been its own disaster. It is 21 months after the hurricane hit, and rebuilding has barely begun. According to the Louisiana Recovery Authority, only 17,000 of the program's 137,000 applicants have even had their claims processed.

The biggest problems are lack of planning, jurisdictional issues, and the need for local input/controls. The entire program should have been administered by local banks and lenders which would have saved hundreds of millions in dollars in administrative expenses and saved and boosted local businesses many of whom went bankrupt instead. There was never an open or transparent process to pick vendors.

One only has to look at the SBA disaster loan debacle administered by the Federal Government. Local Banks could have knocked out these loans in months at a fraction of the cost and with much less fraud and mismanagement. Local banks do SBA business loans all day long in a matter of days, not years! They should have handled the SBA disaster loans too. Many people spent thousands of dollars in upfront fees only to never get a loan at all!

In addition, it has now been shown that the amount of money necessary for the Road Home was so grossly under estimated that it is a travesty. Louisiana will require at least 3- 4 times that amount of money "granted" to repair the damage to people's property that the failure of the federal levees caused. In addition, federal disaster funds should not be tied to other legislation which had nothing to do with the natural disaster.

Need for Comprehensive Disaster Program

The New Orleans Metropolitan Association of REALTORS® believes that now is the time for Congress to enact comprehensive natural disaster legislation that addresses insurance availability and affordability concerns. The inability to obtain affordable homeowners' insurance is a serious threat to the residential real estate market – and thus, our economy, in several ways. Because homeowners' insurance is a necessary component in securing a federally-related mortgage, an otherwise creditworthy potential homebuyer who cannot obtain the required insurance is priced out of the market. The lack of affordable insurance makes housing unaffordable. If an existing homeowner is unable to maintain insurance required by a mortgage lender, the mortgage is in default. In lease situations, insurance costs incurred by landlords are ultimately passed along to tenants in the form of higher rents.

The New Orleans Metropolitan Association of REALTORS® supports the creation of a federal natural disaster program that will prevent future disruptions in insurance markets and promote available and affordable homeowners' insurance in disaster-prone areas. Key elements of a comprehensive natural disaster policy include encouraging personal responsibility through insurance and appropriate mitigation measures, recognizing the roles of state and local governments regarding building codes and land use planning decisions, and addressing infrastructure needs. We strongly urge the Subcommittee to pursue a federal disaster program.

Conclusion

Members of the Subcommittee, thank you again for the opportunity to testify today. The Hurricanes and flooding experienced by residents of the Gulf region were unprecedented in our country. However, we do not believe these will be an anomaly. We believe the federal government needs to be prepared to handle similar disasters in the future. A coordinated housing response, federal insurance programs for flood and disasters, and plans for rebuilding communities are needed to protect our citizens, our communities, and our economy.

**Prepared Statement of Nelson R. Bregón**

Assistant Deputy Secretary for Disaster Policy and Response
U.S. Department of Housing and Urban Development

Hearing before the Committee on Homeland Security and Governmental Affairs
Subcommittee on Disaster Recovery

United States Senate

"The Road Home? An Examination of the Goals, Costs, Management, and Impediments Facing Louisiana's Road Home Program"

May 24, 2007

Chairwoman Landrieu, Ranking Member Stevens, distinguished Members of the Subcommittee: it is a privilege to appear before you on behalf of the Department of Housing and Urban Development.

I am Nelson Bregón, a career civil servant who has been at HUD for over 17 years. I have recently been appointed Assistant Deputy Secretary for Disaster Policy and Response by Secretary Jackson to coordinate HUD's disaster response across the Department and with other federal agencies. Previously, I was involved with the administration of the $16.7 billion in Community Development Block Grant supplemental funding appropriated by Congress to assist in the recovery of the Gulf Coast Region and with the New York 9/11 supplemental appropriations totaling almost $3.5 billion.

In the past year, through the tireless efforts of state and local government staff in Louisiana, Mississippi, Texas, Alabama and Florida, and with more than $3.1 billion expended, the groundwork has been laid for a sustained recovery. Yet, many challenges remain, especially in Louisiana.

In response to the disasters, President Bush signed the first CDBG supplemental providing $11.5 billion in CDBG disaster recovery funding on December 30, 2005. Within one month, Secretary Jackson allocated these funds based on areas of highest need and with greatest concentration of destruction for disaster relief and long-term recovery to the five Gulf Coast states. HUD calculated this by using FEMA data on individuals registered for assistance, SBA data on individuals who applied for disaster loans, National Oceanic and Atmospheric Administration estimates on flood depth levels, FEMA and U.S. Geological Survey on areas of maximum flood and storm surge inundation and FEMA remote sensing data on areas deemed to have "catastrophic, extensive, moderate, limited, flood, or saturation" damage. Louisiana received the maximum amount allowed by law: $6.21 billion.

Last June, after the President signed the second CDBG supplemental providing an additional $5.2 billion, the Secretary promptly allocated these funds to the affected states – again providing the maximum amount allowed by law to the state of Louisiana. In total, HUD has allocated to Louisiana a combined $10.4 billion in supplemental CDBG disaster recovery funds, the maximum amount allowed by law. Today, almost $2 billion has been expended.

The CDBG supplemental appropriations acts passed by Congress were clear in their intent and extraordinary in the flexibility provided to the states, far beyond the traditional nature of such supplemental block grant funding. Congress directed that HUD shall waive all regulations or statutes which act as a barrier to implementation of the Governor's plan. Only three areas could not be waived: fair housing, environmental, and the Davis-Bacon Act's related prevailing wage requirement.

Thus, HUD would provide technical assistance on the federal program requirements and monitor the use of funds but would not dictate uses of funds or the

amounts to be set aside for each activity. The state of Louisiana and other eligible states would have the complete flexibility in determining design, establishing funding levels, and carrying out the activities to achieve their goals.

In the case of the Louisiana's Road Home program for homeowners, the state's approved action plans set aside approximately $6.3 billion based on local estimates of need, and includes program delivery costs. Two factors largely determined the state's proposed funding level for the Road Home compensation program: (1) the estimated number of households who would qualify for assistance; and (2) the estimated average amount of compensation that each household would be entitled to under the state's program design. With respect to any projected shortfall, HUD is also evaluating the data to ensure accuracy.

It has been nearly a year and a half since Congress initially appropriated CDBG disaster funding, and, like many of you here today, Secretary Jackson had not been satisfied with the pace of recovery in Louisiana. HUD has met with officials administering the Road Home program on several occasions and, together, we have worked through obstacles impeding progress or raising regulatory concerns.

As a result of these and other steps, the Secretary today is cautiously optimistic. The number of homeowners who have closed on their Road Home compensation package is nearing 20,000 and many of the bottlenecks that have impeded progress appear to have been overcome. HUD is in continual contact with Louisiana state officials and provides technical assistance as necessary. The level of cooperation is excellent. To date, HUD has processed 31 waivers requested by the state to help speed program delivery and increase flexibility in program design.

At the same time, HUD continues to carry out its primary role – that of oversight. HUD conducts management reviews, in conjunction with monitoring visits to ensure that its programs and related federal crosscutting requirements are carried out efficiently, effectively and in compliance with applicable laws, regulations and established policy. HUD is continuing to review the state's programs, as we do for each of the Gulf states, to ensure that progress continues, that programs continue to meet statutory requirements and that there is no fraud, waste or mismanagement.

Congress was clear in its intent: the Gulf Coast states have the principal responsibility for prioritizing, designing and carrying out recovery and rebuilding efforts. HUD will continue to carry out its responsibilities: technical assistance, ensuring that state disaster recovery plans adhere to statutes and regulations, granting waivers when appropriate, and conducting compliance oversight and program monitoring.

To this end, Madam Chairwoman, Members of the Subcommittee, Secretary Jackson and I are committed to continue to ensure progress is made to hurricane victims and the affected communities in Louisiana and throughout the Gulf Coast. Thank you. I welcome your questions.

**Statement of David I. Maurstad**
**Assistant Administrator, Mitigation**

**Federal Emergency Management Agency**
**Department of Homeland Security**

**Presented Before the**

**The United States Senate**
**Committee on Homeland Security and Governmental Affairs**
**Subcommittee on Disaster Recovery**

**May 24, 2007**

Good Afternoon Chairwoman Landrieu, Ranking Member Stevens, and members of the Subcommittee. My name is David Maurstad. I am the Assistant Administrator for Mitigation in the Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). I am honored to appear before you today to discuss FEMA's Hazard Mitigation Grant Program (HMGP), and the Agency's role in working with the Louisiana Recovery Authority's *Road Home* Program.

**THE ROLE OF THE HAZARD MITIGATION GRANT PROGRAM IN POST-DISASTER RECOVERY**

In 1988, because of concerns about increasing disaster costs, Congress established the HMGP under the Stafford Act. The HMGP provides funds beyond the costs for response and recovery to states and communities to help them implement long-term hazard mitigation measures following a major disaster declaration. These mitigation measures reduce the loss of life and property in future disaster events; and reduce the costs to citizens, communities, States and the Federal Government in responding to and recovering from future events. Consistent with the President's vision to rebuild the Gulf Coast safer and stronger, the HMGP is one of the best institutional measures available to help ensure that when the next disaster hits the Gulf Coast, states and local communities have taken action to reduce their vulnerabilities. Since 1989, FEMA has provided more than $7.3 billion in response to over 1000 federally-declared disasters to support effective mitigation in the post-event timeframe. We have provided assistance to acquire more than 33,000 properties, permanently eliminating future risk to those structures and reducing the need for response in the next disaster. Congress recently increased the HMGP funding formula, further underscoring the importance of ensuring that adequate funds are available to implement effective mitigation in the post-disaster reconstruction and recovery process.

Mitigation reduces risk – and it reduces the costs of future disasters. In fact, a 2005 independent Congressionally-mandated study found that mitigation results in significant net benefits to society as a whole – to individuals, to states and to communities – in terms

of future reduced losses, and represents significant potential savings to the federal treasury in terms of future increased tax revenues and reduced hazard-related expenditures. The study found that every dollar spent on mitigation saves society an average of four dollars; flood mitigation yields even greater savings.

As previously stated, the HMGP is FEMA's traditional post-disaster mitigation program – designed to help states and communities take action during the post-disaster rebuilding and recovery timeframe so as to reduce the loss of life and property during future disasters. HMGP funds may be used to flood-proof or elevate existing properties; acquire and relocate homes from flood-prone areas, and maintain the acquired land as open-space in perpetuity to eliminate all future risk; implement minor flood control measures; and retrofit structures to protect them from high winds and earthquakes, among other eligible activities. Projects proposed by states and local communities must: (a) conform to State and Local Hazard Mitigation Plans, which identify and assess risk to hazards and establish priorities for reducing risk; (b) be cost-effective and technically feasible; and (c) meet environmental and historic preservation compliance requirements. By statute, FEMA may contribute up to 75 percent of the costs of these projects.

It is important to emphasize that the HMGP is not designed to compensate individuals for disaster losses. Rather, the HMGP provides communities with resources to implement long term solutions that will reduce the risk to their citizens and public facilities from flooding and other hazards. The amount of HMGP funds made available to states is formula driven, based on a percentage of the estimated total amount of Individual and Public Assistance grants provided. Although final HMGP funding is not determined until Individual and Public Assistance funding is calculated, FEMA provides early estimates of HMGP funding to the state, and makes a portion of funds available to the state almost immediately after the disaster declaration.

FEMA provided the initial HMGP estimate to Louisiana in February of 2006; however, in the fall of 2005, knowing the available funding would be significant, the State allocated the first $250 million to the affected communities for planning, acquisition and elevation of repetitive loss properties. The State established a deadline of October 2006 for communities to apply for these funds. FEMA received the first HMGP application, for use of HMGP funds through the Road Home Program, in October of 2006.

When Katrina and Rita hit Louisiana, only 3 parishes and local communities had a required approved Local Mitigation Plan. One of FEMA's first priorities was to work with those communities to assist them with that planning process, so that when the State provided the dollars, the communities would be in a position to accept and spend the funds to implement their mitigation priorities. To date this special effort has resulted in 74 parishes and local communities having approved Local Mitigation Plans. Only one parish does not currently have an approved plan, however we anticipate approval shortly.

FEMA currently estimates that over $1.47 billion is expected to be available to Louisiana under the HMGP for Hurricanes Katrina and Rita. As of May 2007:

- FEMA has received 42 applications from the State and communities within the State, including an application for State Management Costs. A portion of Louisiana's State Management Cost was obligated in April 2006; FEMA anticipates that the State will request additional State Management funds.
- Of the 42 applications that FEMA has received, twenty-nine (29) have been approved, including a grant for training and State implementation of International Building Code standards, several planning grants, and a grant to retrofit a public building. One (1) application has been denied, and the remaining 12 applications are under review.
- FEMA has obligated $15,440,396in federal funds for HMGP projects and state management costs in Louisiana, as of May 4, 2007.

**HMGP AND LOUISIANA'S *ROAD HOME* PROGRAM**

Although Louisiana has made approximately $250 million in HMGP funds available directly to local governments through the "traditional" HMGP process, the State proposes to pay out most of their expected $1.47 billion in HMGP funds as a part of their *Road Home* Program. *The Road Home,* which is funded primarily by the Department of Housing and Urban Development's (HUD) Community Development Block Grant program (CDBG), is designed to provide individual homeowners with funds to compensate them for their losses; enabling them to stay in their homes, if they choose to do so. The Program's goal is to restore and redevelop communities – which includes purchasing and redeveloping residential properties. This goal is not the goal of the HMGP, which is to reduce the loss of life and property in, and costs of, future disaster events. The State proposes to use HMGP funds to "reimburse" *The Road Home* for residential properties originally purchased with CDBG funds – once the subject communities designate the purchased properties as open-space because of their flood risk.

When Louisiana signed the FEMA-State agreement for Hurricanes Katrina and Rita, as all States do for all disasters, the State agreed to comply with the Stafford Act and FEMA regulations, including HMGP requirements. Louisiana officials did not consult with or involve FEMA in *The Road Home* program's design until after critical decisions on program requirements had been made. Unfortunately, those requirements directly conflict with the HMGP program objectives and legal requirements, resulting in FEMA's inability to approve use of HMGP funds under *The Road Home.* Nonetheless, the HMGP funds remain available to the State to use for eligible activities.

Recognizing these conflicts FEMA Administrator Paulison, in August 2006, established a Steering Committee, consisting of representatives from FEMA, State and HUD staff to identify and attempt to resolve areas of concern. This Steering Committee worked collaboratively until February of this year, making significant progress toward addressing many of the requirement differences between *The Road Home* and the HMGP programs. However, legal barriers concerning equitable treatment in the distribution of HMGP funds became a significant obstacle to further progress. FEMA has proposed ways to address these specific concerns that would allow funds to proceed through *The Road Home*; however the State has not yet been willing to make changes to the program.

FEMA recognizes the catastrophic nature of the 2005 hurricanes and the extraordinary challenges of rebuilding smarter and stronger. We have exhibited extreme creativity and flexibility in working with the Gulf Coast states to help them in the recovery process. FEMA has made four significant accommodations to the State of Louisiana regarding HMGP. First, the Agency provided Louisiana additional time and resources to utilize the HMGP funds made available; extending the HMGP application submission cut-off one year beyond the deadline established in the regulations – from March 2007 to March 2008.

A second accommodation was FEMA's agreement to allow the State to acquire properties from homeowners and hold title pending final decisions by communities regarding the disposition of those properties – decisions about whether to redevelop the property or designate it as open-space because of high flood risk. *The Road Home* program was intended to quickly provide funds directly to homeowners to enable them to move on with their lives. Because the State believed communities could not make timely decisions regarding recovery, rebuilding and land-use, including which properties they would accept as open-space when *Road Home* offers were made, the State made the decision not to involve local communities initially.

In my experience, the best government is the government closest to the people. Under the HMGP, voluntary buy-out decisions are made by communities in conjunction with their citizens. The HMGP community-based decision and application process enables local officials and citizens to make important decisions about ways to reduce their vulnerability to future events while, at the same time, ensuring community sustainability and promoting effective planning for delivery of critical public services, such as police and fire protection. This process ensures that citizens have the opportunity to work directly with their local leaders to make these critical decisions. As a former Mayor, State Senator and Lieutenant Governor, I believe that cutting communities out of this process in hopes of involving them down the road is not the most effective approach when trying to assist communities to reduce their risk, which is the objective of the HMGP. Citizen participation results in needed buy-in and leads to stronger, better managed communities.

*The Road Home* program takes an individual rather than a community approach, making purchase offers to individual homeowners without engaging communities. Consistent with this approach, Louisiana requested to be allowed to purchase residential properties at pre-flood value using CDBG funds, and then transfer these properties to the communities when related land use decisions were made. At that point, the State would reallocate the property costs to the HMGP, freeing up CDBG funds for other purposes. Once again demonstrating flexibility, FEMA agreed in concept to this approach and began developing the legal and programmatic frame to make it work. FEMA also asked the DHS Inspector General to help the Agency and the State make sure that appropriate financial management controls were in place to allow for this cost reallocation and to ensure accountability for all HMGP funds. The effort to establish this framework was

put on hold in February 2007, once the State indicated its intention to seek legislative relief from the legal barriers identified by FEMA.

A third accommodation to Louisiana was the FEMA-HUD coordination to develop a Programmatic Environmental Assessment (PEA) to meet National Environmental Policy Act (NEPA) requirements, and a Programmatic Agreement to meet National Historic Preservations Act (NHPA) Section 106 requirements for HMGP activities proposed as the part of *The Road Home*. This agreement would make sure that the State did not have to work through two separate NEPA and NHPA compliance processes to meet HUD and FEMA requirements. A preliminary draft of the agreement was completed in November 2006; however, this work was put on hold while the State considered its options to address program conflicts.

Fourth, FEMA agreed to provide the staff resources necessary to enter all community-based HMGP project applications into the National Emergency Management Information System (NEMIS) – normally a State responsibility. NEMIS is FEMA's HMGP management system, enabling the Agency to maintain project and financial management oversight as called for in federal regulations. Louisiana advised FEMA early on that they planned to submit a single HMGP application for $1.2 billion to implement *The Road Home*. This request to submit a non-specific blanket application was unprecedented, and FEMA does not believe that such an application to spend over one billion dollars allows for the financial and management controls needed to provide adequate and appropriate oversight and accountability of taxpayer dollars. Also, because the individual properties will ultimately be transferred to their communities, FEMA would need to establish controls to manage projects at the parish level. Because accountability to the American people and the Congress is so important, FEMA is willing to do the work necessary to ensure that adequate controls and reporting mechanisms are in place.

Additionally, FEMA is exploring ways to streamline the cost-effectiveness determinations required by statute for HMGP projects, to further reduce the burden for project development on State and local officials.

The efforts and progress of the FEMA/State/HUD *Road Home and HMGP* Steering Committee demonstrate FEMA's willingness to be flexible and to work with Louisiana to execute important programs in a manner that is seamless to the individual property owners. Ultimately, however, the details needed to implement these resolutions were not finalized because FEMA determined that the State's proposed process for making purchase offers to homeowners violates the Stafford Act.

Specifically, the State established a 40 percent penalty in purchase price offers for homeowners leaving the State or remaining in the State but not committing to a three-year property ownership period. However, the State exempted seniors from the penalty, thereby creating a program where the purchase price offer varies based on: (a) age of the homeowners, (b) the homeowner's ability to remain in-State, and (c) the homeowner's willingness or ability to own property for three years. Such inequities conflict with non-discrimination provisions of Federal law, including Section 308 of the Stafford Act –

Nondiscrimination in Disaster Assistance – which provides that disaster relief and assistance activities shall be accomplished in an equitable and impartial manner without discrimination on the grounds of race, color, religion, nationality, sex, age or economic status.

In December 2006, FEMA advised the State in writing of our concerns with *The Road Home's* design. The letter offered potential solutions to address those concerns, and also offered to continue meeting with the State to identify options for moving forward. In a second letter in February 2007, FEMA notified the State that *The Road Home* application could not be approved as submitted under the HMGP. The LATRO, in turn, provided specific feedback concerning the application's deficiencies, and committed to continue working with the State to resolving the issues and support the State's recovery activities. Madam Chair, I'd like to provide those two letters for the hearing record.

On April 4, 2007, Louisiana appealed FEMA's denial of the $1.2 billion HMGP project application for use in the Road Home program. By regulation, FEMA has 90 days to respond to that appeal; and a decision on the appeal will be provided to the State by June 15, 2007. Regardless of the appeal determination, FEMA remains committed to working with the State to modify or better define the proposal in this application – or develop new HMGP project applications – that meet HMGP requirements and support State and local mitigation goals. Again, Louisiana has until March 2008 to submit its final HMGP proposals to FEMA.

While there have been difficulties in some areas, progress is being made in others. With the State's approval, FEMA has provided staff to work directly with communities to help them prepare applications through the "traditional" HMGP program; this also is normally a State responsibility. In partnership with the Governor's Office of Homeland Security and Emergency Preparedness, FEMA staff is embedded in New Orleans, working closely with the City to develop applications for mitigation of housing, such as elevations and reconstructions, using approximately $32 million of the $57 million that the State allocated to New Orleans for standard HMGP activities, including residential elevation and reconstruction. Recently I met with Dr. Ed Blakely, Executive Director for Recovery Management in the City of New Orleans. Both he and I are optimistic that collaboration between his staff and FEMA staff will soon result in approved HMGP projects that will enable New Orleans to begin effectively using HMGP funds to reduce risk during the critical post-disaster reconstruction process – precisely what the HMGP program is designed to do.

My understanding after meeting with Dr. Blakely is that New Orleans will identify eligible HMGP projects that will far exceed the parish's $57 million allocation. As we move further away from the events of August 2005, communities are increasingly able to identify their mitigation priorities and potential areas for elevation, reconstructions and hardening of critical facilities. FEMA believes that, like New Orleans, other Louisiana communities are working now to identify HMGP-eligible projects that will exceed their allocation of the $250 million made available by the State under the traditional HMGP. Until the State decides to utilize HMGP for its intended purposes apart from HMGP from

*The Road Home* and to continue to allocate additional funds to the local communities, FEMA will not be able to work with New Orleans and those other communities to develop viable community-based HMGP applications that will support safer rebuilding. Many of these projects would likely involve the same homeowners who applied for and are awaiting *Road Home* funding; which could significantly reduce the Road Home's financial burden. Should Louisiana decide to administer HMGP and *The Road Home* independently, FEMA is committed to providing, as quickly as possible, the federal resources necessary to help the States communities develop and implement these important mitigation projects.

**CONCLUSION**

The objectives of *The Road Home* and the HMGP are complementary. Recognizing that, one has to consider the best way to achieve the goals and objectives of both programs; the best way does not have to be one combined program. In fact, FEMA, based on our years of experience and success with the HMGP, urges the State to administer the programs and run them on two separate but parallel tracks. Working through the State and with the communities, we can implement the HMGP in a timely fashion while also supporting the primary objectives of *The Road Home*.

Whether combined with *The Road Home* or implemented on a parallel track, the more than $1.47 billion HMGP funding available as a result of Hurricanes Katrina and Rita provides a tremendous opportunity for the State of Louisiana, its communities, and its citizens, to implement mitigation measures that will reduce vulnerabilities and future losses. I've visited the Gulf Coast more than a dozen times since August 2005, and I know people are discouraged and frustrated that they don't see progress. But I am also concerned when I see rebuilding going on and people putting things back just like they were before Katrina. We must stay vigilant and ensure that communities and their citizens have the resources through the HMGP to rebuild in a way to reduce their vulnerability.

Regardless of the difficulties to this point, FEMA remains willing and open to continue to meet with Louisiana officials to identify options for aligning the HMGP with the *Road Home* program; however we are must remain focused on the tried and true objectives of the HMGP We have already resolved or are prepared to resolve most issues associated with combining the two programs; however, legal barriers require a change to *The Road Home* program that the State, thus far, has not been willing to make.

I want to re-emphasize that the legal issues do not preclude each program from proceeding separately; *The Road Home* can continue as planned, utilizing the significant amount of HUD-CDBG funding provided, while HMGP funds can be used in the customary manner, as the State is already doing with $250 million.

Thank you for the opportunity to testify before you today, and I will be pleased to respond to any questions that Members may have.

**STATEMENT OF SUSAN ELKINS,**

**EXECUTIVE DIRECTOR, OFFICE OF COMMUNITY DEVELOPMENT**

**STATE OF LOUISIANA**

**BEFORE**

**THE AD HOC SUBCOMMITTEE ON DISASTER RECOVERY**

**OF**

**THE SENATE COMMITTEE ON HOMELAND SECURITY & GOVERNMENTAL AFFAIRS**

**"THE ROAD HOME" AN EXAMINATION OF THE GOALS, COSTS, MANAGEMENT, AND IMPEDIMENTS FACING LOUISIANA'S ROAD HOME PROGRAM"**

**MAY 24, 2007**

Good afternoon, my name is Susan Elkins, and I am here today representing the State of Louisiana, Division of Administration, Office of Community Development (OCD), Disaster Recovery Unit (DRU). The Disaster Recovery Unit is the fiscal agent responsible for administering, auditing, monitoring, maintaining internal controls, managing contracts and reporting for Community Development Block Grant (CDBG) and other funds appropriated by the Congress for recovery from Hurricanes Rita and Katrina. We work closely with our colleagues at the Louisiana Recovery Authority (LRA), the policy setting body created by Governor Blanco, and with staff of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) as well as other agencies. Our agency's job is to bridge the policies and programs developed by the State with the rules and regulations attached to the federal

programs. Today, I am here to speak specifically about *The Road Home* program, one of approximately 25 disaster recovery programs that OCD administers.

Since 1982 the Office of Community Development has administered the State's Community Development Block Grant Program as well as other federal programs, including the disaster recovery program that was implemented after Hurricane Andrew. Most of the key staff members at OCD have over twenty years experience working with the CDBG program. The State has never received an audit or monitoring finding by the Department of Housing and Urban Development (HUD), the Office of Inspector General (OIG), or the Legislative Auditor on the state's CDBG program or any other federal program that it administers.

In the wake of Hurricanes Katrina and Rita OCD has augmented its staff with individuals from all over the country who have tremendous experience in implementing federal housing programs, including the CDBG program. These individuals come from as far away as North Dakota, Pennsylvania, New York and Kentucky. They have moved their families to Louisiana to become part of a dedicated staff that play a role in the recovery of Louisiana. These comments about staff are made to illustrate the steps that have been taken to assemble a group of highly experienced individuals, with a well-known record of integrity, to administer the program.

Given the enormity of the recovery effort, the State realized that in addition to supplementing its own staff, more help was needed. OCD staff with the assistance of the LRA and others developed a Solicitation for Offers (SFO) for housing management services. The solicitation was carefully crafted to ensure that the competition was open and free to all firms that could meet the minimum standards required in the SFO. Because of the extensive housing services sought for *The Road Home* program, our office worked closely with staff in HUD's headquarters to find qualified reviewers for the SFO. With HUD's assistance we identified

outside reviewers with national perspectives and significant experience with the "nuts and bolts" required to implement housing and community development programs. In addition to the national community development experts, six representatives from the state were selected to participate on the team based on their very specific and unique qualifications.

Six proposals were submitted to manage the Louisiana program, two of which were eliminated because they did not meet the minimum standards. The reviewers scored each of the remaining proposals based on the evaluation criteria cited in the SFO. The maximum possible score was 450 points. The evaluation team met six times to discuss and review the offers received in response to the SFO. Each reviewer rated the four remaining proposals based on the agreed upon scoring criteria. The top three proposing firms were asked to provide oral presentations to the evaluation team. The team met immediately following these presentations to discuss their reactions to the presentations. Based on that three hour meeting, ICF International, Fairfax, VA was selected as the leading firm. The team also developed follow-up questions that were sent to each of the offerors, and required that each firm submit any perceived conflict of interest issues to the Board of Ethics for review. On May 23rd, another conference call took place to discuss the responses to the follow-up questions. By the end of the discussion the consensus of the evaluation team was that ICF had indeed submitted the best proposal and should be selected as the top bidder, echoing the sentiments expressed in the May 12th meeting held after the oral presentations and based on the scores received from each reviewer.

Contract negotiations began shortly thereafter. It should be made clear that the negotiation process was open and transparent. The State Attorney General's Office, the Louisiana Legislative Auditor's Office, OCD, the LRA and attorneys representing the LRA and OCD directly participated in these negotiations. The Louisiana Legislative Auditors Office

made calls to check the references of ICF and the GSA schedule was checked to confirm that the proposed rates were within the schedule. A copy of the proposed rates were sent to HUD to ensure there were no problems with the rates and that they compared favorably to the rates that were being charged by ICF in their existing HUD contracts. No problems were found.

The contract with ICF contains over seven hundred deliverables for the homeownership program and other programs focused on rental housing, housing for the homeless and supportive housing. The contract contains a list of the deliverables with very specific timeframes for completion. The only items which could not be specified at the time of contract initiation were benchmarks for option letters sent to homeowners and for closings completed, due to the fact that there were no existing precedents with which they could be compared. We spoke with several housing experts to determine what we could use as an appropriate timeframe for closings. Because Mississippi's program contained similar tasks required by Louisiana's program (such as subordinations, title searches, verification, closings, etc.) we thought it might benefit us to analyze their data. However, at the time we were negotiating and developing the contract there were no closings in Mississippi, therefore no appropriate data could be found for comparison purposes. As a result, language was added into the contract which stated that performance measures would be developed by the end of March 2007. It was felt that by this time the pilot program would be complete, providing a proper guideline for the development of these benchmarks.

The contract was signed on June 30, 2006, the same day that the State's pilot program began. Louisiana is now into the 11th month of this contract. As of May 2007, over 137,000 applications have been received; over 114,000 appointments have been held which have resulted in over 60,000 benefit options letters sent to homeowners. Based on those 60,000 options letters,

40,000 homeowners have selected their option and have returned their selection letters to the State. Over 18,000 homeowners have closed and received their compensation. We will close 10,000 cases this month and will continue to increase closings as the throughput allows.

The only appropriate comparison that can be used to determine how fast or slow the Louisiana program is working, is the measurement of the number of applications, closings, etc., in Louisiana against the same numbers that were accomplished by the Mississippi program after the same amount of time. Mississippi began their program in January 2006, while Louisiana started in June 2006 – approximately 6 months later. This was due to the need for the additional disaster dollars that were appropriated by Congress in June 2006. Mississippi has done an outstanding job. I have known members of their staff for many years, know that they are a very dedicated staff and know that officials in both states share the awesome responsibility that has been placed upon us. We all take our jobs very seriously.

In your materials you will find a chart that compares activities common to both Mississippi's and Louisiana's programs starting from the time that each selected its management contractor and tracking progress thereafter on a month-to-month basis. The activities compared include applications received, letters sent, closings held, etc. The chart shows that Louisiana and Mississippi achieved very similar accomplishments in the same elapsed time from program initiation. For example, nine months after contracts were signed, Mississippi received approximately 17,000 applications, while Louisiana had over 111,000, or six times, more applications than Mississippi. Hundreds of applications are still being returned daily in Louisiana, presently totaling over 133,000. In the same timeframe, Louisiana had sent out over 30,000 more option letters than Mississippi and did over 15 times the number of closings as Mississippi. Based on this comparable data, as well as the data from the Road Home pilot

program, OCD amended the ICF contract to add performance measures, with appropriate penalties for failure to accomplish them, for each of the desired outcomes.

We take compliance with the contract requirements and performance measures very seriously. Oversight of *The Road Home* contract is multi-faceted, encompassing activities that include daily, weekly, and biweekly meetings; review of approximately 700 contract deliverables; monitoring by staff from the Disaster Recovery Unit; joint monitoring with the Office of Legislative Auditor; independent auditing by the Office of Legislative Auditor; and the review and implementation of dozens of policy changes since the program started last June. Additionally, the contract includes quarterly performance measures that are monitored on a monthly basis. The performance measures encompass timely appointments; number of option letters sent; number of closings scheduled; and response times to resolution issues.

The level of review and oversight is unprecedented in that we currently have three (3) different sections of the Office of the Legislative Auditor performing multiple types of reviews or audits of the disaster recovery funds. The HUD Office of the Inspector General has had personnel auditing on-site for months. DRU has contracted with Postlethwaite & Netterville of Baton Rouge, LA, an independent Certified Public Accounting firm, to review and verify contractor indirect costs and labor rates. We have also, under a separate request for proposals, contracted with Postlethwaite & Netterville to perform a complete Statement of Auditing Standards (SAS)-70 review of our contractor's controls and systems.

As part of our administrative oversight and efforts to prevent and deter fraud, KPMG is under contract to review *The Road Home* policies and procedures to ensure anti-fraud efforts and to analyze applicant data to help identify and prevent fraud. DRU participates in the Anti-Fraud Task Force which includes the U.S. Attorneys for all three (3) districts of Louisiana, the

Louisiana Attorney General's Office, the Office of the Legislative Auditor, the FBI, the Louisiana Inspector General, the HUD Office of the Inspector General (audit and investigative) and the Louisiana Recovery Authority.

On a daily, weekly and biweekly basis, DRU management reviews statistics and analyses of applicant and financial information. The LRA and DRU receive weekly pipeline reports and a weekly financial dashboard report that are reviewed at weekly meetings. The purpose of our meetings and review of various reports is to identify problem areas and to determine actions that must be taken by the contractor to create efficiencies in the delivery of the programs. These meetings often result in the clarification of guidance documents or the revamping of procedures to expedite delivery of benefits to applicants. This is a continuous process that is complicated by the sheer magnitude of the program.

The DRU has created a monitoring section that consists of adequate staff to monitor federal compliance requirements and performance of the contractor in a variety of functions. This staff works jointly with the Office of Legislative Auditor to conduct performance reviews on such operations as the Housing Assistance Centers, pre-closing activities and resolutions. The staff also coordinates on a weekly basis with Deltha Corporation, *The Road Home's* quality control subcontractor, to receive weekly reports on their review of functional areas. The DRU monitoring staff is responsible for following up on all recommendations adopted by the DRU from the Office of Legislative Auditor reports and the weekly quality control reports that are communicated to the contractor for implementation and will continue to review these and other functional areas over the life of the contract.

In addition to the above, the monitoring staff is responsible for tracking the receipt of all contract deliverables and for ensuring appropriate staff review of the deliverables. On a weekly

basis, the staff also reviews a sample of homeowner files that have closed, to ensure that eligibility is documented, duplicate benefits have been calculated and award calculations are correct. Plans are being implemented to begin a process for early review of files designated for closing to ensure accuracy and completeness. The staff is also overseeing the development by the contractor of the short and long term compliance monitoring plans for all of the Homeowner Assistance and Small Rental programs.

Financial monitoring is done on all requests presented to the state. The most common type of financial monitoring is on-site. Staff reviews journals, ledgers, monthly and quarterly report, receipts, invoices, purchase work orders, statements, change memos, fee slips and other individual financial transactions of the recipient. The monitoring process will verify the accuracy of the request, as well as the validity of the information given in the request. Once monitoring has been completed, reports are written that detail the findings of the monitoring session. The findings are pursued until the corrective action has been taken.

The State has also entered into an agreement with the Office of the Legislative Auditor for an independent third party review of contractor invoices. The Office of the Legislative Auditor is also under agreement to review awards and payments made to Louisiana homeowners who have applied to *The Road Home.*

Now let me turn to some observations we have made as we have used Federal funds for recovery. For future disasters, there are critical issues that impact the effective implementation of federal funds that need to be addressed. These are issues that I urge you and your colleagues in the executive branch to address before the next disaster.

First there is an issue with **DATA**. There is great incompatibility in the data that is generated and kept by individual federal agencies. FEMA, HUD, SBA, DOT, HHS all gather

information, but there are no standard conventions for the most basic entries like street address and there are no standing agreements to share information. Much time has been wasted because the information needed for these agencies to make informed decisions was not readily available, reliable and useable.

Second there is the issue of **REDUNDANCY**. We have lost count of how many times the same work has been done, but by different agencies. Take just one example: The same properties have been inspected at least five times: first FEMA, then SBA, then the private insurers, then *The Road Home*, then the lenders. It is time to work on protocols for standard inspection reporting and methods for sharing the information to avoid the waste of time and money that comes from doing the same thing 3, 4 or 5 times.

Third is the complex issue of **DUPLICATION OF BENEFITS**. The Stafford Act requires us to find and quantify funds from other sources – including private sources – that are presumed to be duplications. The need to do this has slowed the recovery down – just try getting insurance information from hundreds of companies for tens of thousands of payments with numbers that change daily from an industry that is overwhelmed and has no business incentives to provide the information. It is a nightmare. The Stafford Act needs to revisit the duplication of benefits provision, particularly as it relates to private, as opposed to federal funds, and loans, such as those from the SBA, as opposed to grants.

**FEDERAL REGULATIONS** inhibit rapid response to disasters. What may make sense in normal times simply impedes response to a disaster. CDBG rules differ from those of FEMA, and SBA's rules are different from DOT's. The federal environmental, historic preservation, lead-based paint, labor and other regulations impede rapid response. What would seem to be easy – using FEMA funds and CDBG for similar purposes – turns out to be virtually impossible

because of conflicting departmental interpretation of regulations. If CDBG funds are used in conjunction with FEMA funds different environmental reviews are required, Davis Bacon becomes applicable for some properties as do other regulations, and six separate federal and state agencies are required to audit and monitor the same project. This defies logic. Louisiana needs to be able to utilize the FEMA HMGP dollars consistent with the CDBG regulations in the *The Road Home* programs. OCD has worked with FEMA almost a year to make this happen. It appears that conflicting and inflexible rules and regulations impede the provision of appropriate assistance.

The State's partnership with lenders was also in part a victim of these federal regulations. As you know Madame Chairman, the state worked with the lending community to develop a memorandum of understanding that created a partnership for rebuilding that benefited homeowners, and the state and accomplished the Congressional intent of reconstruction of the Gulf Coast. Homeowners were guaranteed that *Road Home* funding would not be used to pay arrearages, or to pay down mortgages and the lending institutions agreed to manage disbursement accounts and provide construction management services to the homeowner. Because of inflexible Federal regulations, the State had to choose between maintaining the partnership with lenders, but administering the program as a housing rehabilitation program or dissolving the partnership. Anyone who has administered a CDBG rehabilitation program knows that this is a lengthy process because of the regulations attached to running a traditional construction program under federal rules. This is why both Louisiana and Mississippi chose to run "compensation" rather than "construction" programs. The State is now disbursing funds directly to homeowners without a partnership with the lending community. The imposition of

federal statutes and regulations that work in normal times, but not in times of crisis, contributed to the undoing of a partnership that would have benefited everyone.

The environmental regulations are another example of regulations that are good and work in normal times, but severely impact construction and repair programs in the disaster recovery process. There are checklists, reviews, inspections and certifications which are impractical to conduct because of the time and resource constraints on tens of thousands of properties. What, for example, should be a simple environmental solution – providing money to elevate a home that is sitting in a flood plain – is a nightmare that requires checklists and reviews that slow down or even stop the award of funds to elevate homes.

Madam Chairman, I respectfully submit that the federal regulations need to be examined for greater consistency and there needs to be broad authority to waive both statute and regulations to expedite recovery.

Implementation has been a challenge with obstacles at every stage of development. While we continue to encounter issues on a daily basis, our focus is on resolving these issues quickly and continuing to find ways to streamline the program while at the same time balancing those measures with efforts to prevent fraud and abuse. Our goal is to ensure that the homeowners and the citizens of Louisiana get the help that they need to rebuild their lives in a timely manner, while ensuring that the federal restraints are met.

Thank you for allowing me to testify today. On behalf of all my colleagues, we look forward to working with you and members of the Congress as we take the journey on the road to community recovery.

# Homeowner Assistance Program Comparison

## Louisiana

| Louisiana Road Home (Program Launch - June 2006) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2006 | July 31, 2006 | August 31, 2006 | Sept. 30, 2006 | October 31, 2006 | November 30, 2006 | December 31, 2007 | January 31, 2007 | Feburary 28, 2007 | March 31, 2007 | April 30, 2007 | May 21, 2007 |
| | 1st Month | 2 Months | 3 Months | 4 Months | 5 Months | 6 Months | 7 Months | 8 Months | 9 Months | 10 Months | 11 Months | 12 Months |
| # of HACs | 0 | 1 | 10 | 10 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| # of Applications Received | 0 | 371 | 8,501 | 28,951 | 78,003 | 84,047 | 91,933 | 104,479 | 111,361 | 120,789 | 130,828 | 138,264 |
| # of Award Letters Mailed* | 0 | 0 | 42 | 89 | 310 | 10,108 | 22,405 | 28,159 | 40,786 | 46,773 | 60,843 | 60,843 |
| # of Closings | 0 | 0 | 5 | 13 | 18 | 56 | 104 | 450 | 2,718 | 5,795 | 13,753 | 19,882 |
| | | | | | | Louisiana Pilot Program | | | | | | |

## Mississippi

| Mississippi Development Authority (Program Launch - January 2006 ) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | January '06 | February '06 | March '06 | April '06 | May '06 | June '06 | July '06 | Aug. 28, 2006 | Sept. 29, 2006 | Oct. 12, 2006 | Nov. 26, 2006 | Dec. 21, 2006 |
| | 1st Month | 2 Months | 3 Months | 4 Months | 5 Months | 6 Months | 7 Months | 8 Months | 9 Months | 10 Months | 11 Months | 12 Months |
| # of HACs | 0 | 0 | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| # of Applications Received | 0 | 0 | 0 | 5,400 | 10,000 | 16,500 | 16,500 | 17,000 | 17,000 | 17,100 | 17,302 | 17,425 |
| # of Award Letters Mailed* | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 6,100 | 8,767 | 4,161 | 11,142 | 12,301 |
| # of Closings | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 40 | 175 | 1,499 | 8,380 | 9,746 |
| | MDA did not issue a press release unitl March 2, 2006 stating that they were beginning the program | | | MDA began accepting applications on April 17, 2006 | | | | | | | | |

***The category "# of Award Letters Mailed" refers to "Benefit Options Letters Sent" for LA and "Notified to Close" for MS.**

**** Mississippi numbers are approximated and based on the best information available**

STATEMENT OF ISABEL REIFF

SENIOR VICE PRESIDENT OF ICF INTERNATIONAL, INC. AND

CHIEF PROGRAM EXECUTIVE OF THE LOUISIANA ROAD HOME PROGRAM

BEFORE

THE AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

OF

THE SENATE COMMITTEE ON HOMELAND SECURITY & GOVERNMENTAL AFFAIRS

"THE ROAD HOME? AN EXAMINATION OF THE GOALS, COSTS, MANAGEMENT, AND IMPEDIMENTS FACING LOUISIANA'S ROAD HOME PROGRAM"

MAY 24, 2007

Good afternoon, Chairman Landrieu, Senator Stevens and Members of the Ad Hoc Subcommittee on Disaster Recovery. I am Isabel Reiff, Senior Vice President of ICF International, Inc. and the Chief Program Executive for the Louisiana Road Home Program.

I am pleased to have the opportunity to participate in this hearing, and I look forward to describing for you today ICF's role (which has often been misunderstood) in the delivery of the State of Louisiana's Road Home Program. Madam Chairman, the damage done to your home State of Louisiana by Hurricanes Katrina and Rita was unprecedented. The scope and magnitude of the Louisiana Road Home Program are likewise unprecedented. In fact, the Road Home Program is the largest and most complex disaster recovery program in the history of the United States. I will share with you today the details of our involvement with the Road Home Program and our perspective on the Herculean effort that has been required to deliver this unique and challenging program.

Let me start by providing you with a brief history of ICF. ICF was founded as the Inner City Fund in 1969 to provide analysis and implementation advice on public policy issues facing inner city communities across the United States. In the ensuing 38 years, ICF has become a global corporation servicing Federal, state, and local governments, in addition to its commercial and international clients

around the world. ICF has decades of experience with the Housing and Community Development Block Grant Program of the Department of Housing and Urban Development (HUD). Our staff has also been involved with major housing disaster recovery projects, emergency response, stakeholder outreach efforts, and administration of claims-related work, all of which are, of course, relevant to our role in the Road Home Program in Louisiana.

Madam Chairman, as you know all too well, Hurricanes Katrina and Rita displaced over 780,000 families from their homes. FEMA originally estimated that 123,000 homes suffered major or severe damage, although we now know from actual Road Home applications that this number is even greater. An additional 82,000 rental units endured a similar fate. More than 18,000 businesses were destroyed. In short, the lives of countless American citizens along the Gulf Coast and in your State of Louisiana were devastated by these powerful hurricanes.

Responding to this crisis, the Congress provided $6.2 billion in Community Development Block Grant (CDBG) funds to the State of Louisiana on December 30, 2005, and an additional $4.2 billion on June 15, 2006, for a total of $10.4 billion for community development recovery efforts. Of this amount, the State of Louisiana decided to dedicate $8.08 billion to providing assistance to homeowners and renters whose dwellings were damaged by these hurricanes and for special needs housing. The State of Louisiana established the Louisiana Recovery Authority (LRA), an organization consisting of 33 state and national leaders appointed by Governor Blanco of Louisiana. In coordination with the State, the LRA developed the Road Home Program, which it unveiled for public comment in the Road Home Action Plan (Action Plan) in April 2006. The Action Plan specified the requirements for both a program to assist homeowners and a program to assist renters. The homeowner component is intended to provide financial assistance for uncompensated damages of up to $150,000 for each of the approximately 123,000 homeowners whose homes were originally estimated to be damaged or destroyed. The rental program has two components – a Small Property Rental Program of $869 million for reconstruction of up to 18,000 units in small-scale rental buildings, and a program to augment resources provided through Federal Low Income Housing Tax Credits to promote mixed income developments and provide affordable units to very low income

households. In addition, the Action Plan includes funds for homeless and special needs housing. The Road Home Program was subsequently submitted to and approved by the LRA Board in April 2006, followed by the approval of the Louisiana Legislature in May 2006. After all of these necessary approvals were obtained on the State level, the plan was immediately submitted by Governor Blanco to HUD Secretary Jackson for final Federal acceptance. HUD released the funds on May 30, 2006.

On April 11, 2006, the State of Louisiana released a Solicitation for Offers (SFO) seeking proposals from private companies to implement the homeowner and Small Property Rental Program components of the Road Home Program in accordance with the State's requirements. The SFO set forth in significant detail the terms, conditions and time lines for the Road Home Program, including the Action Plan, that had been developed by the State of Louisiana and which the successful bidder would be contractually obligated to implement. The SFO established a four year project schedule, including a projected completion date of the grant awards of December 31, 2008, and a program completion date of June 30, 2010. Ultimately, due to restrictions under Louisiana law, the term of the contract was reduced to three years. Six firms, including ICF, responded on April 28, 2006. Three finalists, including ICF, were selected in May 2006, and, after rigorous review by the State of Louisiana, the LRA, the Louisiana Legislature, and the Louisiana Board of Ethics, ICF was selected as the Road Home contractor on June 9, 2006, a full 10 months after Hurricanes Katrina and Rita. We signed a three-year contract with the State on June 30, 2006 to implement the Road Home Program in three distinct phases, as required by the State.

Phase 1 of the Road Home contract covered the period from June 30, 2006 through October 11, 2006, and included the following specific tasks:

1. Establishing 10 Housing Assistance Centers (HACs) throughout the State of Louisiana, and in other states where evacuees were currently residing, by August 29, 2006. HACs are facilities for conducting appointments with homeowners to complete their applications, answer their questions, validate their information, and familiarize them with the Road Home process. Within 60 days, ICF and its team identified appropriate and available properties to secure for 10 HACs across the State. We opened the first HAC for

the pilot project on July 12, 2006, and the remaining nine HACs on August 22, 2006. Madam Chairman, as you can imagine, this process was exceptionally difficult in Cameron, Vermillion, New Orleans, and St. Bernard Parishes where available commercial property was extremely difficult to find. For example, in Cameron Parish our only option was to lease a house that was being rebuilt. In Orleans and St Bernard Parishes, we had difficulty finding office space that did not require extensive renovation to eliminate mold. In a number of parishes, including Cameron and Vermillion, we had to work with the phone company and the Public Service Commission to ensure that fiber optic lines required for high speed internet access to our secure computer network were installed and operational in record time. We have ultimately established 13 HACs, 12 in Louisiana and one in Houston. We have also deployed mobile teams to augment resources at existing HACs and to conduct appointments with homeowners in Memphis, Atlanta, Dallas, and San Antonio. Throughout this process, we were directed to do our best to find every displaced citizen and encourage each and every one of them to apply.

2. More importantly, hiring and training thousands of staff, a majority of whom were storm victims themselves. We hired and trained Road Home Program staff (over 2,000 people), not only for the HACs, but also to manage the program, develop the information technology systems, perform on-site home evaluations, install the necessary Quality Assurance (QA)/Quality Control (QC) and anti-fraud functions, develop communications and outreach to publicize the program, and respond to a multitude of daily requests. Our curriculum and training professionals developed dozens of courses from scratch under severe time constraints. We also continued to plan the next stages, often while numerous policies were still being developed by the State, resulting in many changes in the operation of the program. We established critical data linkages and synchronized data feeds from literally hundreds of sources of external data, such as from Federal agencies, parishes, and insurance companies, in order to develop the capability to validate

applications and eliminate duplication of benefits as required by Federal law. None of these sources were originally designed to conform to Road Home requirements, and each had its own structure and challenges that needed to be understood and corrected in order to make use of the information.

3. Launching a pilot program on July 12, 2006, just 12 days after the contract was executed. The first homeowner grant was closed on August 8, 2006, just 39 days after contract execution. The pilot program carried hundreds of pre-selected homeowners through the entire 12 step Road Home process. As a result, important lessons were learned that were invaluable in scaling up the production phase of the full program beginning in October 2006.
4. Planning with the State for the implementation of the Small Property Rental Program components of the Road Home Program.
5. Developing an outreach program to encourage homeowners to begin the application process.

In summary, ICF and its team located and established technologically sophisticated HACs that were comfortable and inviting, often in neighborhoods where buildings and infrastructure (like phone lines) were scarce or non-existent. More importantly, during this period we had to bring on numerous employees, and establish the infrastructure and processes upon which the production phase would be based. All of the HACs were established within 60 days of the signing of our contract with the State and before August 29, 2006, the first anniversary of Hurricane Katrina.

Phase 2 – Implementation and Phase 3 – Wind Down of the Road Home contract were signed by ICF and the State of Louisiana on October 18, 2006. Phase 2 is the production phase of the contract under which applications from homeowners are processed and funds disbursed to eligible applicants. This is the critical phase in which all the applicants will move through the program into closing, and advisory and monitoring services post-closing. The production phase of the homeowner program has now been underway for seven months, and also includes the launch and implementation of the Small Property

Rental Program. The rental program was initiated on January 29, 2007 – some seven weeks ahead of the date mandated by the State in the contract.

As we geared up the production phase of our work, we made sure to include a significant number of Louisiana companies and residents on our team. In fact, 70% of the sub-contracted work on the Road Home Program has been let to Louisiana-based companies and 14% of the work has been awarded to minority, small or women-owned businesses. All of the post-award sub-contracts have been awarded through an open and competitive process. Of our 2000 full time employees working on the Road Home Program, 84% are Louisiana residents and 70% were affected by the hurricanes. Nearly all of the senior management of the program are now Louisiana residents. I want to assure the Subcommittee that these Louisiana employees provide us with a true sense of urgency as we work to assist their fellow Louisianians who were displaced from their homes. We thank them for their selfless commitment to this vitally important program.

Originally, the Road Home contract required ICF to complete the process of accepting all Road Home homeowner applications, finishing all award calculations for eligible applicants, and closing on all of these transactions by the end of 2008. We now project that much of this work will be done, and most grants awarded, by the end of this calendar year, a year earlier than the original schedule. I should point out that the State of Louisiana and the Federal government have required strict auditing processes to prevent identity and application fraud, including substantial third-party verification of data submitted by applicants. The entire process involves multiple steps and the submission and review of data from numerous sources. As the program has been implemented, several State and Federal entities have conducted audits of the program, a summary of which is attached as Exhibit A.

Now, Madam Chairman, let me turn to a description of our accomplishments in the past seven months:

- As of May 18, 2007, we have received 137,876 applications. Of these applicants, 114,000 have scheduled or held appointments at one of the HACs.

- We have calculated benefits for 78,807 applicants and have transmitted nearly 61,000 award letters, whose value totals approximately $4.6 billion at an average benefit calculation of $75,550.
- We have held 18,638 closings to date at which we have committed to disburse a total of approximately $1.4 billion. In the month of April, we held closings with just under 8,000 homeowners and expect to close with 10,000 homeowners this month and in every other month for the balance of the year.
- At this rate, we will be disbursing $750 million each month from now through December.
- We currently project that approximately 90,000 eligible homeowner applicants will have received their Road Home funds by the end of this year, assuming that there are no further major changes in the structure of the program.

I want to assure you that we are doing everything in our power to process these applications and disburse the funds to the people of Louisiana as soon as possible, within, of course, the requirements of the State of Louisiana under the Road Home contract and the requirements of State and Federal law. Although we have faced innumerable challenges in the delivery of this program, we have nearly cut in half the projected time it will take to conduct most of the closings. This has been accomplished in an environment of dozens of policy and procedural changes as the program has progressed.

In order to illustrate this point, I would like to outline what had to be done when HUD informed the State that it had to alter its disbursement procedures to conform to CDBG rules in late March of this year. As a result of this request by HUD and additional program streamlining requested by the State, ICF was directed to reengineer the back-end of the closing process. This involved:

- Restructuring closing procedures;
- Working with the lenders to distribute the funds to the thousands of homeowners who had already closed;
- Retraining staff;

- Communicating the changes to the public;
- Re-engineering the software systems to incorporate these changes; and
- Reorienting the work of our sub-contractor title companies under the new requirements.

Best practices would suggest that these changes would be planned, designed, and implemented over a regular schedule through a pre-determined process. In a disaster environment, however, delivery could not follow such a carefully prescribed process and so we continued to deliver while the program was redesigned. In April, without any disruption to the delivery or program services to the homeowners, ICF made the necessary changes, executed disbursement of the funds to those who had already closed, and conducted nearly 8,000 closings --- more than double the number closed in the previous month, and more than in the entire program to date.

Madam Chairman, as you know, many articles have been written about the performance of the homeowner program. It is important for everyone to understand that this program has been implemented in a very challenging post-disaster environment. It is instructive to note that between June 2006 and April 2007, dozens of policy and programmatic changes were made to this program, a complete list of which I attach as Exhibit B to my testimony. These changes include everything from numerous alterations to the calculations of benefits (the core of the program) to adding new categories of eligible recipients, such as properties on leased land. Additional changes have been made to the process of establishing pre-storm value (a key determinant for calculating a grant), the treatment of homeowners over the age of 65, and the process of verification of data about homeowners, among numerous others. Each of these changes resulted in modifications to the Management Information System, and to all of our communications materials whether through meetings, brochures, the Website, or the Call Center. Advisors in the HACs, Call Centers (ours and the closing agents), and outreach staff all required retraining. All of these changes have made it quite challenging for us to provide consistent answers to the questions that homeowners are asking us on a daily basis and have often delayed the closings of many homeowners.

Perhaps the greatest impact resulted from the almost immediate changing of the timetable for the dissemination of grant letters to homeowners and subsequent closings upon ICF's signing of the

production phase of the contract in October of last year. The term of this contract was 32 months, but within weeks we were asked to dramatically reduce the time frame for delivery. And, indeed, we have cut that expected time frame of closings nearly in half. While all of these changes were made in an honest effort to improve the program, the fact is the Nation's largest, most complicated housing revitalization program in history required an extraordinary number of mid-course corrections and wholesale re-engineering of the underlying delivery model, in an environment that would not tolerate an interruption in service. ICF was not responsible for the promulgation of these policies, but we are doing our level best to comply with these requirements and to provide Road Home grants to eligible applicants as quickly as we possibly can.

From the beginning of the Road Home Program, we have developed and disseminated several reports to make transparent the progress of the program. In particular, we produce for the State:

- a daily report that shows progress through the pipeline (applications, appointments, calculations, letters, benefit selection forms returned, scheduled and actual closings);
- a weekly pipeline report (all of the above and also average calculation and average closing);
- a weekly financial dashboard report (including projections given current average grant and varying numbers of applicants); and
- a weekly press release (applications, appointments, benefits, average benefit calculation, closings).

In the past few weeks, there have been a number of reports indicating that the Road Home Program will not have sufficient funds to make payments to all of the eligible applicants in Louisiana. As part of our ongoing obligation to keep the State of Louisiana fully informed on the status of this program, ICF has been providing the State with the weekly reports cited above since November 2006, setting forth, among other things, the amount of funds calculated and committed through letters to homeowners, funds expended to date, and the number of homeowners with whom we have closed. These reports have also

regularly included estimates of Road Home expenditures based upon the estimated total number of eligible applicants who are likely to receive Road Home funds and the likelihood of a funding shortfall under certain scenarios. The State has now confirmed that there will in fact be a funding shortfall for the Road Home Program.

Madam Chairman, in summary, I would like to make the following key points:

1. The Road Home Program is unprecedented in the history of this country.
2. The Road Home Program was designed and approved by the State of Louisiana, and ICF is doing its level best to deliver this program.
3. There have been dozens of changes imposed by the State and HUD since the inception of the Road Home Program.
4. Despite all of the challenges, dramatic progress has been made and will continue to be made in the coming weeks and months.

Chairman Landrieu, thank you for allowing me to participate in today's hearing on behalf of ICF International, Inc. I would be pleased to answer any questions that you and Members of the Subcommittee may have.

**EXHIBIT A**

**Audit Activities**

*The Road Home Program* has been audited or reviewed by the following:

1. HUD OIG Office of Audit
   Objectives:
   - Homeowner eligibility
   - Homeowners receive proper grant award amounts
   - Duplication of Benefits
   - ICF Contract
   - Subcontracts
   - Deliverables

   Status: August 31, 2006 to present

2. HUD Office of Community Development Disaster Recovery Team, Washington, Washington D.C., Monitoring Team
   Objectives:
   - Review National Objectives, waivers, contracts, and general compliance

   Status: September 25 – September 29, 2006

3. HUD Office of Community Development Disaster Recovery Team, Washington, D. C., Monitoring Team
   Objectives:
   - Monitor all procurement on Louisiana Project
   - Review P&N audit of contract costs.
   - Assess OCD procedures/practices and resources to monitor contract performance, program progress, and fraud prevention.
   - Analyze First American closings and disbursements.
   - Assess ICF Fraud Prevention/Mitigation Program.
   - Review ICF subcontracts.

   Status: April 2 – April 6, 2007

4. United States House Appropriations Committee Surveys and Investigative Staff
   Objectives:
   - Obtain an understanding of ICF's management policies, staffing and day to day operations.

   - To gain a detailed understanding of the "nuts and bolts" procedures, methods and controls being deployed by ICF for the purpose of detecting and avoiding fraud, waste, and abuse of federal funds throughout *The Road Home* program.

   Status: October 9 – October 13, 2006

5. State of Office of State of Louisiana Legislative Auditors

Objectives:

- Travel Expenses
- Deliverables
- Change Control Board
- Economic Development

Status: Ongoing

6. Government Accounting Office (GAO)
   Objectives:
   - To determine to what extent post catastrophic federal funds are replacing private catastrophic insurance and what criteria each state should follow in administering block grants.

   Status: Completed November 13 – 14, 2006

7. State of Office of Community Development Internal Audits/Reviews
   Objectives:
   - Housing Activity Centers
   - First American Process for closing and disbursement
   - Resolution/Pre-Closing Department
   - Post Closing Procedures

   Status: Ongoing

8. Labor Audit – administered by OCD under contract to Postlethwaite & Netterville
   Objectives:
   - Review Phase II 2006 labor rates by ICF and subcontractors

   Status: estimated completion mid-June 2007

9. SAS 70 Audit – administered by OCD under contract to Postlethwaite & Netterville
   Objectives:
   - Federally required audit of information technology services to ensure security

   Status: scheduled to begin week of May 14, 2007

**EXHIBIT B**

**HOMEOWNER ASSISTANCE PROGRAM POLICY AND PROGRAMMATIC CHANGES**

**Program Revisions with Significant Impact**
**June 2006 – April 2007**

1. **ICC funding deducted from all eligible homeowners' elevation allowance award** (August 27, 2006)
   a. Decreased average elevation allowance award for applicants the program considers eligible for ICC funding
2. **Mobile homes and site-built homes on leased land** (August 27, 2006)
   a. Increased pool of eligible applicants
3. **Homeowner provided appraisals submitted from January 1, 2000 up until date of storm are appreciated to 2nd quarter 2005 (based on OFHEO index)** (September 28, 2006)
   a. Increased homeowner provided appraisals' value thereby increasing PSV
4. **Credit for legal fees associated with successfully obtaining insurance proceeds** (September 28, 2006)
   a. Crediting homeowners for any legal fees paid to successfully obtain insurance proceeds for structural damage to residence decreases overall duplication of benefits deduction
5. **Began accepting pre-storm appraisals dating back to January 1, 2000** (October 4, 2006)
   a. Prior to policy change, RH accepted pre-storm appraisals dating back 2 years from date of damage to storm
   b. Required MIS change
6. **Option 3 Sell Calculation changed for elderly** (October 4, 2006)
   a. Increased average award for all applicants aged 65 or older as of December 31, 2005 choosing Option 3 where PSV was basis for calculation
   b. Required MIS change
7. **Calculation methodology finalized** (October 6, 2006)
   a. Overall methodology and policies approved by LRA/OCD along with assumptions
8. **Affordable Compensation Loan capped at $50,000** (October 12, 2006)
   a. Decreased award for some percentage of applicants at or below 80% AMI
   b. Required MIS change and retraining of staff
9. **Income verification method approved by State** (October 19, 2006)
   a. Required significant outreach and 'catch up' efforts with homeowners to retroactively get information needed to verify low/moderate income status
10. **Affordable Compensation Loan calculation for Option 2 change** (October 26, 2006)
    a. ACL for Option 2 was originally calculated based on Estimated Cost of Damage used in Compensation Grant calculation. The policy changed so that the ACL for qualifying lower income applicants choosing Option 2 was based on the Estimated Cost to Rebuild (Type 1 Evaluation) regardless of the Estimated Cost of Damage used in the Compensation Grant calculation. This increased ACL award for qualifying lower income applicants choosing Option 2, receiving an ACL award and whose compensation grant input was a Type 2 Evaluation.
    b. Required MIS change
11. **Began using home evaluation as proxy for FEMA damage assessment eligibility criteria** (November 8, 2006)
    a. Increased pool of eligible applicants by allowing home evaluation (if home evaluation determined damage => $5,200 and caused by storm) as proxy for FEMA damage assessment in situations where either (1) homeowner did not register with FEMA or (2) FEMA data incomplete and not possible to determine if damage 'major' or 'severe'

12. **Assignment policies approved** (December 15, 2006)
    a. Increased pool of eligible applicants by allowing applicants who may have already sold home to assign rights to the purchaser
13. **Alternative PSV Determination Policies** (January 12, 2007)
    a. Approved on January 12, 2006 but program stopped ordering AVMs on December 15, 2006
    b. Allowed applicants to submit post-storm appraisals)
    c. Required MIS change
    d. Required retraining of all staff and development of revised outreach materials
14. **Rent to own, lease to own, bond for deed eligible after convert to full ownership** (January 15, 2007)
    a. Increased pool of eligible applicants

**Complete List of Policy and Programmatic Changes**
**June 2006 – April 2007**

| Policy Change | Date Change Approved |
|---|---|
| HUD Visit approving "compensation' approach | June 14, 2006 |
| ICC funding deducted from all eligible homeowners elevation allowance | August 27, 2006 |
| Mobile homeowners on leased land eligible; Homeowners of site-built homes on leased land are eligible | August 27, 2006 |
| Murphy Oil Spill applicants cannot be processed until local and legal decisions made | August 27, 2006 |
| 1st Insurance MOU signed | September 27, 2006 |
| "Estimated cost of damage" and "Pre-storm Value" defined | September 28, 2006 |
| HO provided appraisals to include appreciation | September 28, 2006 |
| Credit for legal fees associated with obtaining insurance proceeds | September 28, 2006 |
| Began accepting pre-storm appraisals dating back to January 1, 2000 | October 4, 2006 |
| Option 3: Sell calculation changed for elderly | October 4, 2006 |
| Calculation methodology finalized | October 6, 2006 |
| Estimated cost of rebuilding homes changed to $130 per square foot | October 12, 2006 |
| Affordable Compensation Loan capped at $50,000 | October 12, 2006 |
| Income verification methodology approved by State | October 19, 2006 |
| SBA data exchange | October 19, 2006 |
| Affordable Compensation Loan for Option 2 calculation change | October 26, 2006 |
| Allow affidavit from homeowner for FEMA and insurance amounts for use in calculation | October 26, 2006 |
| USDA considered duplication of benefits | November 8, 2006 |
| Began using home evaluation as proxy for FEMA damage assessment eligibility criteria | November 8, 2006 |
| Began using utility bills as proxy for occupancy eligibility criteria where no homestead exemption | November 8, 2006 |
| Updated FEMA data received | November 14, 2006 |
| Mobile home funding calculations approved | November 15, 2006 |
| Lender MOU finalized and sent to lenders for Option 1 | November 16, 2006 |
| Began practice of accepting insurance affidavits where no 3rd party insurance data available | November 25, 2006 |
| HUD approved acquisition of properties prior to environmental review | December 4, 2006 |
| Duplex funding calculations approved | December 15, 2006 |
| Assignment policies | December 15, 2006 |
| Stopped ordering AVMs | December 15, 2006 |
| Began accepting post-storm appraisals from applicants | December 29, 2006 |
| Alternative PSV determination policies | January 12, 2007 |
| Rent to own, lease to own, bond for deed eligible after convert to full ownership | January 15, 2007 |
| Active duty military personnel currently assigned to duty away from their home or were assigned to duty away from their home at the time of the storm are eligible | January 15, 2007 |
| Homeowner can go to 1st closing, receive current award amounts and then go to Resolution or Appeals to seek additional funding | February 15, 2007 |
| Option 2 and 3 homeowners can reserve mineral rights if request to do so prior to closing | February 15, 2007 |
| Option 2 homeowners who have not identified replacement home can go | February 15, 2007 |

| | |
|---|---|
| to closing and receive Option 3 award amount | |
| Lump sum disbursement to Option 1 homeowners without mortgages and revised covenant requirements | April 2, 2007 |
| There are no longer any Option 1 homeowners who are required to elevate to receive funding assistance from the Road Home | April 9, 2007 |
| Lump sum disbursement to Option 1 homeowners with mortgages and revised covenant requirements | April 11, 2007 |

| General Dates | |
|---|---|
| SFO Released | April 10, 2006 |
| LA Board Approves RH Action Plan | April 26, 2006 |
| State Legislature Approves RH Action Plan | May 11, 2006 |
| HUD Releases Funds from First Appropriation | May 30, 2006 |
| President Signs $4.6 Billion 2nd Appropriation | June 15, 2006 |
| Pilot Housing Assistance Center Opens | July 12, 2006 |
| Call Center Opens | August 18, 2006 |
| Online application launched | August 20, 2006 |
| Substantial Clarifications to RH Approved by HUD | August 22, 2006 |
| 10 Housing Assistance Centers open | August 22, 2006 |
| Additional Clarifications to RH Action Plan sent to HUD | November 30, 2006 |
| Approval of Additional Clarifications to RH Action Plan | May 15, 2007 |

# CURRENT HOUSING UNIT DAMAGE ESTIMATES

# HURRICANES KATRINA, RITA, AND WILMA

## February 12, 2006

**Data from FEMA Individual Assistance Registrants and Small Business Administration Disaster Loan Applications. Analysis by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research.**

**Introduction**

The Office of the Federal Coordinator for Gulf Coast Rebuilding at the Department of Homeland Security, in cooperation with the Federal Emergency Management Agency, the Small Business Administration, and the Department of Housing and Urban Development have compiled data to assess the full extent of housing damage due to Hurricanes Katrina, Rita, and Wilma. Detailed tables on the extent of damage, type of damage, tenure, insurance status, and housing type are provided for Alabama, Florida, Louisiana, Mississippi, Texas combined and individually.

Detailed tables are also provided for select parishes in Louisiana (Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, and Vermilion), counties in Mississippi (Hancock, Harrison, and Jackson), and each of Orleans Parish's 14 Planning Districts.

Summary damage estimates are provided for the 136 counties across the five states that had 10 or more housing units with damage.

Users of these data are advised to review the methodology section. We hope that these data are helpful as states and local communities plan and implement their long-term recovery strategies.

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**Methodology for Assessing Housing Unit Damage due to Katrina, Rita, and Wilma:**
February 12, 2006

The estimates of housing unit damage in these tables are largely based on direct inspection of housing units by FEMA to determine eligibility for FEMA housing assistance. These inspections were conducted between the time of each of the three Hurricanes and February 12, 2006. Only occupants of housing units are eligible for FEMA housing assistance. As such, these data do not reflect other types of damaged housing units, such as pre-disaster vacant units and summer or second homes.

Because it is possible for multiple individuals to register for FEMA housing assistance for the same housing unit, these data reflect a complicated set of procedures to identify individual housing units. For example, if a husband and wife both registered, or if an owner and their boarder both registered for the housing unit, we only counted the housing unit once.

Definitions

**Level of Damage**

For most properties, FEMA contract inspectors make a direct assessment of housing unit damage. For some of the units impacted by Hurricane Katrina, FEMA did not do direct inspections, but made some assumed level of damage based on the flood depth of a housing unit in some portions of Orleans, St. Bernard, and Jefferson Parishes and to a much lesser extent in some of the flood inundated areas of Mississippi.

FEMA inspects properties to determine eligibility for real property and personal property assistance. FEMA real property assistance is determined as the cost to make repairs to make the home habitable. If a home is less than 50 percent damaged, FEMA will provide up to $5,200 in repair assistance for damage not covered by insurance. If damage is greater than 50 percent FEMA will provide $10,500 in repair assistance for damage not covered by insurance. FEMA will make similar assessments for personal property damage.

Because FEMA only provides reimbursement at three levels, less than $5,200, $5,200, and $10,500, this analysis categorizes the inspection results into three categories:

Minor Damage:
- Property inspection finds damage less than $5,200; or
- If no real property inspection, personal property damage of less than $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 6 inches to 1 foot (for portions of Orleans, St. Bernard, and Jefferson Parish); or

Major Damage:
- Property inspection finds damage greater than or equal to $5,200 and less than $30,000; or
- If real property inspection used the inspection default of $5,200; or
- If no real property inspection, personal property damage of greater than or equal to $5,195.76 but less than $30,000; or
- If no real property inspection and personal property used the inspection default of $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 1 foot to 2 feet (for portions of Orleans, St. Bernard, and Jefferson Parish); or

Severe Damage:

- Property inspection finds damage greater than or equal to $30,000; or
- If real property inspection used the inspection default of $10,500; or
- If no real property inspection, personal property damage of greater than or equal to $30,000; or
- If no real property inspection and personal property used the inspection default of $10,391.51; or
- If no direct inspection, remote sensing finds water depth of 2 feet or greater (for portions of Orleans, St. Bernard, and Jefferson Parish); or

**Small Business Administration (SBA) Median Verified Loss**

A subset of FEMA registrants with real property damage applied to the Small Business Administration for a loan to assist with repairing their property. If the applicant meets some income and credit thresholds, SBA will have a contract inspector make a detailed assessment of the real property loss due to the disaster (referred to as "verified loss"). This assessment is generally more precise than the FEMA inspections.

In the tables, SBA Median Verified Loss refers to the median "verified loss" estimate by the SBA inspectors for units assessed by the FEMA inspector to have either "major damage" or "severe damage". This SBA inspection helps provide context as to what "major" and "severe" damage mean in the local context. That is, "severe damage" due to wind may be different than "severe damage" due to a storm surge. The SBA data extract was from early January 2006.

**Tenure**

Owner-Occupied Housing Units & Renter-Occupied Housing Units. When individuals registered for FEMA assistance, they were asked if they were a renter or an owner. In approximately 10 percent of cases, there was no tenure indicated. These tables assume those individuals not indicating tenure were owner-occupants.

**Type of Damage**

These tables break out damage into two categories, homes with any flood damage, and homes with no flood damage. If a home had flood damage as well as other types of damage, it is categorized as having flood damage. Most homes without flood damage had damage related to wind. Flood damage was determined if FEMA inspectors indicated damage was due to flooding or if the damage estimate was from remote sensing (which based damage on flood depth).

**Flood Plain Status**

Each housing unit was geocoded to determine if it was in or outside of a FEMA 100-year flood zone, as determined using Q3 flood maps with flood zone designations of "A" or "V".

**Insurance Status**

Insurance status was determined by FEMA data if the registrant indicated having hazard or flood insurance. For a very few cases, there was no information on insurance status and "no insurance" was assumed.

**Structure Type**

Structure type is determined using United State Postal Service Delivery Point Bar Code (DBPC). If DPBC equals the last two numbers of the address, then the unit was categorized as single-family (one-unit). Generally, units in row houses were considered single-family. If the unit was not single-family, then it was assumed to be in a multifamily structure (more than one unit at an

address). The size of the multifamily structure was determined by adding all registrant housing units from the same address. In some cases, trailer parks were also determined to be "multifamily".

**Double Counting**

There is risk for double counting in these data. A number of procedures were implemented to reduce this double counting but some double counting may remain. Those procedures were as follows:

- Only include records with a FEMA inspection. If remote sensing inspection, only include cases where a grant was provided or the FEMA data indicate that the owner or renter had flood insurance.
- If there were duplicate registrant numbers, then the record with highest FEMA damage rating is retained
- If there were duplicate records for a single-family property, then the record with highest FEMA damage rating was retained. If one registrant was owner and other was renter, the owner was retained. Single-family records were considered to be duplicate for the same property if USPS zip9 plus DPBC were the same.
- If there were duplicate records for a multifamily unit, then the record with the highest damage rating was retained. Multifamily records were considered to be duplicate if the last name and address were the same.

**Undercounting**

There is also a risk for undercounting. These data do not count vacant homes or second homes. They also will not include properties that have not yet had a FEMA inspection, although FEMA reports that most inspections were completed at the time of the February 12, 2006 extract used for this analysis. Finally, if an individual did not register with FEMA, their damage would not be counted.

# TOTAL DAMAGE

# AND

# STATEWIDE DAMAGE

**Housing Unit Damage Estimates as of February 12, 2006***

Hurricanes Katrina, Rita, and Wilma - Total Housing Units with Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 6,206 | 2,406 | 1,897 | 10,509 | 4,981 | 1,763 | 2,634 | 9,378 | 19,887 |
| Major Damage | 26,682 | 7,585 | 5,498 | 39,765 | 13,981 | 3,012 | 6,660 | 23,653 | 63,418 |
| Severe/Destroyed | 36,293 | 7,645 | 8,042 | 51,980 | 24,947 | 3,932 | 6,469 | 35,348 | 87,328 |
| *Subtotal* | *69,181* | *17,636* | *15,437* | *102,254* | *43,909* | *8,707* | *15,763* | *68,379* | *170,633* |
| *Homes outside 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 1,629 | 3,730 | 1,759 | 7,118 | 4,048 | 728 | 1,527 | 6,303 | 13,421 |
| Major Damage | 7,152 | 13,211 | 3,743 | 24,106 | 9,310 | 1,420 | 3,915 | 14,645 | 38,751 |
| Severe/Destroyed | 7,512 | 5,542 | 3,719 | 16,773 | 7,961 | 1,117 | 1,730 | 10,808 | 27,581 |
| *Subtotal* | *16,293* | *22,483* | *9,221* | *47,997* | *21,319* | *3,265* | *7,172* | *31,756* | *79,753* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 91,374 | 330,300 | 204,526 | 626,200 | 161,994 | 31,461 | 39,427 | 232,882 | 859,082 |
| Major Damage | 8,452 | 26,300 | 18,418 | 53,170 | 12,255 | 3,174 | 8,610 | 24,039 | 77,209 |
| Severe/Destroyed | 834 | 1,839 | 4,353 | 7,026 | 2,333 | 359 | 1,104 | 3,796 | 10,822 |
| *Subtotal* | *100,660* | *358,439* | *227,297* | *686,396* | *176,582* | *34,994* | *49,141* | *260,717* | *947,113* |
| **TOTAL** | **186,134** | **398,558** | **251,955** | **836,647** | **241,810** | **46,966** | **72,076** | **360,852** | **1,197,499** |

* See Methodology for explanation of how these damage estimates were calculated

**Housing Unit Damage Estimates as of February 12, 2006***

Alabama Total Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 284 | 139 | 113 | 536 | 196 | 67 | 25 | 288 | 824 |
| Major Damage | 486 | 250 | 308 | 1,044 | 256 | 29 | 18 | 303 | 1,347 |
| Severe/Destroyed | 66 | 13 | 19 | 98 | 24 | 2 | 23 | 49 | 147 |
| *Subtotal* | *836* | *402* | *440* | *1,678* | *476* | *98* | *66* | *640* | *2,318* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 173 | 400 | 288 | 861 | 318 | 58 | 33 | 409 | 1,270 |
| Major Damage | 333 | 288 | 164 | 785 | 155 | 7 | 5 | 167 | 952 |
| Severe/Destroyed | 38 | 8 | 12 | 58 | 7 | - | - | 7 | 65 |
| *Subtotal* | *544* | *696* | *464* | *1,704* | *480* | *65* | *38* | *583* | *2,287* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 533 | 19,015 | 16,832 | 36,380 | 11,395 | 1,386 | 2,432 | 15,213 | 51,593 |
| Major Damage | 21 | 297 | 447 | 765 | 136 | 19 | 17 | 172 | 937 |
| Severe/Destroyed | 11 | 34 | 117 | 162 | 47 | 14 | 13 | 74 | 236 |
| *Subtotal* | *565* | *19,346* | *17,396* | *37,307* | *11,578* | *1,419* | *2,462* | *15,459* | *52,766* |
| **TOTAL** | **1,945** | **20,444** | **18,300** | **40,689** | **12,534** | **1,582** | **2,566** | **16,682** | **57,371** |
| Census 2000: | | | | 1,258,705 | | | | 478,375 | 1,737,080 |
| Percent: | | | | 3% | | | | 3% | 3% |

| FEMA Damage Level: | SBA Median Verified Loss**: | N |
|---|---|---|
| Major: | $ 55,619 | 633 |
| Severe: | $ 118,303 | 77 |

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Florida Total Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 934 | 298 | 432 | 1,664 | 528 | 268 | 196 | 992 | 2,656 |
| Major Damage | 1,357 | 305 | 546 | 2,208 | 905 | 274 | 212 | 1,391 | 3,599 |
| Severe/Destroyed | 7 | 5 | 28 | 40 | 4 | 2 | 4 | 10 | 50 |
| *Subtotal* | *2,298* | *608* | *1,006* | *3,912* | *1,437* | *544* | *412* | *2,393* | *6,305* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 88 | 225 | 138 | 451 | 254 | 61 | 11 | 326 | 777 |
| Major Damage | 54 | 83 | 120 | 257 | 119 | 11 | 1 | 131 | 388 |
| Severe/Destroyed | 1 | 3 | 13 | 17 | 3 | - | 2 | 5 | 22 |
| *Subtotal* | *143* | *311* | *271* | *725* | *376* | *72* | *14* | *462* | *1,187* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 40,112 | 98,850 | 44,199 | 183,161 | 33,933 | 14,751 | 6,108 | 54,792 | 237,953 |
| Major Damage | 2,959 | 6,667 | 4,353 | 13,979 | 2,167 | 828 | 796 | 3,791 | 17,770 |
| Severe/Destroyed | 42 | 220 | 772 | 1,034 | 233 | 34 | 69 | 336 | 1,370 |
| *Subtotal* | *43,113* | *105,737* | *49,324* | *198,174* | *36,333* | *15,613* | *6,973* | *58,919* | *257,093* |
| **TOTAL** | **45,554** | **106,656** | **50,601** | **202,811** | **38,146** | **16,229** | **7,399** | **61,774** | **264,585** |
| Census 2000: | | | | 4,441,799 | | | | 1,896,130 | 6,337,929 |
| Percent: | | | | 5% | | | | 3% | 4% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 41,482 | 394 |
| Severe: | $ 51,157 | 49 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Louisiana Total Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 4,873 | 1,814 | 1,270 | 7,957 | 4,064 | 1,395 | 2,259 | 7,718 | 15,675 |
| Major Damage | 22,365 | 5,186 | 3,806 | 31,357 | 11,152 | 2,569 | 5,488 | 19,209 | 50,566 |
| Severe/Destroyed | 33,726 | 6,649 | 7,224 | 47,599 | 23,541 | 3,787 | 5,538 | 32,866 | 80,465 |
| *Subtotal* | *60,964* | *13,649* | *12,300* | *86,913* | *38,757* | *7,751* | *13,285* | *59,793* | *146,706* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 1,135 | 1,541 | 849 | 3,525 | 2,254 | 422 | 608 | 3,284 | 6,809 |
| Major Damage | 4,307 | 3,202 | 1,568 | 9,077 | 4,683 | 704 | 1,285 | 6,672 | 15,749 |
| Severe/Destroyed | 6,381 | 4,085 | 3,072 | 13,538 | 6,575 | 896 | 1,024 | 8,495 | 22,033 |
| *Subtotal* | *11,823* | *8,828* | *5,489* | *26,140* | *13,512* | *2,022* | *2,917* | *18,451* | *44,591* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 41,165 | 94,637 | 61,194 | 196,996 | 63,423 | 10,415 | 17,194 | 91,032 | 288,028 |
| Major Damage | 4,604 | 8,284 | 5,701 | 18,589 | 5,747 | 1,889 | 5,546 | 13,182 | 31,771 |
| Severe/Destroyed | 372 | 609 | 1,451 | 2,432 | 942 | 195 | 584 | 1,721 | 4,153 |
| *Subtotal* | *46,141* | *103,530* | *68,346* | *218,017* | *70,112* | *12,499* | *23,324* | *105,935* | *323,952* |
| **TOTAL** | **118,928** | **126,007** | **86,135** | **331,070** | **122,381** | **22,272** | **39,526** | **184,179** | **515,249** |
| Census 2000: | | | | 1,125,135 | | | | 530,918 | 1,656,053 |
| Percent: | | | | 29% | | | | 35% | 31% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 76,349 | 11,854 |
| Severe: | $ 115,035 | 19,885 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Mississippi Total Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 90 | 135 | 55 | 280 | 165 | 32 | 147 | 344 | 624 |
| Major Damage | 2,455 | 1,829 | 831 | 5,115 | 1,661 | 139 | 939 | 2,739 | 7,854 |
| Severe/Destroyed | 2,494 | 978 | 771 | 4,243 | 1,378 | 141 | 904 | 2,423 | 6,666 |
| *Subtotal* | *5,039* | *2,942* | *1,657* | *9,638* | *3,204* | *312* | *1,990* | *5,506* | *15,144* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 144 | 1,408 | 378 | 1,930 | 1,073 | 166 | 815 | 2,054 | 3,984 |
| Major Damage | 2,324 | 9,534 | 1,779 | 13,637 | 4,255 | 694 | 2,597 | 7,546 | 21,183 |
| Severe/Destroyed | 1,090 | 1,438 | 595 | 3,123 | 1,361 | 221 | 702 | 2,284 | 5,407 |
| *Subtotal* | *3,558* | *12,380* | *2,752* | *18,690* | *6,689* | *1,081* | *4,114* | *11,884* | *30,574* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 2,169 | 71,189 | 41,839 | 115,197 | 28,779 | 3,000 | 7,414 | 39,193 | 154,390 |
| Major Damage | 327 | 7,566 | 4,244 | 12,137 | 2,704 | 332 | 1,566 | 4,602 | 16,739 |
| Severe/Destroyed | 388 | 715 | 1,149 | 2,252 | 811 | 101 | 373 | 1,285 | 3,537 |
| *Subtotal* | *2,884* | *79,470* | *47,232* | *129,586* | *32,294* | *3,433* | *9,353* | *45,080* | *174,666* |
| **TOTAL** | **11,481** | **94,792** | **51,641** | **157,914** | **42,187** | **4,826** | **15,457** | **62,470** | **220,384** |
| Census 2000: | | | | 756,967 | | | | 289,467 | 1,046,434 |
| Percent: | | | | 21% | | | | 22% | 21% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 70,026 | 10,641 |
| Severe: | $ 153,180 | 3,617 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Texas Total Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 25 | 20 | 27 | 72 | 28 | 1 | 7 | 36 | 108 |
| Major Damage | 19 | 15 | 7 | 41 | 7 | 1 | 3 | 11 | 52 |
| Severe/Destroyed | - | - | - | - | - | - | - | - | - |
| *Subtotal* | *44* | *35* | *34* | *113* | *35* | *2* | *10* | *47* | *160* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 89 | 156 | 106 | 351 | 149 | 21 | 60 | 230 | 581 |
| Major Damage | 134 | 104 | 112 | 350 | 98 | 4 | 27 | 129 | 479 |
| Severe/Destroyed | 2 | 8 | 27 | 37 | 15 | - | 2 | 17 | 54 |
| *Subtotal* | *225* | *268* | *245* | *738* | *262* | *25* | *89* | *376* | *1,114* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 7,395 | 46,609 | 40,462 | 94,466 | 24,464 | 1,909 | 6,279 | 32,652 | 127,118 |
| Major Damage | 541 | 3,486 | 3,673 | 7,700 | 1,501 | 106 | 685 | 2,292 | 9,992 |
| Severe/Destroyed | 21 | 261 | 864 | 1,146 | 300 | 15 | 65 | 380 | 1,526 |
| *Subtotal* | *7,957* | *50,356* | *44,999* | *103,312* | *26,265* | *2,030* | *7,029* | *35,324* | *138,636* |
| **TOTAL** | **8,226** | **50,659** | **45,278** | **104,163** | **26,562** | **2,057** | **7,128** | **35,747** | **139,910** |
| Census 2000: | | | | 4,716,959 | | | | 2,676,395 | 7,393,354 |
| Percent: | | | | 2% | | | | 1% | 2% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 47,346 | 890 |
| Severe: | $ 60,862 | 137 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

# COUNTY DAMAGE

**Katrina, Rita, Wilma Damage* by County**

| | | Census 2000 Occupied Units | Minor Damage | Major Damage | Severe Damage | Total Damage | Total Major/Severe Damage | Pct Occupied Units with Damage | Pct. Occupied Units with Major/ Severe Damage |
|---|---|---|---|---|---|---|---|---|---|
| | **ALABAMA** | | | | | | | | |
| AL | Baldwin County, AL | 55,336 | 3,467 | 245 | 39 | 3,751 | 284 | 6.8% | 0.5% |
| AL | Choctaw County, AL | 6,363 | 1,316 | 15 | 4 | 1,335 | 19 | 21.0% | 0.3% |
| AL | Clarke County, AL | 10,578 | 1,376 | 57 | 6 | 1,439 | 63 | 13.6% | 0.6% |
| AL | Greene County, AL | 3,931 | 674 | 6 | 2 | 682 | 8 | 17.3% | 0.2% |
| AL | Hale County, AL | 6,415 | 503 | 4 | 1 | 508 | 5 | 7.9% | 0.1% |
| AL | Marengo County, AL | 8,767 | 646 | 7 | 2 | 655 | 9 | 7.5% | 0.1% |
| AL | Mobile County, AL | 150,179 | 41,692 | 2,814 | 363 | 44,869 | 3,177 | 29.9% | 2.1% |
| AL | Pickens County, AL | 8,086 | 703 | 10 | 3 | 716 | 13 | 8.9% | 0.2% |
| AL | Sumter County, AL | 5,708 | 1,170 | 14 | 3 | 1,187 | 17 | 20.8% | 0.3% |
| AL | Tuscaloosa County, AL | 64,517 | 348 | 7 | 6 | 361 | 13 | 0.6% | 0.0% |
| AL | Washington County, AL | 6,705 | 1,757 | 55 | 20 | 1,832 | 75 | 27.3% | 1.1% |
| AL | Wilcox County, AL | 4,776 | 28 | 2 | 0 | 30 | 2 | 0.6% | 0.0% |
| | **FLORIDA** | | | | | | | | |
| FL | Brevard County, FL | 198,195 | 900 | 134 | 12 | 1,046 | 146 | 0.5% | 0.1% |
| FL | Broward County, FL | 654,445 | 90,594 | 7,781 | 441 | 98,816 | 8,222 | 15.1% | 1.3% |
| FL | Collier County, FL | 102,973 | 6,405 | 423 | 41 | 6,869 | 464 | 6.7% | 0.5% |
| FL | Glades County, FL | 3,852 | 699 | 70 | 17 | 786 | 87 | 20.4% | 2.3% |
| FL | Hendry County, FL | 10,850 | 2,620 | 396 | 214 | 3,230 | 610 | 29.8% | 5.6% |
| FL | Highlands County, FL | 37,471 | 25 | 2 | 0 | 27 | 2 | 0.1% | 0.0% |
| FL | Indian River County, FL | 49,137 | 405 | 42 | 3 | 450 | 45 | 0.9% | 0.1% |
| FL | Lee County, FL | 188,599 | 3,241 | 132 | 17 | 3,390 | 149 | 1.8% | 0.1% |
| FL | Martin County, FL | 55,288 | 2,329 | 142 | 27 | 2,498 | 169 | 4.5% | 0.3% |
| FL | Miami-Dade County, FL | 776,774 | 76,427 | 4,552 | 132 | 81,111 | 4,684 | 10.4% | 0.6% |
| FL | Monroe County, FL | 35,086 | 3,828 | 3,900 | 80 | 7,808 | 3,980 | 22.3% | 11.3% |
| FL | Okeechobee County, FL | 12,593 | 1,056 | 97 | 16 | 1,169 | 113 | 9.3% | 0.9% |
| FL | Palm Beach County, FL | 474,175 | 48,194 | 3,884 | 428 | 52,506 | 4,312 | 11.1% | 0.9% |
| FL | St. Lucie County, FL | 76,933 | 4,679 | 204 | 14 | 4,897 | 218 | 6.4% | 0.3% |
| | **LOUISIANA** | | | | | | | | |
| LA | Acadia Parish, LA | 21,142 | 4,814 | 477 | 27 | 5,318 | 504 | 25.2% | 2.4% |
| LA | Allen Parish, LA | 8,102 | 3,442 | 178 | 20 | 3,640 | 198 | 44.9% | 2.4% |
| LA | Ascension Parish, LA | 26,691 | 4,085 | 114 | 24 | 4,223 | 138 | 15.8% | 0.5% |

| | | Census 2000 Occupied Units | Minor Damage | Major Damage | Severe Damage | Total Damage | Total Major/Severe Damage | Pct Occupied Units with Damage | Pct. Occupied Units with Major/ Severe Damage |
|---|---|---|---|---|---|---|---|---|---|
| LA | Assumption Parish, LA | 8,239 | 1,892 | 147 | 6 | 2,045 | 153 | 24.8% | 1.9% |
| LA | Beauregard Parish, LA | 12,104 | 5,663 | 453 | 60 | 6,176 | 513 | 51.0% | 4.2% |
| LA | Calcasieu Parish, LA | 68,613 | 37,786 | 5,764 | 620 | 44,170 | 6,384 | 64.4% | 9.3% |
| LA | Cameron Parish, LA | 3,592 | 662 | 914 | 1,665 | 3,241 | 2,579 | 90.2% | 71.8% |
| LA | East Baton Rouge Parish, LA | 156,365 | 16,915 | 226 | 12 | 17,153 | 238 | 11.0% | 0.2% |
| LA | East Feliciana Parish, LA | 6,699 | 1,111 | 39 | 2 | 1,152 | 41 | 17.2% | 0.6% |
| LA | Evangeline Parish, LA | 12,736 | 1,623 | 41 | 6 | 1,670 | 47 | 13.1% | 0.4% |
| LA | Iberia Parish, LA | 25,381 | 5,269 | 1,146 | 120 | 6,535 | 1,266 | 25.7% | 5.0% |
| LA | Iberville Parish, LA | 10,674 | 2,163 | 60 | 16 | 2,239 | 76 | 21.0% | 0.7% |
| LA | Jefferson Parish, LA | 176,234 | 59,552 | 29,643 | 4,677 | 93,872 | 34,320 | 53.3% | 19.5% |
| LA | Jefferson Davis Parish, LA | 11,480 | 5,314 | 419 | 46 | 5,779 | 465 | 50.3% | 4.1% |
| LA | Lafayette Parish, LA | 72,372 | 4,543 | 102 | 17 | 4,662 | 119 | 6.4% | 0.2% |
| LA | Lafourche Parish, LA | 32,057 | 8,782 | 486 | 68 | 9,336 | 554 | 29.1% | 1.7% |
| LA | Livingston Parish, LA | 32,630 | 6,789 | 318 | 46 | 7,153 | 364 | 21.9% | 1.1% |
| LA | Orleans Parish, LA | 188,251 | 29,241 | 26,405 | 78,918 | 134,564 | 105,323 | 71.5% | 55.9% |
| LA | Plaquemines Parish, LA | 9,021 | 2,033 | 1,190 | 3,994 | 7,217 | 5,184 | 80.0% | 57.5% |
| LA | Pointe Coupee Parish, LA | 8,397 | 919 | 17 | 2 | 938 | 19 | 11.2% | 0.2% |
| LA | Rapides Parish, LA | 47,120 | 56 | 0 | 0 | 56 | 0 | 0.1% | 0.0% |
| LA | Sabine Parish, LA | 9,221 | 1,459 | 39 | 10 | 1,508 | 49 | 16.4% | 0.5% |
| LA | St. Bernard Parish, LA | 25,123 | 561 | 5,938 | 13,748 | 20,247 | 19,686 | 80.6% | 78.4% |
| LA | St. Charles Parish, LA | 16,422 | 7,736 | 350 | 51 | 8,137 | 401 | 49.5% | 2.4% |
| LA | St. Helena Parish, LA | 3,873 | 1,681 | 63 | 13 | 1,757 | 76 | 45.4% | 2.0% |
| LA | St. James Parish, LA | 6,992 | 2,379 | 74 | 11 | 2,464 | 85 | 35.2% | 1.2% |
| LA | St. John the Baptist Parish, LA | 14,283 | 6,332 | 237 | 40 | 6,609 | 277 | 46.3% | 1.9% |
| LA | St. Landry Parish, LA | 32,328 | 4,973 | 97 | 8 | 5,078 | 105 | 15.7% | 0.3% |
| LA | St. Martin Parish, LA | 17,164 | 2,452 | 91 | 8 | 2,551 | 99 | 14.9% | 0.6% |
| LA | St. Mary Parish, LA | 19,317 | 4,320 | 286 | 31 | 4,637 | 317 | 24.0% | 1.6% |
| LA | St. Tammany Parish, LA | 69,253 | 31,182 | 15,948 | 1,682 | 48,812 | 17,630 | 70.5% | 25.5% |
| LA | Tangipahoa Parish, LA | 36,558 | 15,397 | 715 | 130 | 16,242 | 845 | 44.4% | 2.3% |
| LA | Terrebonne Parish, LA | 35,997 | 8,981 | 2,317 | 94 | 11,392 | 2,411 | 31.6% | 6.7% |
| LA | Vermilion Parish, LA | 19,832 | 5,124 | 2,372 | 207 | 7,703 | 2,579 | 38.8% | 13.0% |
| LA | Vernon Parish, LA | 18,260 | 4,202 | 219 | 18 | 4,439 | 237 | 24.3% | 1.3% |
| LA | Washington Parish, LA | 16,467 | 9,767 | 1,230 | 150 | 11,147 | 1,380 | 67.7% | 8.4% |
| LA | West Baton Rouge Parish, LA | 7,663 | 1,064 | 13 | 2 | 1,079 | 15 | 14.1% | 0.2% |
| LA | West Feliciana Parish, LA | 3,645 | 305 | 5 | 0 | 310 | 5 | 8.5% | 0.1% |
| | **TOTAL** | | **310,569** | **98,133** | **106,549** | **515,251** | **204,682** | | |

| | | Census 2000 Occupied Units | Minor Damage | Major Damage | Severe Damage | Total Damage | Total Major/Severe Damage | Pct Occupied Units with Damage | Pct. Occupied Units with Major/ Severe Damage |
|---|---|---|---|---|---|---|---|---|---|
| | **MISSISSIPPI** | | | | | | | | |
| MS | Adams County, MS | 13,677 | 1,575 | 34 | 4 | 1,613 | 38 | 11.8% | 0.3% |
| MS | Amite County, MS | 5,271 | 1,277 | 9 | 5 | 1,291 | 14 | 24.5% | 0.3% |
| MS | Attala County, MS | 7,567 | 348 | 3 | 3 | 354 | 6 | 4.7% | 0.1% |
| MS | Choctaw County, MS | 3,686 | 126 | 7 | 0 | 133 | 7 | 3.6% | 0.2% |
| MS | Claiborne County, MS | 3,685 | 709 | 13 | 8 | 730 | 21 | 19.8% | 0.6% |
| MS | Clarke County, MS | 6,978 | 1,974 | 95 | 22 | 2,091 | 117 | 30.0% | 1.7% |
| MS | Copiah County, MS | 10,142 | 2,309 | 53 | 10 | 2,372 | 63 | 23.4% | 0.6% |
| MS | Covington County, MS | 7,126 | 3,169 | 148 | 40 | 3,357 | 188 | 47.1% | 2.6% |
| MS | Forrest County, MS | 27,183 | 10,503 | 997 | 131 | 11,631 | 1,128 | 42.8% | 4.1% |
| MS | Franklin County, MS | 3,211 | 333 | 3 | 3 | 339 | 6 | 10.6% | 0.2% |
| MS | George County, MS | 6,742 | 3,433 | 365 | 76 | 3,874 | 441 | 57.5% | 6.5% |
| MS | Greene County, MS | 4,148 | 1,383 | 128 | 15 | 1,526 | 143 | 36.8% | 3.4% |
| MS | Hancock County, MS | 16,897 | 3,406 | 7,185 | 4,611 | 15,202 | 11,796 | 90.0% | 69.8% |
| MS | Harrison County, MS | 71,538 | 24,204 | 16,829 | 7,618 | 48,651 | 24,447 | 68.0% | 34.2% |
| MS | Hinds County, MS | 91,030 | 9,434 | 228 | 22 | 9,684 | 250 | 10.6% | 0.3% |
| MS | Holmes County, MS | 7,314 | 949 | 22 | 2 | 973 | 24 | 13.3% | 0.3% |
| MS | Humphreys County, MS | 3,765 | 240 | 7 | 1 | 248 | 8 | 6.6% | 0.2% |
| MS | Jackson County, MS | 47,676 | 14,212 | 14,259 | 2,043 | 30,514 | 16,302 | 64.0% | 34.2% |
| MS | Jasper County, MS | 6,708 | 2,509 | 256 | 40 | 2,805 | 296 | 41.8% | 4.4% |
| MS | Jefferson County, MS | 3,308 | 898 | 27 | 8 | 933 | 35 | 28.2% | 1.1% |
| MS | Jefferson Davis County, MS | 5,177 | 1,781 | 63 | 11 | 1,855 | 74 | 35.8% | 1.4% |
| MS | Jones County, MS | 24,275 | 9,135 | 824 | 168 | 10,127 | 992 | 41.7% | 4.1% |
| MS | Kemper County, MS | 3,909 | 607 | 22 | 3 | 632 | 25 | 16.2% | 0.6% |
| MS | Lamar County, MS | 14,396 | 6,625 | 674 | 70 | 7,369 | 744 | 51.2% | 5.2% |
| MS | Lauderdale County, MS | 29,990 | 4,818 | 226 | 45 | 5,089 | 271 | 17.0% | 0.9% |
| MS | Lawrence County, MS | 5,040 | 1,790 | 97 | 19 | 1,906 | 116 | 37.8% | 2.3% |
| MS | Leake County, MS | 7,611 | 641 | 5 | 4 | 650 | 9 | 8.5% | 0.1% |
| MS | Lincoln County, MS | 12,538 | 2,626 | 96 | 16 | 2,738 | 112 | 21.8% | 0.9% |
| MS | Lowndes County, MS | 22,849 | 1,049 | 11 | 1 | 1,061 | 12 | 4.6% | 0.1% |
| MS | Madison County, MS | 27,219 | 1,537 | 16 | 2 | 1,555 | 18 | 5.7% | 0.1% |
| MS | Marion County, MS | 9,336 | 4,716 | 266 | 54 | 5,036 | 320 | 53.9% | 3.4% |
| MS | Neshoba County, MS | 10,694 | 581 | 22 | 3 | 606 | 25 | 5.7% | 0.2% |
| MS | Newton County, MS | 8,221 | 1,442 | 65 | 10 | 1,517 | 75 | 18.5% | 0.9% |
| MS | Noxubee County, MS | 4,470 | 1,120 | 19 | 3 | 1,142 | 22 | 25.5% | 0.5% |

| | | Census 2000 Occupied Units | Minor Damage | Major Damage | Severe Damage | Total Damage | Total Major/Severe Damage | Pct Occupied Units with Damage | Pct. Occupied Units with Major/ Severe Damage |
|---|---|---|---|---|---|---|---|---|---|
| MS | Oktibbeha County, MS | 15,945 | 649 | 14 | 11 | 674 | 25 | 4.2% | 0.2% |
| MS | Pearl River County, MS | 18,078 | 9,857 | 1,272 | 218 | 11,347 | 1,490 | 62.8% | 8.2% |
| MS | Perry County, MS | 4,420 | 1,997 | 134 | 36 | 2,167 | 170 | 49.0% | 3.8% |
| MS | Pike County, MS | 14,792 | 5,538 | 112 | 36 | 5,686 | 148 | 38.4% | 1.0% |
| MS | Rankin County, MS | 42,089 | 2,276 | 90 | 21 | 2,387 | 111 | 5.7% | 0.3% |
| MS | Scott County, MS | 10,183 | 1,302 | 43 | 11 | 1,356 | 54 | 13.3% | 0.5% |
| MS | Simpson County, MS | 10,076 | 2,446 | 92 | 18 | 2,556 | 110 | 25.4% | 1.1% |
| MS | Smith County, MS | 6,046 | 854 | 35 | 9 | 898 | 44 | 14.9% | 0.7% |
| MS | Stone County, MS | 4,747 | 2,681 | 432 | 101 | 3,214 | 533 | 67.7% | 11.2% |
| MS | Walthall County, MS | 5,571 | 2,924 | 241 | 41 | 3,206 | 282 | 57.5% | 5.1% |
| MS | Warren County, MS | 18,756 | 1,447 | 38 | 7 | 1,492 | 45 | 8.0% | 0.2% |
| MS | Wayne County, MS | 7,857 | 3,011 | 181 | 27 | 3,219 | 208 | 41.0% | 2.6% |
| MS | Wilkinson County, MS | 3,578 | 991 | 11 | 2 | 1,004 | 13 | 28.1% | 0.4% |
| MS | Winston County, MS | 7,578 | 575 | 14 | 1 | 590 | 15 | 7.8% | 0.2% |
| MS | Yazoo County, MS | 9,178 | 1,033 | 13 | 5 | 1,051 | 18 | 11.5% | 0.2% |
| | **TEXAS** | | | | | | | | |
| TX | Angelina County, TX | 28,685 | 3,174 | 154 | 30 | 3,358 | 184 | 11.7% | 0.6% |
| TX | Brazoria County, TX | 81,954 | 1,004 | 13 | 5 | 1,022 | 18 | 1.2% | 0.0% |
| TX | Chambers County, TX | 9,139 | 2,821 | 103 | 28 | 2,952 | 131 | 32.3% | 1.4% |
| TX | Fort Bend County, TX | 110,915 | 428 | 3 | 1 | 432 | 4 | 0.4% | 0.0% |
| TX | Galveston County, TX | 94,782 | 7,324 | 203 | 16 | 7,543 | 219 | 8.0% | 0.2% |
| TX | Hardin County, TX | 17,805 | 9,123 | 1,071 | 179 | 10,373 | 1,250 | 58.3% | 7.0% |
| TX | Harris County, TX | 1,205,516 | 11,591 | 113 | 29 | 11,733 | 142 | 1.0% | 0.0% |
| TX | Houston County, TX | 8,259 | 16 | 1 | 1 | 18 | 2 | 0.2% | 0.0% |
| TX | Jasper County, TX | 13,450 | 6,873 | 721 | 176 | 7,770 | 897 | 57.8% | 6.7% |
| TX | Jefferson County, TX | 92,880 | 41,255 | 4,227 | 321 | 45,803 | 4,548 | 49.3% | 4.9% |
| TX | Liberty County, TX | 23,242 | 7,572 | 363 | 56 | 7,991 | 419 | 34.4% | 1.8% |
| TX | Montgomery County, TX | 103,296 | 2,927 | 130 | 12 | 3,069 | 142 | 3.0% | 0.1% |
| TX | Nacogdoches County, TX | 22,006 | 1,686 | 45 | 9 | 1,740 | 54 | 7.9% | 0.2% |
| TX | Newton County, TX | 5,583 | 2,396 | 306 | 61 | 2,763 | 367 | 49.5% | 6.6% |
| TX | Orange County, TX | 31,642 | 15,749 | 2,038 | 462 | 18,249 | 2,500 | 57.7% | 7.9% |
| TX | Polk County, TX | 15,119 | 3,674 | 261 | 22 | 3,957 | 283 | 26.2% | 1.9% |
| TX | Sabine County, TX | 4,485 | 1,336 | 52 | 11 | 1,399 | 63 | 31.2% | 1.4% |
| TX | San Augustine County, TX | 3,575 | 856 | 14 | 7 | 877 | 21 | 24.5% | 0.6% |
| TX | San Jacinto County, TX | 8,651 | 2,289 | 110 | 25 | 2,424 | 135 | 28.0% | 1.6% |

| | | Census 2000 Occupied Units | Minor Damage | Major Damage | Severe Damage | Total Damage | Total Major/Severe Damage | Pct Occupied Units with Damage | Pct. Occupied Units with Major/ Severe Damage |
|---|---|---|---|---|---|---|---|---|---|
| TX | Shelby County, TX | 9,595 | 791 | 14 | 4 | 809 | 18 | 8.4% | 0.2% |
| TX | Trinity County, TX | 5,723 | 773 | 19 | 4 | 796 | 23 | 13.9% | 0.4% |
| TX | Tyler County, TX | 7,775 | 3,481 | 547 | 113 | 4,141 | 660 | 53.3% | 8.5% |
| TX | Walker County, TX | 18,303 | 688 | 18 | 10 | 716 | 28 | 3.9% | 0.2% |

* See Methodology

**Housing Unit Damage Estimates as of February 12, 2006***
Calcasieu Parish, LA Housing Unit Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 44 | 24 | 24 | 92 | 23 | 4 | 12 | 39 | 131 |
| Major Damage | 141 | 64 | 31 | 236 | 43 | 3 | 14 | 60 | 296 |
| Severe/Destroyed | 12 | 2 | 11 | 25 | 5 | - | 1 | 6 | 31 |
| *Subtotal* | *197* | *90* | *66* | *353* | *71* | *7* | *27* | *105* | *458* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 18 | 49 | 12 | 79 | 31 | 4 | 21 | 56 | 135 |
| Major Damage | 51 | 55 | 16 | 122 | 20 | 3 | 8 | 31 | 153 |
| Severe/Destroyed | 2 | 1 | 2 | 5 | - | - | 2 | 2 | 7 |
| *Subtotal* | *71* | *105* | *30* | *206* | *51* | *7* | *31* | *89* | *295* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 2,227 | 17,475 | 5,566 | 25,268 | 8,230 | 879 | 3,122 | 12,231 | 37,499 |
| Major Damage | 333 | 2,343 | 957 | 3,633 | 850 | 122 | 707 | 1,679 | 5,312 |
| Severe/Destroyed | 22 | 115 | 270 | 407 | 100 | 12 | 63 | 175 | 582 |
| *Subtotal* | *2,582* | *19,933* | *6,793* | *29,308* | *9,180* | *1,013* | *3,892* | *14,085* | *43,393* |
| **TOTAL** | **2,850** | **20,128** | **6,889** | **29,867** | **9,302** | **1,027** | **3,950** | **14,279** | **44,146** |
| Census 2000: | | | | 49,106 | | | | 19,507 | 68,613 |
| Percent: | | | | 61% | | | | 73% | 64% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 77,864 | 354 |
| Severe: | $ 67,287 | 63 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Cameron Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 39 | 28 | 26 | 93 | 22 | - | - | 22 | 115 |
| Major Damage | 133 | 149 | 159 | 441 | 106 | 7 | 2 | 115 | 556 |
| Severe/Destroyed | 281 | 287 | 475 | 1,043 | 252 | 15 | 41 | 308 | 1,351 |
| *Subtotal* | *453* | *464* | *660* | *1,577* | *380* | *22* | *43* | *445* | *2,022* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 2 | 5 | 4 | 11 | 2 | - | - | 2 | 13 |
| Major Damage | 4 | 14 | 4 | 22 | 6 | - | - | 6 | 28 |
| Severe/Destroyed | 1 | 1 | 2 | 4 | 3 | - | - | 3 | 7 |
| *Subtotal* | *7* | *20* | *10* | *37* | *11* | - | - | *11* | *48* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 85 | 240 | 101 | 426 | 97 | 4 | 7 | 108 | 534 |
| Major Damage | 57 | 148 | 72 | 277 | 41 | 4 | 6 | 51 | 328 |
| Severe/Destroyed | 64 | 69 | 105 | 238 | 53 | 4 | 11 | 68 | 306 |
| *Subtotal* | *206* | *457* | *278* | *941* | *191* | *12* | *24* | *227* | *1,168* |
| **TOTAL** | **666** | **941** | **948** | **2,555** | **582** | **34** | **67** | **683** | **3,238** |
| Census 2000: | | | | 3,056 | | | | 536 | 3,592 |
| Percent: | | | | 84% | | | | 127% | 90% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 93,730 | 185 |
| Severe: | $ 146,894 | 301 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

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**Housing Unit Damage Estimates as of February 12, 2006***
Jefferson Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 2,728 | 504 | 250 | 3,482 | 1,157 | 932 | 952 | 3,041 | 6,523 |
| Major Damage | 10,636 | 1,345 | 706 | 12,687 | 2,325 | 1,384 | 1,643 | 5,352 | 18,039 |
| Severe/Destroyed | 1,873 | 256 | 162 | 2,291 | 590 | 262 | 420 | 1,272 | 3,563 |
| *Subtotal* | *15,237* | *2,105* | *1,118* | *18,460* | *4,072* | *2,578* | *3,015* | *9,665* | *28,125* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 393 | 265 | 83 | 741 | 316 | 129 | 92 | 537 | 1,278 |
| Major Damage | 369 | 154 | 84 | 607 | 227 | 87 | 93 | 407 | 1,014 |
| Severe/Destroyed | 111 | 67 | 20 | 198 | 75 | 28 | 19 | 122 | 320 |
| *Subtotal* | *873* | *486* | *187* | *1,546* | *618* | *244* | *204* | *1,066* | *2,612* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 17,866 | 10,276 | 3,963 | 32,105 | 9,296 | 4,122 | 6,178 | 19,596 | 51,701 |
| Major Damage | 2,261 | 1,314 | 731 | 4,306 | 1,613 | 1,331 | 3,332 | 6,276 | 10,582 |
| Severe/Destroyed | 75 | 67 | 108 | 250 | 153 | 95 | 295 | 543 | 793 |
| *Subtotal* | *20,202* | *11,657* | *4,802* | *36,661* | *11,062* | *5,548* | *9,805* | *26,415* | *63,076* |
| **TOTAL** | **36,312** | **14,248** | **6,107** | **56,667** | **15,752** | **8,370** | **13,024** | **37,146** | **93,813** |
| Census 2000: | | | | 112,549 | | | | 63,685 | 176,234 |
| Percent: | | | | 50% | | | | 58% | 53% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 66,237 | 3,966 |
| Severe: | $ 72,267 | 799 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Orleans Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 713 | 354 | 209 | 1,276 | 2,107 | 340 | 1,028 | 3,475 | 4,751 |
| Major Damage | 3,505 | 981 | 851 | 5,337 | 5,994 | 842 | 2,915 | 9,751 | 15,088 |
| Severe/Destroyed | 26,861 | 5,258 | 5,086 | 37,205 | 20,971 | 3,115 | 4,759 | 28,845 | 66,050 |
| *Subtotal* | *31,079* | *6,593* | *6,146* | *43,818* | *29,072* | *4,297* | *8,702* | *42,071* | *85,889* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 279 | 439 | 197 | 915 | 1,162 | 175 | 387 | 1,724 | 2,639 |
| Major Damage | 984 | 929 | 549 | 2,462 | 2,752 | 331 | 1,040 | 4,123 | 6,585 |
| Severe/Destroyed | 2,816 | 2,273 | 1,624 | 6,713 | 4,281 | 491 | 781 | 5,553 | 12,266 |
| *Subtotal* | *4,079* | *3,641* | *2,370* | *10,090* | *8,195* | *997* | *2,208* | *11,400* | *21,490* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 4,828 | 4,579 | 1,537 | 10,944 | 7,119 | 1,185 | 2,551 | 10,855 | 21,799 |
| Major Damage | 634 | 642 | 359 | 1,635 | 1,471 | 276 | 1,290 | 3,037 | 4,672 |
| Severe/Destroyed | 35 | 46 | 41 | 122 | 158 | 44 | 170 | 372 | 494 |
| *Subtotal* | *5,497* | *5,267* | *1,937* | *12,701* | *8,748* | *1,505* | *4,011* | *14,264* | *26,965* |
| **TOTAL** | **40,655** | **15,501** | **10,453** | **66,609** | **46,015** | **6,799** | **14,921** | **67,735** | **134,344** |
| Census 2000: | | | | 87,589 | | | | 100,662 | 188,251 |
| Percent: | | | | 76% | | | | 67% | 71% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 80,884 | 2,280 |
| Severe: | $ 107,815 | 13,630 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Plaquemines Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 34 | 11 | 42 | 87 | 39 | 3 | 1 | 43 | 130 |
| Major Damage | 124 | 50 | 140 | 314 | 131 | 12 | 8 | 151 | 465 |
| Severe/Destroyed | 691 | 229 | 893 | 1,813 | 560 | 16 | 5 | 581 | 2,394 |
| *Subtotal* | *849* | *290* | *1,075* | *2,214* | *730* | *31* | *14* | *775* | *2,989* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 33 | 29 | 29 | 91 | 53 | 8 | 1 | 62 | 153 |
| Major Damage | 91 | 39 | 76 | 206 | 72 | 6 | - | 78 | 284 |
| Severe/Destroyed | 165 | 114 | 430 | 709 | 312 | 5 | - | 317 | 1,026 |
| *Subtotal* | *289* | *182* | *535* | *1,006* | *437* | *19* | *1* | *457* | *1,463* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 594 | 389 | 212 | 1,195 | 414 | 106 | 35 | 555 | 1,750 |
| Major Damage | 90 | 91 | 117 | 298 | 114 | 19 | 8 | 141 | 439 |
| Severe/Destroyed | 79 | 59 | 244 | 382 | 186 | 3 | - | 189 | 571 |
| *Subtotal* | *763* | *539* | *573* | *1,875* | *714* | *128* | *43* | *885* | *2,760* |
| **TOTAL** | **1,901** | **1,011** | **2,183** | **5,095** | **1,881** | **178** | **58** | **2,117** | **7,212** |
| Census 2000: | | | | 7,117 | | | | 1,904 | 9,021 |
| Percent: | | | | 72% | | | | 111% | 80% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 77,653 | 181 |
| Severe: | $ 101,996 | 576 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
St. Bernard Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 27 | 11 | 18 | 56 | 26 | 14 | 19 | 59 | 115 |
| Major Damage | 845 | 68 | 84 | 997 | 311 | 121 | 88 | 520 | 1,517 |
| Severe/Destroyed | 3,456 | 352 | 303 | 4,111 | 954 | 330 | 215 | 1,499 | 5,610 |
| *Subtotal* | *4,328* | *431* | *405* | *5,164* | *1,291* | *465* | *322* | *2,078* | *7,242* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 54 | 100 | 76 | 230 | 121 | 29 | 19 | 169 | 399 |
| Major Damage | 1,442 | 951 | 516 | 2,909 | 1,062 | 236 | 129 | 1,427 | 4,336 |
| Severe/Destroyed | 3,218 | 1,569 | 879 | 5,666 | 1,829 | 369 | 221 | 2,419 | 8,085 |
| *Subtotal* | *4,714* | *2,620* | *1,471* | *8,805* | *3,012* | *634* | *369* | *4,015* | *12,820* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 3 | 4 | 8 | 15 | 17 | 8 | 3 | 28 | 43 |
| Major Damage | 13 | 7 | 12 | 32 | 24 | 14 | 8 | 46 | 78 |
| Severe/Destroyed | 7 | 5 | 9 | 21 | 16 | 5 | 4 | 25 | 46 |
| *Subtotal* | *23* | *16* | *29* | *68* | *57* | *27* | *15* | *99* | *167* |
| **TOTAL** | **9,065** | **3,067** | **1,905** | **14,037** | **4,360** | **1,126** | **706** | **6,192** | **20,229** |
| Census 2000: | | | | 18,753 | | | | 6,370 | 25,123 |
| Percent: | | | | 75% | | | | 97% | 81% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 130,052 | 1,475 |
| Severe: | $ 147,193 | 4,044 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
St.Tammany Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 526 | 195 | 79 | 800 | 260 | 41 | 170 | 471 | 1,271 |
| Major Damage | 5,060 | 1,266 | 679 | 7,005 | 1,459 | 166 | 775 | 2,400 | 9,405 |
| Severe/Destroyed | 461 | 195 | 176 | 832 | 161 | 46 | 93 | 300 | 1,132 |
| *Subtotal* | *6,047* | *1,656* | *934* | *8,637* | *1,880* | *253* | *1,038* | *3,171* | *11,808* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 264 | 242 | 90 | 596 | 147 | 7 | 16 | 170 | 766 |
| Major Damage | 1,254 | 927 | 163 | 2,344 | 400 | 28 | 7 | 435 | 2,779 |
| Severe/Destroyed | 32 | 32 | 14 | 78 | 21 | 2 | - | 23 | 101 |
| *Subtotal* | *1,550* | *1,201* | *267* | *3,018* | *568* | *37* | *23* | *628* | *3,646* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 7,020 | 14,057 | 3,395 | 24,472 | 3,818 | 180 | 665 | 4,663 | 29,135 |
| Major Damage | 880 | 1,626 | 614 | 3,120 | 488 | 31 | 116 | 635 | 3,755 |
| Severe/Destroyed | 66 | 91 | 153 | 310 | 84 | 19 | 35 | 138 | 448 |
| *Subtotal* | *7,966* | *15,774* | *4,162* | *27,902* | *4,390* | *230* | *816* | *5,436* | *33,338* |
| **TOTAL** | **15,563** | **18,631** | **5,363** | **39,557** | **6,838** | **520** | **1,877** | **9,235** | **48,792** |
| Census 2000: | | | | 55,719 | | | | 13,534 | 69,253 |
| Percent: | | | | 71% | | | | 68% | 70% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 85,326 | 2,511 |
| Severe: | $ 106,203 | 295 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Vermilion Parish, LA Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 245 | 284 | 130 | 659 | 136 | 6 | 30 | 172 | 831 |
| Major Damage | 651 | 659 | 334 | 1,644 | 355 | 10 | 25 | 390 | 2,034 |
| Severe/Destroyed | 34 | 46 | 59 | 139 | 20 | 1 | - | 21 | 160 |
| *Subtotal* | *930* | *989* | *523* | *2,442* | *511* | *17* | *55* | *583* | *3,025* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 11 | 47 | 25 | 83 | 25 | - | - | 25 | 108 |
| Major Damage | 19 | 23 | 30 | 72 | 22 | 1 | - | 23 | 95 |
| Severe/Destroyed | 2 | 5 | 12 | 19 | 2 | - | - | 2 | 21 |
| *Subtotal* | *32* | *75* | *67* | *174* | *49* | *1* | - | *50* | *224* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 272 | 1,554 | 1,162 | 2,988 | 1,055 | 65 | 77 | 1,197 | 4,185 |
| Major Damage | 25 | 92 | 95 | 212 | 24 | 3 | 1 | 28 | 240 |
| Severe/Destroyed | - | 8 | 14 | 22 | 4 | - | - | 4 | 26 |
| *Subtotal* | *297* | *1,654* | *1,271* | *3,222* | *1,083* | *68* | *78* | *1,229* | *4,451* |
| **TOTAL** | **1,259** | **2,718** | **1,861** | **5,838** | **1,643** | **86** | **133** | **1,862** | **7,700** |
| Census 2000: | | | | 15,283 | | | | 4,549 | 19,832 |
| Percent: | | | | 38% | | | | 41% | 39% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 52,887 | 207 |
| Severe: | $ 72,159 | 37 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Hancock County, MS Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 8 | 17 | 11 | 36 | 24 | 1 | 2 | 27 | 63 |
| Major Damage | 671 | 455 | 304 | 1,430 | 590 | 28 | 19 | 637 | 2,067 |
| Severe/Destroyed | 971 | 396 | 418 | 1,785 | 501 | 59 | 1 | 561 | 2,346 |
| *Subtotal* | *1,650* | *868* | *733* | *3,251* | *1,115* | *88* | *22* | *1,225* | *4,476* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 18 | 102 | 28 | 148 | 89 | 6 | 35 | 130 | 278 |
| Major Damage | 394 | 1,824 | 489 | 2,707 | 884 | 126 | 421 | 1,431 | 4,138 |
| Severe/Destroyed | 347 | 505 | 293 | 1,145 | 418 | 45 | 68 | 531 | 1,676 |
| *Subtotal* | *759* | *2,431* | *810* | *4,000* | *1,391* | *177* | *524* | *2,092* | *6,092* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 68 | 1,880 | 612 | 2,560 | 429 | 12 | 64 | 505 | 3,065 |
| Major Damage | 30 | 476 | 240 | 746 | 161 | 14 | 55 | 230 | 976 |
| Severe/Destroyed | 161 | 145 | 154 | 460 | 101 | 13 | 9 | 123 | 583 |
| *Subtotal* | *259* | *2,501* | *1,006* | *3,766* | *691* | *39* | *128* | *858* | *4,624* |
| **TOTAL** | **2,668** | **5,800** | **2,549** | **11,017** | **3,197** | **304** | **674** | **4,175** | **15,192** |
| Census 2000: | | | | 13,447 | | | | 3,450 | 16,897 |
| Percent: | | | | 82% | | | | 121% | 90% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 93,066 | 1,551 |
| Severe: | $ 145,188 | 1,135 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006[A]**
Harrison County, MS Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 41 | 23 | 17 | 81 | 60 | 13 | 96 | 169 | 250 |
| Major Damage | 914 | 531 | 215 | 1,660 | 554 | 74 | 715 | 1,343 | 3,003 |
| Severe/Destroyed | 962 | 393 | 234 | 1,589 | 685 | 67 | 813 | 1,565 | 3,154 |
| *Subtotal* | *1,917* | *947* | *466* | *3,330* | *1,299* | *154* | *1,624* | *3,077* | *6,407* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 31 | 289 | 55 | 375 | 269 | 84 | 258 | 611 | 986 |
| Major Damage | 706 | 2,608 | 550 | 3,864 | 1,883 | 461 | 1,229 | 3,573 | 7,437 |
| Severe/Destroyed | 522 | 738 | 234 | 1,494 | 852 | 168 | 609 | 1,629 | 3,123 |
| *Subtotal* | *1,259* | *3,635* | *839* | *5,733* | *3,004* | *713* | *2,096* | *5,813* | *11,546* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 573 | 10,710 | 2,907 | 14,190 | 4,714 | 629 | 3,418 | 8,761 | 22,951 |
| Major Damage | 167 | 2,623 | 1,014 | 3,804 | 1,142 | 179 | 1,250 | 2,571 | 6,375 |
| Severe/Destroyed | 147 | 211 | 263 | 621 | 364 | 48 | 305 | 717 | 1,338 |
| *Subtotal* | *887* | *13,544* | *4,184* | *18,615* | *6,220* | *856* | *4,973* | *12,049* | *30,664* |
| **TOTAL** | **4,063** | **18,126** | **5,489** | **27,678** | **10,523** | **1,723** | **8,693** | **20,939** | **48,617** |
| Census 2000: | | | | 44,826 | | | | 26,712 | 71,538 |
| Percent: | | | | 62% | | | | 78% | 68% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 77,296 | 3,256 |
| Severe: | $ 157,255 | 1,521 |

**Housing Unit Damage Estimates as of February 12, 2006***
Jackson County, MS Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 34 | 86 | 23 | 143 | 57 | 16 | 36 | 109 | 252 |
| Major Damage | 866 | 839 | 309 | 2,014 | 510 | 37 | 205 | 752 | 2,766 |
| Severe/Destroyed | 560 | 189 | 119 | 868 | 192 | 15 | 90 | 297 | 1,165 |
| *Subtotal* | *1,460* | *1,114* | *451* | *3,025* | *759* | *68* | *331* | *1,158* | *4,183* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 80 | 796 | 154 | 1,030 | 533 | 58 | 488 | 1,079 | 2,109 |
| Major Damage | 1,210 | 5,060 | 699 | 6,969 | 1,446 | 104 | 944 | 2,494 | 9,463 |
| Severe/Destroyed | 221 | 191 | 60 | 472 | 88 | 8 | 24 | 120 | 592 |
| *Subtotal* | *1,511* | *6,047* | *913* | *8,471* | *2,067* | *170* | *1,456* | *3,693* | *12,164* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 247 | 6,152 | 2,083 | 8,482 | 2,251 | 147 | 962 | 3,360 | 11,842 |
| Major Damage | 49 | 1,023 | 425 | 1,497 | 311 | 27 | 189 | 527 | 2,024 |
| Severe/Destroyed | 68 | 46 | 60 | 174 | 64 | 8 | 40 | 112 | 286 |
| *Subtotal* | *364* | *7,221* | *2,568* | *10,153* | *2,626* | *182* | *1,191* | *3,999* | *14,152* |
| **TOTAL** | **3,335** | **14,382** | **3,932** | **21,649** | **5,452** | **420** | **2,978** | **8,850** | **30,499** |
| Census 2000: | | | | 35,550 | | | | 12,126 | 47,676 |
| Percent: | | | | 61% | | | | 73% | 64% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 63,901 | 5,112 |
| Severe: | $ 176,593 | 820 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

# ORLEANS PARISH PLANNING DISTRICTS

**Housing Unit Damage Estimates as of February 12, 2006***
French Quarter Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 1 | 1 | - | 2 | 4 | 2 | - | 6 | 8 |
| Major Damage | 2 | - | - | 2 | 1 | 2 | 1 | 4 | 6 |
| Severe/Destroyed | - | - | - | - | - | - | - | - | - |
| *Subtotal* | *3* | *1* | - | *4* | *5* | *4* | *1* | *10* | *14* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 2 | 1 | 2 | 5 | 10 | 2 | 3 | 15 | 20 |
| Major Damage | 1 | - | - | 1 | 6 | 2 | 2 | 10 | 11 |
| Severe/Destroyed | - | - | 2 | 2 | 4 | - | - | 4 | 6 |
| *Subtotal* | *3* | *1* | *4* | *8* | *20* | *4* | *5* | *29* | *37* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 82 | 108 | 35 | 225 | 229 | 117 | 44 | 390 | 615 |
| Major Damage | 5 | 9 | 4 | 18 | 17 | 6 | 6 | 29 | 47 |
| Severe/Destroyed | - | - | - | - | 3 | - | - | 3 | 3 |
| *Subtotal* | *87* | *117* | *39* | *243* | *249* | *123* | *50* | *422* | *665* |
| **TOTAL** | **93** | **119** | **43** | **255** | **274** | **131** | **56** | **461** | **716** |
| Census 2000: | | | | 572 | | | | 1,644 | 2,216 |
| Percent: | | | | 45% | | | | 28% | 32% |

* See Methodology for explanation of how these damage estimates were calculated

**Housing Unit Damage Estimates as of February 12, 2006***
Garden District Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 52 | 31 | 13 | 96 | 254 | 53 | 65 | 372 | 468 |
| Major Damage | 90 | 44 | 57 | 191 | 514 | 95 | 119 | 728 | 919 |
| Severe/Destroyed | 359 | 143 | 188 | 690 | 1,193 | 158 | 165 | 1,516 | 2,206 |
| *Subtotal* | *501* | *218* | *258* | *977* | *1,961* | *306* | *349* | *2,616* | *3,593* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 26 | 58 | 37 | 121 | 248 | 71 | 156 | 475 | 596 |
| Major Damage | 53 | 54 | 45 | 152 | 332 | 72 | 145 | 549 | 701 |
| Severe/Destroyed | 25 | 10 | 9 | 44 | 74 | 10 | 6 | 90 | 134 |
| *Subtotal* | *104* | *122* | *91* | *317* | *654* | *153* | *307* | *1,114* | *1,431* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 600 | 648 | 281 | 1,529 | 1,645 | 392 | 475 | 2,512 | 4,041 |
| Major Damage | 87 | 94 | 64 | 245 | 246 | 55 | 122 | 423 | 668 |
| Severe/Destroyed | 3 | 5 | 2 | 10 | 43 | 9 | 22 | 74 | 84 |
| *Subtotal* | *690* | *747* | *347* | *1,784* | *1,934* | *456* | *619* | *3,009* | *4,793* |
| **TOTAL** | **1,295** | **1,087** | **696** | **3,078** | **4,549** | **915** | **1,275** | **6,739** | **9,817** |
| Census 2000: | | | | 5,307 | | | | 14,288 | 19,595 |
| Percent: | | | | 58% | | | | 47% | 50% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 64,678 | 123 |
| Severe: | $ 79,169 | 164 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Uptown Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 174 | 81 | 41 | 296 | 382 | 47 | 27 | 456 | 752 |
| Major Damage | 642 | 208 | 156 | 1,006 | 990 | 102 | 42 | 1,134 | 2,140 |
| Severe/Destroyed | 2,699 | 625 | 660 | 3,984 | 2,900 | 295 | 84 | 3,279 | 7,263 |
| *Subtotal* | *3,515* | *914* | *857* | *5,286* | *4,272* | *444* | *153* | *4,869* | *10,155* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 108 | 112 | 38 | 258 | 263 | 27 | 2 | 292 | 550 |
| Major Damage | 212 | 118 | 78 | 408 | 310 | 38 | 7 | 355 | 763 |
| Severe/Destroyed | 149 | 74 | 31 | 254 | 136 | 11 | 1 | 148 | 402 |
| *Subtotal* | *469* | *304* | *147* | *920* | *709* | *76* | *10* | *795* | *1,715* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 1,024 | 929 | 231 | 2,184 | 1,450 | 211 | 101 | 1,762 | 3,946 |
| Major Damage | 106 | 125 | 44 | 275 | 180 | 26 | 12 | 218 | 493 |
| Severe/Destroyed | 1 | 5 | 5 | 11 | 20 | 1 | 2 | 23 | 34 |
| *Subtotal* | *1,131* | *1,059* | *280* | *2,470* | *1,650* | *238* | *115* | *2,003* | *4,473* |
| **TOTAL** | **5,115** | **2,277** | **1,284** | **8,676** | **6,631** | **758** | **278** | **7,667** | **16,343** |
| Census 2000: | | | | 12,574 | | | | 14,300 | 26,874 |
| Percent: | | | | 69% | | | | 54% | 61% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 77,571 | 387 |
| Severe: | $ 87,194 | 1,178 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Mid-City Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 92 | 83 | 61 | 236 | 762 | 120 | 231 | 1,113 | 1,349 |
| Major Damage | 456 | 232 | 283 | 971 | 2,155 | 301 | 437 | 2,893 | 3,864 |
| Severe/Destroyed | 2,448 | 854 | 1,146 | 4,448 | 8,002 | 1,330 | 730 | 10,062 | 14,510 |
| *Subtotal* | *2,996* | *1,169* | *1,490* | *5,655* | *10,919* | *1,751* | *1,398* | *14,068* | *19,723* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 34 | 60 | 27 | 121 | 157 | 28 | 46 | 231 | 352 |
| Major Damage | 147 | 136 | 73 | 356 | 417 | 50 | 72 | 539 | 895 |
| Severe/Destroyed | 143 | 100 | 105 | 348 | 330 | 167 | 191 | 688 | 1,036 |
| *Subtotal* | *324* | *296* | *205* | *825* | *904* | *245* | *309* | *1,458* | *2,283* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 70 | 70 | 43 | 183 | 394 | 42 | 23 | 459 | 642 |
| Major Damage | 19 | 29 | 17 | 65 | 106 | 12 | 10 | 128 | 193 |
| Severe/Destroyed | 1 | 3 | - | 4 | 12 | 5 | 1 | 18 | 22 |
| *Subtotal* | *90* | *102* | *60* | *252* | *512* | *59* | *34* | *605* | *857* |
| **TOTAL** | **3,410** | **1,567** | **1,755** | **6,732** | **12,335** | **2,055** | **1,741** | **16,131** | **22,863** |
| Census 2000: | | | | 8,277 | | | | 22,061 | 30,338 |
| Percent: | | | | 81% | | | | 73% | 75% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 63,677 | 293 |
| Severe: | $ 68,872 | 1,193 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Lakeview Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 79 | 63 | 18 | 160 | 42 | 8 | 16 | 66 | 226 |
| Major Damage | 544 | 123 | 49 | 716 | 273 | 20 | 29 | 322 | 1,038 |
| Severe/Destroyed | 4,554 | 736 | 353 | 5,643 | 1,074 | 110 | 30 | 1,214 | 6,857 |
| *Subtotal* | *5,177* | *922* | *420* | *6,519* | *1,389* | *138* | *75* | *1,602* | *8,121* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 29 | 30 | 4 | 63 | 29 | 7 | 2 | 38 | 101 |
| Major Damage | 109 | 67 | 14 | 190 | 55 | 7 | 9 | 71 | 261 |
| Severe/Destroyed | 195 | 62 | 31 | 288 | 50 | 16 | 1 | 67 | 355 |
| *Subtotal* | *333* | *159* | *49* | *541* | *134* | *30* | *12* | *176* | *717* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 125 | 54 | 11 | 190 | 43 | 6 | 10 | 59 | 249 |
| Major Damage | 18 | 3 | - | 21 | 3 | 1 | 10 | 14 | 35 |
| Severe/Destroyed | - | - | 1 | 1 | - | - | 1 | 1 | 2 |
| *Subtotal* | *143* | *57* | *12* | *212* | *46* | *7* | *21* | *74* | *286* |
| **TOTAL** | **5,653** | **1,138** | **481** | **7,272** | **1,569** | **175** | **108** | **1,852** | **9,124** |
| Census 2000: | | | | 7,245 | | | | 3,733 | 10,978 |
| Percent: | | | | 100% | | | | 50% | 83% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 119,634 | 247 |
| Severe: | $ 150,478 | 2,347 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Gentilly Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 75 | 17 | 8 | 100 | 89 | 11 | 21 | 121 | 221 |
| Major Damage | 470 | 81 | 43 | 594 | 286 | 44 | 70 | 400 | 994 |
| Severe/Destroyed | 5,465 | 1,013 | 722 | 7,200 | 1,696 | 338 | 117 | 2,151 | 9,351 |
| *Subtotal* | *6,010* | *1,111* | *773* | *7,894* | *2,071* | *393* | *208* | *2,672* | *10,566* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 24 | 73 | 15 | 112 | 95 | 6 | 18 | 119 | 231 |
| Major Damage | 132 | 152 | 53 | 337 | 195 | 24 | 104 | 323 | 660 |
| Severe/Destroyed | 584 | 541 | 265 | 1,390 | 514 | 43 | 57 | 614 | 2,004 |
| *Subtotal* | *740* | *766* | *333* | *1,839* | *804* | *73* | *179* | *1,056* | *2,895* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 108 | 39 | 9 | 156 | 36 | - | - | 36 | 192 |
| Major Damage | 18 | 9 | 4 | 31 | 6 | - | - | 6 | 37 |
| Severe/Destroyed | 1 | - | - | 1 | - | - | - | - | 1 |
| *Subtotal* | *127* | *48* | *13* | *188* | *42* | - | - | *42* | *230* |
| **TOTAL** | **6,877** | **1,925** | **1,119** | **9,921** | **2,917** | **466** | **387** | **3,770** | **13,691** |
| Census 2000: | | | | 11,427 | | | | 4,669 | 16,096 |
| Percent: | | | | 87% | | | | 81% | 85% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 102,591 | 319 |
| Severe: | $ 122,291 | 3,193 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Bywater Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 78 | 47 | 41 | 166 | 302 | 23 | 9 | 334 | 500 |
| Major Damage | 286 | 99 | 142 | 527 | 871 | 54 | 32 | 957 | 1,484 |
| Severe/Destroyed | 1,093 | 346 | 579 | 2,018 | 2,118 | 154 | 179 | 2,451 | 4,469 |
| *Subtotal* | *1,457* | *492* | *762* | *2,711* | *3,291* | *231* | *220* | *3,742* | *6,453* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 17 | 25 | 26 | 68 | 129 | 9 | 28 | 166 | 234 |
| Major Damage | 95 | 128 | 98 | 321 | 460 | 33 | 92 | 585 | 906 |
| Severe/Destroyed | 289 | 315 | 275 | 879 | 903 | 69 | 42 | 1,014 | 1,893 |
| *Subtotal* | *401* | *468* | *399* | *1,268* | *1,492* | *111* | *162* | *1,765* | *3,033* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 309 | 270 | 118 | 697 | 756 | 70 | 89 | 915 | 1,612 |
| Major Damage | 29 | 33 | 40 | 102 | 184 | 13 | 62 | 259 | 361 |
| Severe/Destroyed | 1 | 2 | 3 | 6 | 23 | 1 | 10 | 34 | 40 |
| *Subtotal* | *339* | *305* | *161* | *805* | *963* | *84* | *161* | *1,208* | *2,013* |
| **TOTAL** | **2,197** | **1,265** | **1,322** | **4,784** | **5,746** | **426** | **543** | **6,715** | **11,499** |
| Census 2000: | | | | 6,273 | | | | 8,596 | 14,869 |
| Percent: | | | | 76% | | | | 78% | 77% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 76,413 | 209 |
| Severe: | $ 100,542 | 741 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Lower 9th Ward Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 3 | 2 | 1 | 6 | 20 | 3 | - | 23 | 29 |
| Major Damage | 12 | 4 | 13 | 29 | 59 | 5 | - | 64 | 93 |
| Severe/Destroyed | 567 | 216 | 396 | 1,179 | 759 | 73 | - | 832 | 2,011 |
| *Subtotal* | *582* | *222* | *410* | *1,214* | *838* | *81* | - | *919* | *2,133* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 5 | 19 | 14 | 38 | 50 | 6 | 30 | 86 | 124 |
| Major Damage | 95 | 125 | 82 | 302 | 356 | 47 | 48 | 451 | 753 |
| Severe/Destroyed | 422 | 493 | 501 | 1,416 | 1,140 | 83 | 29 | 1,252 | 2,668 |
| *Subtotal* | *522* | *637* | *597* | *1,756* | *1,546* | *136* | *107* | *1,789* | *3,545* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | - | - | 1 | 1 | 7 | - | 3 | 10 | 11 |
| Major Damage | 2 | 1 | 1 | 4 | 4 | 3 | 1 | 8 | 12 |
| Severe/Destroyed | - | - | - | - | - | - | - | - | - |
| *Subtotal* | *2* | *1* | *2* | *5* | *11* | *3* | *4* | *18* | *23* |
| **TOTAL** | **1,106** | **860** | **1,009** | **2,975** | **2,395** | **220** | **111** | **2,726** | **5,701** |
| Census 2000: | | | | 3,423 | | | | 2,715 | 6,138 |
| Percent: | | | | 87% | | | | 100% | 93% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 95,857 | 72 |
| Severe: | $ 114,915 | 573 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
New Orleans East Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 107 | 15 | 14 | 136 | 153 | 65 | 617 | 835 | 971 |
| Major Damage | 893 | 160 | 87 | 1,140 | 713 | 191 | 2,019 | 2,923 | 4,063 |
| Severe/Destroyed | 8,579 | 1,055 | 886 | 10,520 | 2,869 | 642 | 3,411 | 6,922 | 17,442 |
| *Subtotal* | *9,579* | *1,230* | *987* | *11,796* | *3,735* | *898* | *6,047* | *10,680* | *22,476* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 5 | 22 | 12 | 39 | 76 | 4 | 58 | 138 | 177 |
| Major Damage | 90 | 98 | 74 | 262 | 329 | 21 | 311 | 661 | 923 |
| Severe/Destroyed | 736 | 490 | 244 | 1,470 | 536 | 34 | 184 | 754 | 2,224 |
| *Subtotal* | *831* | *610* | *330* | *1,771* | *941* | *59* | *553* | *1,553* | *3,324* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 31 | 7 | 9 | 47 | 28 | 9 | 107 | 144 | 191 |
| Major Damage | 2 | 2 | 2 | 6 | 15 | 6 | 71 | 92 | 98 |
| Severe/Destroyed | 1 | - | - | 1 | - | - | 25 | 25 | 26 |
| *Subtotal* | *34* | *9* | *11* | *54* | *43* | *15* | *203* | *261* | *315* |
| **TOTAL** | **10,444** | **1,849** | **1,328** | **13,621** | **4,719** | **972** | **6,803** | **12,494** | **26,115** |
| Census 2000: | | | | 14,599 | | | | 11,837 | 26,437 |
| Percent: | | | | 93% | | | | 106% | 99% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 90,104 | 393 |
| Severe: | $ 97,089 | 3,662 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Village de L Est Area Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 8 | 3 | 4 | 15 | 12 | - | 7 | 19 | 34 |
| Major Damage | 38 | 19 | 7 | 64 | 44 | - | 6 | 50 | 114 |
| Severe/Destroyed | 795 | 148 | 105 | 1,048 | 290 | 3 | 6 | 299 | 1,347 |
| *Subtotal* | *841* | *170* | *116* | *1,127* | *346* | *3* | *19* | *368* | *1,495* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 8 | 15 | 9 | 32 | 34 | 1 | 22 | 57 | 89 |
| Major Damage | 28 | 28 | 16 | 72 | 86 | 1 | 238 | 325 | 397 |
| Severe/Destroyed | 237 | 168 | 132 | 537 | 403 | 4 | 257 | 664 | 1,201 |
| *Subtotal* | *273* | *211* | *157* | *641* | *523* | *6* | *517* | *1,046* | *1,687* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 2 | - | 4 | 6 | 20 | 3 | 86 | 109 | 115 |
| Major Damage | - | - | 3 | 3 | 12 | 1 | 170 | 183 | 186 |
| Severe/Destroyed | - | - | 4 | 4 | - | - | 7 | 7 | 11 |
| *Subtotal* | *2* | *-* | *11* | *13* | *32* | *4* | *263* | *299* | *312* |
| **TOTAL** | **1,116** | **381** | **284** | **1,781** | **901** | **13** | **799** | **1,713** | **3,494** |
| Census 2000: | | | | 1,523 | | | | 1,768 | 3,290 |
| Percent: | | | | 117% | | | | 97% | 106% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 89,289 | 31 |
| Severe: | $ 83,510 | 375 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Venetian Isles Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| Homes with flood damage | | | | | | | | | |
| Homes in FEMA 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 2 | - | - | 2 | 1 | - | - | 1 | 3 |
| Major Damage | 20 | 4 | 5 | 29 | 4 | - | - | 4 | 33 |
| Severe/Destroyed | 276 | 112 | 49 | 437 | 31 | - | - | 31 | 468 |
| *Subtotal* | *298* | *116* | *54* | *468* | *36* | - | - | *36* | *504* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | - | - | - | - | - | - | - | - | - |
| Major Damage | - | - | 1 | 1 | 1 | - | - | 1 | 2 |
| Severe/Destroyed | - | - | - | - | - | - | - | - | - |
| *Subtotal* | - | - | *1* | *1* | *1* | - | - | *1* | *2* |
| Homes with no flood damage (generally wind damage) | | | | | | | | | |
| Minor Damage | - | 1 | 1 | 2 | 3 | - | - | 3 | 5 |
| Major Damage | 2 | 5 | 2 | 9 | 2 | - | - | 2 | 11 |
| Severe/Destroyed | 15 | 16 | 7 | 38 | 11 | - | - | 11 | 49 |
| *Subtotal* | *17* | *22* | *10* | *49* | *16* | - | - | *16* | *65* |
| **TOTAL** | **315** | **138** | **65** | **518** | **53** | - | - | **53** | **571** |
| Census 2000: | | | | 592 | | | | 430 | 1,022 |
| Percent: | | | | 88% | | | | 12% | 56% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 207,755 | 10 |
| Severe: | $ 197,821 | 167 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Algiers Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | 37 | 7 | 4 | 48 | 39 | 5 | 24 | 68 | 116 |
| Major Damage | 30 | 4 | 2 | 36 | 27 | 12 | 47 | 86 | 122 |
| Severe/Destroyed | 4 | 1 | - | 5 | 17 | 5 | 20 | 42 | 47 |
| *Subtotal* | *71* | *12* | *6* | *89* | *83* | *22* | *91* | *196* | *285* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 15 | 13 | 8 | 36 | 34 | 8 | 11 | 53 | 89 |
| Major Damage | 3 | 7 | 4 | 14 | 31 | 1 | 7 | 39 | 53 |
| Severe/Destroyed | 7 | - | 4 | 11 | 19 | 4 | 10 | 33 | 44 |
| *Subtotal* | *25* | *20* | *16* | *61* | *84* | *13* | *28* | *125* | *186* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 2,154 | 2,034 | 635 | 4,823 | 2,159 | 296 | 1,373 | 3,828 | 8,651 |
| Major Damage | 295 | 260 | 136 | 691 | 605 | 135 | 739 | 1,479 | 2,170 |
| Severe/Destroyed | 7 | 12 | 11 | 30 | 39 | 25 | 85 | 149 | 179 |
| *Subtotal* | *2,456* | *2,306* | *782* | *5,544* | *2,803* | *456* | *2,197* | *5,456* | *11,000* |
| **TOTAL** | **2,552** | **2,338** | **804** | **5,694** | **2,970** | **491** | **2,316** | **5,777** | **11,471** |
| Census 2000: | | | | 8,798 | | | | 8,680 | 17,478 |
| Percent: | | | | 65% | | | | 67% | 66% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 43,610 | 149 |
| Severe: | $ 58,151 | 12 |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
New Aurora/English Turn Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | - | - | - | - | - | - | 5 | 5 | 5 |
| Major Damage | - | 1 | - | 1 | 1 | - | 2 | 3 | 4 |
| Severe/Destroyed | 1 | 3 | - | 4 | 2 | - | 4 | 6 | 10 |
| *Subtotal* | *1* | *4* | - | *5* | *3* | - | *11* | *14* | *19* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 4 | 5 | 2 | 11 | 4 | - | 4 | 8 | 19 |
| Major Damage | 1 | 1 | 2 | 4 | 6 | 1 | 3 | 10 | 14 |
| Severe/Destroyed | 1 | 3 | 1 | 5 | 6 | 1 | 2 | 9 | 14 |
| *Subtotal* | *6* | *9* | *5* | *20* | *16* | *2* | *9* | *27* | *47* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 288 | 328 | 112 | 728 | 195 | 15 | 158 | 368 | 1,096 |
| Major Damage | 45 | 63 | 38 | 146 | 47 | 2 | 41 | 90 | 236 |
| Severe/Destroyed | 2 | 2 | 5 | 9 | 2 | - | 15 | 17 | 26 |
| *Subtotal* | *335* | *393* | *155* | *883* | *244* | *17* | *214* | *475* | *1,358* |
| **TOTAL** | **342** | **406** | **160** | **908** | **263** | **19** | **234** | **516** | **1,424** |
| Census 2000: | | | | 850 | | | | 300 | 1,150 |
| Percent: | | | | 107% | | | | 172% | 124% |

| FEMA Damage Level: | SBA Median Verified Loss: | N |
|---|---|---|
| Major: | $ 35,289 | 22 |
| Severe: | | |

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

**Housing Unit Damage Estimates as of February 12, 2006***
Warehouse District / CBD Planning District Total Housing Damage

| | Owner-Occupied Housing Units | | | | Renter-Occupied Housing Units | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Insurance Status | | | | Type of Structure Unit Located | | | | |
| | Hazard & Flood | Hazard Only | No Insurance | Owner Subtotal | Single Family | Multifamily (less than 10) | Multifamily (10 or more) | Renter Subtotal | TOTAL |
| **Homes with flood damage** | | | | | | | | | |
| *Homes in FEMA 100 yr. fl plain* | | | | | | | | | |
| Minor Damage | - | 2 | 3 | 5 | 43 | 3 | 3 | 49 | 54 |
| Major Damage | 4 | - | 1 | 5 | 47 | 2 | 2 | 51 | 56 |
| Severe/Destroyed | 1 | 1 | - | 2 | 13 | - | 6 | 19 | 21 |
| *Subtotal* | *5* | *3* | *4* | *12* | *103* | *5* | *11* | *119* | *131* |
| Homes outside 100 yr. fl plain | | | | | | | | | |
| Minor Damage | 2 | 1 | 2 | 5 | 5 | - | 7 | 12 | 17 |
| Major Damage | 1 | - | - | 1 | 5 | - | 2 | 7 | 8 |
| Severe/Destroyed | 1 | - | - | 1 | 2 | - | 1 | 3 | 4 |
| *Subtotal* | *4* | *1* | *2* | *7* | *12* | - | *10* | *22* | *29* |
| **Homes with no flood damage (generally wind damage)** | | | | | | | | | |
| Minor Damage | 22 | 76 | 41 | 139 | 34 | 9 | 75 | 118 | 257 |
| Major Damage | - | 3 | - | 3 | 3 | 2 | 32 | 37 | 40 |
| Severe/Destroyed | - | 1 | - | 1 | 1 | 1 | 1 | 3 | 4 |
| *Subtotal* | *22* | *80* | *41* | *143* | *38* | *12* | *108* | *158* | *301* |
| **TOTAL** | **31** | **84** | **47** | **162** | **153** | **17** | **129** | **299** | **461** |
| Census 2000: | | | | 132 | | | | 831 | 963 |
| Percent: | | | | 123% | | | | 36% | 48% |

* See Methodology for explanation of how these damage estimates were calculated

**PolicyLink**

Lifting Up What Works

**Senator Mary Landrieu, Chairman**
**Senator Ted Stevens, Ranking Member**
U.S. Senate Committee on Homeland Security and Governmental Affairs
Ad Hoc Subcommittee on Disaster Recovery
219 Dirksen U.S. Senate Office Building

May 24, 2007

**RE: The Road Home? An Examination of the Goals, Costs, Management and Impediments Facing Louisiana's Road Home Program**

Dear Chairman Senator Landrieu and Ranking Member Senator Stevens:

My name is Dr. Dominique Duval-Diop and I am a Senior Associate with PolicyLink, a national research and action institute that works collaboratively to develop and implement local, state, and federal policies to achieve economic and social equity. On behalf of a consortium of local and national organizations, I am submitting public comment to your committee that concerns the opportunities to improve the policies and administration of the Road Home program. I know that your subcommittee has been focused on shedding more light on the difficulties caused by the establishment of certain Road Home policies and in the implementation of those policies. However, we would like to propose some solutions to these issues.

Many nonprofit organizations and community groups have stepped up to fill the gaps in the Road Home program by providing counseling, outreach, translation services, financial advice, legal assistance, and transitional services to assist the elderly and disabled. These organizations such as the Acadiana Outreach Center, TRAC, the Jeremiah Group, NENA, Neighborhood Housing Services of New Orleans, Neighborhood Development Foundation, New Orleans Legal Services, the Louisiana Family Recovery Corp, Catholic Relief Services, ACORN Housing Services, Southern Mutual Help, the Louisiana Diaspora Advocacy Project and the Loyola Law Clinic, the Louisiana Housing Alliance, and countless other nonprofit organizations have practitioners who have essentially become Road Home housing assistance counselors. They have helped countless individuals who had been unable to access the program on their own and who, without the help of these dedicated groups, would have fallen through the cracks. They have conducted this service through their own resources or through the provision of grants made to them from local and national philanthropy.

While many of these groups worked to influence the program since it was under conception by the Louisiana Recovery Authority, and expected the state to contract with these local housing service providers, to date approximately $4.5million of the estimated $759 million contract has been dedicated to subcontracts for services provided by these organizations.

For more information: Dr. Dominique Duval-Diop, PolicyLink,
1515 Poydras St, New Orleans, LA 70112, 225-615-4243, www.policylink.org

These organizations have also teamed up with major local and national groups such as the Louisiana Association of Nonprofit Organizations, Oxfam, Churches Supporting Churches, the Louisiana Disaster Recovery Foundation and PolicyLink to have an organized voice to influence Road Home policies and outcomes. Based on the first hand knowledge of these local practitioners and on the policy expertise of the larger state and national partners, a plan for creating a more inclusive housing program that yields equitable rebuilding outcomes has been developed. Regardless of how many additional dollars may be allocated to address the program shortfall, fundamental change is needed in this program to achieve the outcomes that will lead to holistic recovery for all individuals. This plan, developed by groups representing a broad geographic, socioeconomic and racial diversity, offers a pathway forward to achieving successful outcomes in the program.

This plan, we believe, will address many of the problems that continue to inhibit the program's success by using partnerships that will enhance the stability and sustainability of the program which you have rightly acknowledged as "an essential backbone to Louisiana's recovery". It focuses on the human aspect of the recovery that must be addressed.

At the heart of the plan are two basic outcomes:

- Creating a post-hurricane Louisiana that is more equitable and inclusive than prior to the storms; and
- Strengthening nonprofit and community-based infrastructure by increasing the capacity to better withstand future disasters and help contribute to more resilient communities.

To achieve these outcomes, Congress can ask HUD to ensure that the State and the Road Home contractor, ICF, establish an institutional collaboration with the Louisiana nonprofit community to effect timely and relevant improvements to the Road Home program, and to achieve better outcomes for the State of Louisiana as it recovers. Specific avenues for collaboration include:

- The establishment of a nonprofit advisory committee to the Road Home program by those providing direct services to homeowners who need help navigating the program;
- The establishment of direct contracts with nonprofit service providers for services not effectively delivered by the ICF to clients who need help with access, literacy, language, financial counseling, program appeals, title clearance, construction management, etc to ensure fair, effective housing recovery; and
- The establishment of transparent, frequent program data reporting and monitoring to inform citizens, the nonprofit service community, local governments, state agencies, and the federal government of program progress and program needs.

**Nonprofit Advisory to Road Home Program**
The Louisiana Recovery Authority, the Louisiana Office of Community Development that administers the Road Home Program, and ICF (the Road Home contractor) should prioritize and formalize the dialogue started in late March 2007. A continual and transparent information exchange is critical to the success of the program because it ensures that administrative problems are brought up in a timely fashion, that solutions are crafted with the input of community groups, that solutions are implemented immediately and that programmatic changes are regularly communicated to the community members relying on the program to recover from their losses. This advisory group process should have the following characteristics:

Characteristics of Nonprofit Advisory Council:

- Interactions or dialogues must be consistent, in person and take place at regular intervals with a core group of people (nonprofits, the contractor ICF and decision-makers at the state level), thus facilitating relationship and trust building.
- Interactions or dialogues are organized along structured, thematic topics of major concern for practitioners (i.e. appeals process, title process, special needs, accessibility of rebuilt and elevated homes etc.)
- The information exchange is two-way. When concerns are raised that require programmatic or administrative changes, actions taken in response to those concerns will be communicated back to the nonprofit community with minimal lag time.
- Nonprofit organizations and community groups' perspectives on the Road Home process are included in audits that performed by the Louisiana Legislative Auditor. Information regarding the outcomes of audits and timely implementation of recommended changes will be regularly communicated to the nonprofit community.

**Use of Nonprofits as Contractors**
The State Office of Community Development has issued a contract award to ICF for over $750 million for delivery of Road Home Program services. To date, only seven nonprofit organizations have received contracts or subcontracts totaling approximately $4.5 million to support the delivery of Road Home program services that include outreach, application assistance, elderly and disabled assistance, financial counseling and legal assistance. Given the substantial contributions made by community-based nonprofits who have not received contracts from the State (some groups have allocated over half of their resources to address the obstacles in the Road Home program encountered by their clients), the State should dramatically increase the amount of Road Home resources allocated to formally direct ten percent of contract resources to Louisiana nonprofits. The nature of the contracts is described below.

Characteristics of Nonprofit Contracts

- The Nonprofit Advisory Committee works with state agencies to shape appropriate scope of program services effectively delivered by the nonprofit sector.
- State conducts affirmative outreach to nonprofits to inform them of all contract opportunities; ample time is provided to submit quality bids (30-45 days depending on scale of contract); clear selection criteria is used; and final decisions are published are those awarded and declined contracts.
- Nonprofit service contracts are expanded to meet the huge demand for counseling and other services to clients in Phases 1 and 2 of the program that current limited contracts with ACORN, the LA CAP agencies and Easter Seals alone cannot fulfill. These expanded services serve three purposes. First, they address the groundswell of demand for assistance with applications and with understanding complex options letters, eliminating the current bottleneck and allowing applicants to move more quickly through

the process. Second, it compensates nonprofits to allow them to sustain the work they are currently performing to support the Road Home program. Third, it creates a cadre of organizations that are familiar with ICF's operations and the State's regulations that can then seamlessly shift to providing post-award counseling services, construction management, and other critical rebuilding service needs with a minimal learning curve—all critical to successful Phase 3 of the program.

- Phase 3 tasks--which will require financial counseling, construction contracting, elevating homes, securing additional credit--will all be necessary to achieving the Road Home outcome of building a safer and more inclusive Louisiana, and can be effectively realized through nonprofit service delivery.

**Using Information to Drive Policy and Informed Planning**

Road Home Program data must be made accessible to the public in a consistent and regular manner. Nonprofits, members of the Louisiana Legislature, and members of Congress through instruments such as H.R. 1227 the Gulf Coast Hurricane Housing Recovery Act of 2007 passed by the House on March 21, 2007, have delivered numerous formal requests that Road Home data be made available to the public to determine how funds are being used to meet the communities' housing needs. While baseline data on number of applications, number of award letters, average size of awards, and options chosen has been made public, no data relative to demographic, geographic, socioeconomic or appeals characteristics has been made available. The nonprofit community has been continually anticipating the needs that lie just on the horizon of the continuum of recovery through its delivery of program services. Having consistent access to data related to the demographics, socioeconomic status, and geographic location of applicants in a manner that does not violate privacy laws is critical to quality planning for the program. Data will effectively inform Congress, the state of Louisiana, ICF, and nonprofit service providers to anticipate where future needs lie and allow adequate, thoughtful program response to changing needs.

To work towards the goal of a more inclusive Louisiana, we need to understand what is happening to the poor, elderly, disabled, African-American, Native American, Hispanic, and Vietnamese communities. Data on these populations is necessary to inform the program services best suited to the needs of these communities. Regular reporting on program delivery by these more nuanced data measures will allow the State to show what rationale drives their policy development. Transparency in how programmatic changes are made will go a long way to assuaging the concerns of some of the program's most vocal critics at the local, state and federal levels.

Characteristics of Data Exchange

- Data identified as important to Congress, to state legislators, and to nonprofit organizations should be transmitted on a regular basis and in a transparent manner. The method of transmittal should be electronic and in a format that is easily manipulated by data analysis programs.
- Changes in program procedures and policies should be data-driven. The "in-flight reviews", endorsed by the April 11, 2007 LRA Board meeting should be instituted in consultation with the nonprofit community and local universities.
- Data on the program outcomes should be regularly communicated to the general public through a performance indicator system that shows impacts in terms of demographics and geography. For example, the following indicators should be established and reported on a quarterly basis.

  - Percent and number of households assisted by race, income level, age, and disability for varying levels of geography (including parish and zipcode)
  - Types of assistance provided such as homeowner grant, hazard mitigation grant or additional assistance through a nonprofit by demographic groups and geography.
  - Number of households assisted by the option selected (repair, rebuild, relocate, or sell) broken down by demographics and geography
  - The State must also think proactively about its monitoring system that will determine what was actually accomplished with the Road Home checks. Indicators that will show actual program impact include the number of homes actually rebuilt or repaired with Road Home grants. Other indicators such as the number of homes that were repaired or rebuilt using the Standard Building Code or Green Building standards will also reveal impact.
- An independent monitor, as outlined in the Road Home Action Plan, must be hired immediately to provide unbiased evaluations of the program's outcomes throughout the duration of the program and to ensure that the community benefit provisions of the CDBG program are met.
- The impact of programmatic changes instituted in response to audit recommendations such as the Louisiana Legislative Audit on Road Home Assistance Centers issued on March 28, 2007 should be made available to the general public.

Senator Landrieu and Committee members, this plan will not only help people who have been so decimated by both the storms and the recovery programs that were intended to support their recovery, it will also take one step closer to charting the course forward to ensuring a reliable, effective and efficient rebuilding program. By redirecting contract resources into institutional partnerships with the nonprofit sector, the Road Home Program can be both more effectively delivered, and can strengthen a vibrant nonprofit sector into the type of robust community services delivery sector that New York City, the state of Ohio, and many other cities and states have developed through its recovery from blight, abandonment, and changing economies. These institutional partnerships will allow Louisiana to change and strengthen, even as it recovers. We thank you for your time and attention.

1220 Aycock Street Houma, LA 70360
tel: (985) 851-2952/877-TRAC4LA fax: (985) 851-1401
website: www.trac4la.com email: information@trac4la.com

June 8, 2007

Senator Mary Landrieu, Chairman
Senator Ted Stevens, Ranking Member
U.S. Senate Committee on Homeland Security and Governmental Affairs
Ad Hoc Subcommittee on Disaster Recovery
219 Dirksen U.S. Senate Office Building

Chairman Landrieu, Senator Stevens, and Members of the Committee:

Thank you for the opportunity to submit testimony for the record. Terrebonne Readiness & Assistance Coalition (TRAC) has provided long-term disaster recovery programs and disaster education programs in Louisiana since Hurricane Andrew's in August 1992. We are one of the oldest disaster recovery community organizations in the US. Our staff has never exceeded six employees. I've attached a brief summary of what we have delivered thus far in direct services to those affected by Hurricanes Katrina & Rita. We have been with our clients (1500+) since the waters receded in Terrebonne & Lafourche. We have taken them through the FEMA registration process, appealed to FEMA, NFIP, SBA, private insurance on their behalf, inspected each and every home and itemized down to the board & nail exactly what it would take to repair or reconstruct their home and digitally documented the damaged home and the repaired home every step of the way. We documented every dollar they spent towards their own recovery, documented every dollar they received from FEMA, SBA, private insurance, and documented their homeownership. All of this documentation is in a case file. We have collaborated with funding resources, volunteers, contractors, parish government to repair hundreds of homes in the bayous of Louisiana. We can tell you the status of each and every client, any day, at any time. We provide consistent recovery education and implementation of the best practices in reconstruction to each and every client. We have done this with a STAFF OF SIX.

**As of April 30, 2007 we have provided $1,920,573.17 in direct assistance and $4,062,150.00 in volunteer construction assistance, totaling $ 5,982723.17. We have accomplished this with a staff of six.**

Catholic Social Services, Diocese of Houma-Thibodaux has contributed approximately $4 million dollars in direct assistance to families and individuals in Terrebonne, Lafourche, St. Mary and Grand Isle. They staff is under 12 people. Their caseload numbers are approximately the same as TRAC.

1220 Aycock Street Houma, LA 70360
tel: (985) 851-2952; 877-TRAC4LA fax: (985) 851-1401
website: www.trac4la.com email: information@trac4la.com

So you can imagine our total disbelief and shock in witnessing and documenting the disaster of a recovery program entitled The Road Home.

I watched the hearing, listened to the levels and layers of government, responsible parties for this program and wondered how a task which is relatively simple in concept could become so bogged down.

I offer the following suggestions:

1. Engage the community and faith-based recovery organizations who are doing the work on the ground. We know this work. We understand stewardship of donated dollars. We truly understand the power of collaboration. Engage the foundations and donors who are making this work possible.

2. Remove ICF from the helm. The amount of their contract, for the quality of service they provide is equal to all the stereotypical blunders in Louisiana's history. It looks and feels like a big government contract. The people of Louisiana deserve a real recovery program.

Since Day One of The Road Home program we have actively engaged in promoting the possibilities of a fair and equitable State run recovery program. We have participated in community outreach activities alongside RHP staff. We have tried to establish working relationships with RHP staff at every step of the process. As the program progresses in its phases the problems unaddressed get larger.

TRAC has responded to every major disaster in Louisiana since Hurricane Andrew. We have provided millions of dollars to those that have not had the capacity to recover over time. I represent one of many who have vested our lives into making Louisiana a better and safer place in the aftermath of a disaster. I cannot witness this historic failure in the making. There are so many positive possibilities.

There are many of us asking you to discover what, where, and how this real recovery work is taking place largely without the benefit of The Road Home funds. Maybe then you will be inspired to act swiftly, for the benefit of your fellow Americans, and rewrite this history.

Sincerely,

Peg Case, Director
TRAC

a 501(c)3 corporation
TRAC is a community and faith-based organization serving Louisiana parishes since 1992.
PROGRAMS
Long-Term Disaster Recovery Disaster Preparedness Education
Residential Mitigation Assistance Year-Round Individual Support Services

# Hurricane Katrina & Rita
# Case Advocacy Statistics
# As of April 30, 2007

FEMA, SBA, Insurance Appeal Awards: $1,058,796.97

Unmet Needs Committee Awards: $274,653.46
$234,361.99/Home Repair
$40,291.47/Personal Property

CWS-Habitat Construction Grant: $193,389.72
LDRF Construction Grant: $110,000

LA Lift House Construction Grants:
CSS: $50,000
CWS-Habitat: $10,000
LDRF: $5,500
Katrina Square Dancers: $113,500

TRAC clients in FEMA Recoup: 28
Recoup Rescinded: 16 clients $104,733.02
Recoup in Appeals: 1 client
Recoups Closed: 11

LA Road Home:
Applications Online: 217
Registrations Online: 88
Interviews with Clients: 188
Home Inspections with Clients: 175
Award Letters Received: 78
Ready for Final Review: 30
Went to Closing: 5

In Resolutions: 7
In Appeals:
RHP: 1
State: 1

HMGP Elevations Applications: 3
LA Lift House: 1 under construction $37,250.00

Volunteers: 1210
Volunteer In-Kind: $ 4,062,150.00
Worksites: 240
Volunteer Hours: 270,810

| | |
|---|---|
| **Question#:** | 1 |
| **Topic:** | oversight authority |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**To: Don Powell, Federal Coordinator, Office of Gulf Coast Rebuilding**

**Question:**
Please articulate the statutory authority of the Federal government to oversee the Road Home Program run by the State of Louisiana, as well as any other eligible programs in other States that may use CDBG funds in a similar fashion.

**Answer:**
The authority rests with the Department of Housing and Urban Development (HUD), whose statutory authority to oversee the Road Home Program flows from the Community Development Block Grants (CDBG) statutory provisions, Pub. L. 93-383, at section 104(e). That section requires the Department to conduct such reviews and audits as may be necessary or appropriate to determine compliance with the statutory program requirements. With regard to the treatment of similar uses of funds by other CDBG funded grantees, HUD treats staff and operational costs related to the delivery of eligible CDBG activities as cost components of those activities. CDBG activities such as housing rehabilitation, public services and economic development tend to have a staff and operations cost component of the total activity costs. Provisions in the CDBG disaster supplemental appropriations, Pub. L. 109-148 and Pub. L. 109-234 augment the basic CDBG provisions regarding monitoring, compliance, prohibition of duplication of benefits, and general provisions to prevent fraud, waste, and abuse.

**Question:**
Do you recommend amending statutory requirements per oversight of programs similar to the State of Louisiana's Road Home program? What specific requirements?

**Answer:**
On February 15, 2006, the President submitted his request for supplemental funding related to the recovery of the 2005 hurricanes which would culminate in the enactment of P.L. 109-234. That request asked for $4.2 billion in CDBG funds for Louisiana, an amount that was provided in P.L. 109-234. The request included the following language which was not included in the legislation as enacted:

> Provided further, That Louisiana shall submit a plan to the Secretary detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address mitigation and infrastructure needs: Provided further,

| | |
|---|---|
| **Question#:** | 1 |
| **Topic:** | oversight authority |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

That the plan must be approved by the Secretary as consistent with the requirements of this program.

This language, if it had been included, would have allowed the Secretary of HUD to exercise additional oversight of the design of Louisiana's Road Home program.

Within the scope of review authorized by the Community Development Act and the relevant appropriations laws, HUD has not encountered any programmatic issue that could not be addressed with existing program authorities.

Louisiana's Road Home homeowner assistance program and Mississippi's homeowner grant assistance program are similar in design and implementation. There have not been any other programs of the same design, scope or magnitude, although some New York September 11 recovery programs have comparable elements. This lack of precedent is due primarily because a homeowner compensation program is not specifically eligible under the formula CDBG program. Notwithstanding the lack of a parallel eligible activity in the formula program, HUD's oversight responsibilities and authorities are not substantially different than its responsibilities for the oversight of formula grantees implementing housing rehabilitation programs. HUD's current statutory authorities have been sufficient to allow HUD to review, for example, procurement practices, allegations of conflicts of interests, federal line of credit drawdown practices and timing, and States' internal management controls, practices and oversight.

Finally, HUD's experience to date with the New York 9/11 CDBG disaster grants has been similar to its experiences with the compensation grant programs administered by Louisiana and Mississippi. New York was required under one of the supplemental appropriations to provide at least $500 million in grants to individuals, nonprofits, and small business for economic losses. Payments were made to approximately 20,000 businesses and nonprofits and compensation payments to approximately 39,000 households. New York voluntarily implemented successful internal audit strategies similar to those that HUD has required of the Gulf States, including Mississippi and Louisiana. In that instance and in the Gulf States to date, no additional programmatic laws or requirements have been identified as being needed to ensure program integrity and oversight.

HUD will continue to evaluate the States' program implementation and determine the adequacy of current laws and policies to ensure program integrity.

| | |
|---|---|
| **Question#:** | 2 |
| **Topic:** | shortfall |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
At what point did it come to your attention that there was a serious shortfall in the Louisiana Road Home program funds? What form of notification did you receive?

**Answer:**
The Office of the Federal Coordinator for Gulf Coast Rebuilding (OFC) read about the projected shortfall in a newspaper report outlining a May 1, 2007, letter from Representative Bobby Jindal (R-LA) in which he expressed budgetary concerns about the Road Home Program. The State of Louisiana had not sent prior notification to OFC or any other Federal Agency. It is our understanding that in spring 2007 this subject came up informally in telephone conversations between the State and HUD although to date, HUD has not received a formal notification from the State advising them of a funding shortfall.

**Question:**
Was there a system of communication in place that may have prevented late notice of the shortfall in the Road Home program?

**Answer:**
In addition to daily interaction between State staff and HUD program staff, the OFC also has led a weekly conference call with all stakeholders involved in the Road Home program since November 2006. The attendees for the call include Governor Blanco's office, the Louisiana Recovery Authority, the Louisiana State Office of Community Development, the contractor managing the program, ICF International, the City of New Orleans, as well as Federal agencies such as OFC, FEMA and HUD. At no time was any potential shortfall raised on one of these calls.

**Question:**
What procedures are currently in place to keep a similar situation from recurring either in Louisiana or in any other State that faces a major disaster in the future that may be eligible for CDBG disaster assistance?

**Answer:**
As stated, the authority of the Federal government over these funds was limited by the decision to remove language from the President's Supplemental request to Congress that

| | |
|---|---|
| **Question#:** | 2 |
| **Topic:** | shortfall |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

would have given the Secretary of HUD more oversight into the State's homeowner assistance programs. As it pertains to the amount of the funding, Governor Blanco characterized the President's supplemental request for $4.2 billion of additional funds for Louisiana as a "consensus" agreement on the additional need. Further, the notice of funds available and the grant agreement limit the Federal government's commitment of funds to the amounts approved. Before Louisiana was allocated an additional $4.2B in the Fourth Supplemental (June 2006), the State thought that its initial CDBG disaster recovery grants ($6.2B through the Third Supplemental in December 2005) might be insufficient. As a result, on May 12, 2006, before receiving an additional $4.2B, the State advised its citizens in its CDBG action plans that:

> "If sufficient funds are ultimately unavailable to fully fund the proposed program or demand exceeds estimates, the maximum amount of financial assistance per household must be lowered.... Eligible assistance does not represent an entitlement to the homeowner, under any circumstances."

Mississippi stated in a public document entitled the "Mississippi Homeowner Assistance Program Phase I", that if the program was oversubscribed by eligible applicants, grant calculations would be reduced on a pro rata basis.

**Question:**
Have there been similar circumstances in any other State programs utilizing CDBG funds for hurricane recovery as a result of the 2005 hurricane season?

**Answer:**
No. To date, OFC is not aware of such serious challenges with management and administration in the other States that received CDBG as a result of the 2005 storms.

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| **Question#:** | 3 |
| **Topic:** | fraudulent activities |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Are you concerned in any way that Road Home program funds are at risk of fraudulent activities? If so, please describe the types of possible fraudulent activity.

**Answer:**
Whenever large sums of federal taxpayer dollars are at stake, a responsible steward must remain attentive. HUD program monitors do not have investigative authority. HUD program monitors are limited to program monitoring for program compliance and evaluation. If during the course of routine monitoring HUD program staff uncover suspected fraudulent activity, such matters are referred the HUD Office of Investigation (under the auspices of the Inspector General). While HUD program staff has not uncovered apparent fraudulent activities, we have been informed by the Inspector General and State program officials that there have been isolated attempts by individuals to fraudulently qualify for the homeowner assistance programs. We understand that such cases have been prosecuted and publicized.

While no specific case of fraud has been uncovered, the Louisiana Legislative Auditor's office has recently released reports that administrative errors are leading to excessive payments to some Road Home applicants. The allegations in these reports are being investigated.

**Question:**
What measures are in place to ensure that program funds are delivered to those in most need and are not lost to any form of waste, fraud or abuse?

**Answer:**
At the Federal level, HUD is pursuing five courses of action.

First, HUD has made applicable specific reporting, written procedures, monitoring, and internal audit requirements for grantees.

Second, to the extent its resources allow, HUD has instituted risk analysis and on-site monitoring of grantee management of the grants and of the specific uses of funds.

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| **Primary:** | The Honorable Tom A. Coburn M.D. |
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Third, HUD is being extremely cautious in considering any waiver related to basic financial management requirements. The standard, time-tested CDBG financial requirements will continue to apply.

Fourth, HUD is collaborating with the HUD Office of Inspector General to plan and implement oversight of these funds.

Finally, HUD is following the direction of the conference report, 109–494, and is applying the $6 million of funds appropriated for the Working Capital Fund for "immediate enhancement of the capabilities of the Disaster Recovery Grant Reporting system by building additional electronic controls that will increase accountability while further decreasing the risk of fraud, waste, or abuse."

With respect to the State grantees, HUD has required by notice in the February 13, 2006, and October 30, 2006, *Federal Register*, that each State must submit to HUD an Action Plan for Disaster Recovery that describes:

> "Monitoring standards and procedures that are sufficient to ensure program requirements, including non-duplication of benefits, are met and that provide for continual quality assurance, investigation, and internal audit functions, with responsible staff reporting independently to the Governor of the State or, at a minimum, to the chief officer of the governing body of any designated administering entity;" and
>
> "A description of the steps the State will take to avoid or mitigate occurrences of fraud, abuse, and mismanagement, especially with respect to accounting, procurement, and accountability, with a description of how the State will provide for increasing the capacity for implementation and compliance of local governments, sub-recipients, sub-grantees, contractors, and any other entity responsible for administering activities under this grant;"

All States have established internal audit functions with entities that are independent of the CDBG administrative entity and that report independently. With respect to the States of Louisiana and Mississippi, both States have independent audit contractors committed to the independent oversight of the housing compensation programs. The Legislative Auditor in Louisiana has published at least three internal audits related to the homeowner program online.

The HUD Office of Investigation, as well as the States' and contractors' auditing and anti-fraud units, have been identifying areas of potential fraud by individuals and made referrals to appropriate law enforcement authorities.

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| **Question#:** | 4 |
| **Topic:** | wind damage |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Please explain why wind damage was not included in estimates for severe damage in estimates for the State of Louisiana's Road Home Program? Are tornadoes covered by federal recovery grant dollars (either through FEMA or HUD/CDBG or any other federal authority) in certain circumstances?

**Answer:**
The Administration, through OFC, made a clear policy decision that CDBG funds would only be allocated to establish homeowner assistance programs for those homeowners that experienced flood damage. The Administration made this determination because:

1) Wind damage is an otherwise insurable event. There is a robust private market in homeowners insurance that covers wind damage, and people need to carry adequate insurance rather than rely on government aid; and

2) The Federal government has a special responsibility to assist those homeowners who experienced flooding from breaches of Federal levees or storm surge not anticipated in Federal flood maps. These citizens still struggle the most to recover and we have always believed their needs should be prioritized.

This position was communicated to the State of Louisiana and to other States on the Gulf Coast – most notably Texas – when they requested CDBG funding for homeowner assistance programs that would cover those who experienced only wind damage in Hurricanes Katrina and Rita. The Administration's request for CDBG funds for the Road Home program was based exclusively on assistance for homeowners who experienced flood damage.

If an area receives a major disaster declaration, following a tornado or any other like disaster, residents may be eligible for FEMA assistance through FEMA's Individuals and Households Program, funded from the Disaster Relief Fund (DRF). There is no automatically designated CDBG funding from HUD if an area is declared a major disaster area by the President. While the FEMA IHP program does provide housing, repair and other assistance to disaster victims, it does not provide for as robust homeowner compensation as the CDBG-funded programs in Louisiana and Mississippi.

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| **Question#:** | 5 |
| **Topic:** | original approved plan |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Is it the case that there were inclusions in the implemented version of the State of Louisiana's Road Home program that may not have been included in the original approved plan proposals brought to your attention? If so, please specify when you received notice (and the method of notification) of any changes, any significant differences between the proposed/approved plan and the implemented program, and cost estimates associated with those changes.

**Answer:**
Following the $11.5 billion allocation of CDBG funding in December 2005 for all Gulf Coast States, Louisiana officials approached the OFC with a request for an additional allocation of CDBG funding. As a part of the initial request, the State did ask that the Federal government include an allocation for damages incurred by homeowners (up to a $150,000 maximum) who only experienced wind damage as a result of hurricanes Katrina and Rita. The Administration declined this request and communicated its decision and its reasons clearly to the State at that time. OFC continued to work with the State on a variety of other details and policy issues which culminated in the consensus request to Congress for an additional $4.2 billion for Louisiana in the President's Supplemental request on February 15, 2006.

After the Administration requested the agreed upon levels of Federal funding, the State of Louisiana made a unilateral decision to expand the Road Home program to assist homeowners who experienced only wind damage. This decision was within their authority under the language included by Congress in the appropriations law and the very flexible CDBG program rules. The Federal government had no legal authority to overturn the State's decision to re-allocate these Federal funds. We did, however, communicate our serious concerns to the State about its course of action. Current estimates prepared by HUD indicate that there would be no shortfall in the Road Home program if benefits had remained limited to assistance for homeowners who experienced flooding. We will be evaluating the State's Road Home applicant information following their July 31, 2007, submission deadline. We plan to use this information to better understand the size and cause of the Road Home's potential shortfall.

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| **Question#:** | 6 |
| **Topic:** | Road Home program |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
If the Federal Government is required to cover the Louisiana Road Home program shortfall, as well as Louisiana's proposal to cover wind damage, please estimate and describe:
(a) possible statutory implications
(b) any budgetary implications
(c) possible impact on similar programs in Texas, Mississippi, Alabama, Florida and other States impacted by the 2005 hurricane season.

**Answer:**
(a) The Federal government is not required to cover the Louisiana Road Home program shortfall. At no point has the State of Louisiana indicated in their program documents that the Federal government had a statutory requirement to cover any shortfall in the Road Home program. Public program documents, in fact, make it clear that a shortfall in total funding to meet Road Home needs would necessitate program amendments to adjust available CDBG program resources and need.

(b) The impact on the budget of covering the Road Home shortfall depends on the exact size of the shortfall, which is still being determined. Again, the Federal government is under no obligation to cover the Louisiana Road Home Program shortfall and has no authority to cover the shortfall under current law. Louisiana reports that more than 180,000 households have applied under the program. Louisiana officials have indicated that the State expects to exhaust its available funds in December 2007.

There is considerable uncertainty and discussion regarding the size of the Road Home shortfall. OFC has been in discussions with Louisiana officials since the shortfall was revealed. OFC is waiting for Louisiana to provide more complete information regarding the finances of the program.

HUD has conducted a separate analysis of data provided by ICF International, the Road Home program administrator. HUD's analysis showed that there were at least 11,000 duplicates among the 180,000+ households reported by the State to have applied for Road Home benefits. The inclusion of these duplicates has a significant effect on the projected shortfall. HUD has notified the State about its concerns, and the State has indicated to HUD that it does not intend to revise its estimates.

(c) There would be no direct impact on housing assistance programs in other States. We anticipate, however, that other States might re-raise requests for funding of wind-only housing assistance programs that were initially denied by the Administration.

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| **Question#:** | 7 |
| **Topic:** | disaster assistance |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Please detail the amount of federal disaster assistance each of the following States have received from the Department of Homeland Security, the Federal Emergency Management Agency, the Corps of Engineers, the Small Business Administration, the Department of Education, the Department of Labor, and the Department of Housing and Urban Development, and any other relevant federal agency in the wake of the 2005 hurricane season: Texas, Mississippi, Alabama, Florida, Louisiana, and any other State who may have received disaster assistance for that hurricane season. Please describe, in table form, the amount of assistance to each State, the agency responsible for the assistance, the type of assistance, the total amount of assistance expected to be delivered, and the date and amount of current disbursals.

**Answer:**
Attached please find a chart from the Office of Management and Budget that outlines the federal funds spent on Hurricanes Katrina and Rita through June 30, 2007. Please note that OMB is able to break out the numbers by category but not by State as funds are not tracked by State but, rather, event.

# Katrina/Rita Financial Assistance (Emergency Supplementals)

Over the past year expenditures have increased by $24 billion.

| Enacted | Budget Authority | Obligations* | Expenditures |
|---|---|---|---|
| Levees, Wetlands Protection and Other Flood Control Items | $8.4 billion | $2.9 billion | $2.3 billion |
| Long-Term Housing and Other Infrastructure (CDBG and other)<br>LA - $10.4 billion, MS - $5.5 billion, TX - $503 million,<br>FL - $183 million, AL - $96 million,<br>Vouchers/misc. - $400 million | $17.1 billion | $16.5 billion | $5.1 billion |
| FEMA Disaster Relief Fund | $45.2 billion | $41.0 billion | $30.6 billion |
| Flood Insurance Borrowing Authority | $20.8 billion | $19.5 billion | $19.5 billion |
| Department of Defense | $7.2 billion | $4.4 billion | $2.9 billion |
| Department of Transportation | $3.5 billion | $2.6 billion | $1.5 billion |
| Department of Health and Human Services | $2.7 billion | $2.6 billion | $2.1 billion |
| Department of Education | $1.9 billion | $1.9 billion | $1.5 billion |
| Federal Infrastructure and Other Federal Assistance<br>(SBA loans, DOJ/DOL grants, fisheries assistance, etc.) | $7.8 billion | $5.1 billion | $3.9 billion |
| Katrina and Gulf Opportunity Zone Tax Incentives and Relief | $12.7 billion | | |

* All obligations and expenditures are as of June 30, 2007, except FEMA Disaster Relief Fund and HUD CDBG program, which are updated through the end of July 2007.

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| **Question#:** | 8 |
| **Topic:** | eligible |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Using the damage assessments agreed to by all stakeholders to determine the total number of houses destroyed, approximate cost per household, and the scope of the State of Louisiana Road Home program CDBG eligibility, please provide a chart illustrating the State of Louisiana and the areas where flood damage was estimated to have occurred. The chart should list by name the parishes of Louisiana and differentiate eligible flood zone areas from non-eligible areas. If possible, please include insets describing the estimated of households per parish that have applied for Road Home program assistance, as well as those who have been determined eligible so far for Road Home program funds.

**Answer:**
Attached please find a chart compiled by HUD Policy Development and Research (PD&R) that details the homeowner damage for all of the Gulf States following the 2005 hurricanes. The chart demonstrates the homes and rental units affected, the causes of their damage, the severity of their damage, and their location in relation to the FEMA designated floodplain.

We have also attached a Road Home report compiled by the State's Administrator that demonstrates the current status of applications in process and the geographic locations of the applicants.

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| **Question#:** | 9 |
| **Topic:** | private insurance coverage |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
Based on your analysis of the State of Louisiana's Road Home data, what percentage of Road Home participants are also eligible for private insurance coverage? Please provide an analysis of your findings in this area.

**Answer:**
The latest data indicates that 73 percent of participants received some amount of private insurance payment. A total of 80 percent of road home applicants received some form of insurance payment from the flood insurance program, their private insurer, or both. For those without insurance, the Road Home program penalizes homeowners with a thirty percent reduction of their estimated grant amount.

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| **Question#:** | 10 |
| **Topic:** | administrative cost |
| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
| **Committee:** | HOMELAND SECURITY (SENATE) |

**Question:**
On top of the $756 million contract provided to the company ICF to administer the State of Louisiana's Road Home program, it has been reported that there is a $121 million State administrative cost.
(a) What are any current limitations on allowable administrative costs for this disaster assistance program?
(b) Are you aware of any other administrative costs in the Road Home program?
(c) Are these costs allowable?
(d) If these administrative costs are not allowable what steps must be taken to rectify any unallowable costs?

**Answer:**
(a) What are any current limitations on allowable administrative costs for this disaster assistance program?

The fifth proviso in P.L. 109-148 and the fourth proviso in P.L. 109-234 read: "*Provided further*, That each State may use up to five percent of its allocation for administrative costs". This does not include planning, which can be up to 20%.

The State of Louisiana has been awarded a total of $10.41 billion in CDBG disaster funds from these two supplemental appropriations. The State is authorized to utilize $520.5 million for the administrative costs of the program. Currently, the State of Louisiana will likely pay its contractor ICF International over $750 million. The State of Mississippi has spent $80 million on its contractor to serve over 27,000 homeowner grant applicants and has made grants to almost 15,000 homeowners totaling over $1 billion in compensation grants to date.

(b) Are you aware of any other administrative costs in the Road Home program?

HUD is not aware of any "administrative" costs in the Road Home program contract with ICF. A review of the contracts and subcontracts between the State of Louisiana and ICF and ICF and its subcontractors are for and limited to goods and services for the delivery of the State's approved disaster recovery housing programs. The use and allocation of costs for these purposes is consistent with the use and allocation of CDBG funds throughout the CDBG program and is not unique to the disaster funds or the State of

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| **Hearing:** | The Road Home? An examination of the goals, costs, management and impediments facing Louisiana's Road Home program |
| **Primary:** | The Honorable Tom A. Coburn M.D. |
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Louisiana. The CDBG program considers these "Program Delivery" costs. HUD's experience is that grantees usually expend around 13% in housing related activity delivery costs. Based upon the current approved budget, the ICF contract for all housing programs is approximately nine percent of total costs. ICF's activity delivery costs as a percent of total estimated projections to fully fund the Road Home program would be approximately five percent.

(c) Are these costs allowable?

The use of grant funds for the payment of the delivery of goods and services that are eligible activities under the program are allowable activity costs of the program. The payment of staff costs to take homeowner applications, determine the extent of damage to the owner's property, calculate the compensation benefits that the homeowner is eligible for and to meet with the homeowner to provide them with a compensation check are all necessary activity delivery costs and are allowable under the program.

(d) If these administrative costs are not allowable what steps must be taken to rectify any unallowable costs?

HUD has extensively reviewed the contracts and subcontracts between the State of Louisiana and ICF and its subcontractors and has not identified any categories of cost elements that are not allowable under the HUD approved Louisiana action plans for the State's Road Home program.

## Responses to Questions from Nelson Bregón
## From Senator Tom Coburn, M.D.

Hearing: *"The Road home? An Examination of the Goals, Costs, Management and Impediments Facing Louisiana's Road home Program"*
Thursday, May 24, 2007

1. Oversight Authority

(a) Please articulate the statutory authority of the Federal government to oversee the Road Home Program run by the state of Louisiana, as well as any other eligible programs in other states that may use CDBG funds in a similar fashion.

Answer: HUD's statutory authority to oversee the Road Home Program flows from the CDBG statutory provisions, PL. 93-383, at section 104(e) that requires the Department to conduct such reviews and audits as may be necessary or appropriate to determine compliance with the statutory program requirements. With regard to the treatment of similar uses of funds by other CDBG funded grantees, HUD treats staff and operational costs related to the delivery of eligible CDBG activities as cost components of those activities. CDBG activities such as housing rehabilitation, public services and economic development tend to have a staff and operations cost component of the total activity costs. Provisions in the CDBG disaster supplemental appropriations, PL. 109-148 and PL. 109-234 augment the basic CDBG provisions regarding monitoring, compliance, prohibition of duplication of benefits, and general provisions to prevent fraud, waste, and abuse.

1. (b) QUESTION: Do you recommend amending statutory requirements per oversight of programs similar to the State of Louisiana's Road Home program? What specific requirements?

ANSWER: On February 15, 2006, the President submitted his request for supplemental funding related to the recovery of the 2005 hurricanes which would culminate in the enactment of P.L. 109-234. That request asked for $4.2 billion in CDBG funds for Louisiana, an amount that was provided in P.L. 109-234. The request included the following language which was not included in the legislation as enacted:

> Provided further, That Louisiana shall submit a plan to the Secretary detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address mitigation and infrastructure needs: Provided further, that the plan must be approved by the Secretary as consistent with the requirements of this program.

This language, if it had been included, would have allowed the Secretary of HUD to exercise additional oversight of the design of Louisiana's Road Home program.

Within the scope of review authorized by the Community Development Act and the relevant appropriations laws, HUD has not encountered any programmatic issue that could not be addressed with existing program authorities.

Louisiana's Road Home homeowner assistance program and Mississippi's homeowner grant assistance program are similar in design and implementation. There have not been any other programs of the same design, scope or magnitude, although some New York September 11 recovery programs have comparable elements. This lack of precedent is due primarily because a homeowner compensation program is not specifically eligible under the formula CDBG program. Notwithstanding the lack of a parallel eligible activity in the formula program, HUD's oversight responsibilities and authorities are not substantially different than its responsibilities for the oversight of formula grantees implementing housing rehabilitation programs. HUD's current statutory authorities have been sufficient to allow HUD to review, for example, procurement practices, allegations of conflicts of interests, federal line of credit drawdown practices and timing, and states' internal management controls, practices and oversight.

Finally, HUD's experience to date with the New York 9/11 CDBG disaster grants has been similar to its experiences with the compensation grant programs administered by Louisiana and Mississippi. New York was required under one of the supplemental appropriations to provide at least $500 million in grants to individuals, nonprofits, and small business for economic losses. Payments were made to approximately 20,000 businesses and nonprofits and compensation payments to approximately 39,000 households. New York voluntarily implemented successful internal audit strategies similar to those that HUD has required of the Gulf States, including Mississippi and Louisiana. In that instance and in the Gulf States to date, no additional programmatic laws or requirements have been identified as being needed to ensure program integrity and oversight.

HUD will continue to evaluate the states' program implementation and determine the adequacy of current laws and policies to ensure program integrity.

2. At what point did it come to your attention that there was a serious shortfall in the Louisiana Road Home program funds? What form of notification did you receive?

ANSWER: It was not until early April 2007 that this subject came up informally in telephone conversations between HUD and the State although to date, HUD has not received a formal notification from the state of a funding shortfall.

(a) Was there a system of communication in place that may have prevented late notice of the shortfall in the Road Home program?

Answer: In addition to daily interaction between State staff and HUD program staff, the Office of the Federal Coordinator for Gulf Coast Rebuilding (OFC) has also led a weekly conference call with all stakeholders involved in the Road Home program since November 2006. The attendees for the call include Governor Blanco's office, the

Louisiana Recovery Authority, the Louisiana state Office of Community Development, the contractor managing the program, ICF International, the City of New Orleans, as well as Federal agencies such as OFC, FEMA, HUD, and SBA. At no time was any potential shortfall ever raised on one of these calls.

(b)What procedures are currently in place to keep a similar situation from recurring either in Louisiana or in any other state that faces a major disaster in the future that may be eligible for CDBG disaster assistance?

Answer: As stated, the authority of the Federal government over these funds was limited by the decision to remove language from the President's Supplemental request to Congress that would have given the Secretary of HUD more oversight into the state's homeowner assistance programs. As it pertains to the amount of the funding, Governor Blanco characterized the President's supplemental request for $4.2 billion of additional funds for Louisiana as a "consensus" agreement on the additional need. Further, the notice of funds available and the grant agreement limit the Federal government's commitment of funds to the amounts approved. Before Louisiana was allocated an additional $4.2B in the Fourth Supplemental (June 2006), the State thought that its initial CDBG disaster recovery grants ($6.2B through the Third Supplemental in December 2005) might be insufficient. As a result, on May 12, 2006, before receiving an additional $4.2B, the state advised its citizens in its CDBG action plans that:

> "If sufficient funds are ultimately unavailable to fully fund the proposed program or demand exceeds estimates, the maximum amount of financial assistance per household must be lowered.... Eligible assistance does not represent an entitlement to the homeowner, under any circumstances."

Mississippi stated in a public document entitled the "Mississippi Homeowner Assistance Program Phase I" that if the program were oversubscribed by eligible applicants grant calculations would be reduced on a pro rata basis.

(c) Have there been similar circumstances in any other state programs utilizing CDBG finds for hurricane recovery as a result of the 2005 hurricane season?

Answer: No. To date, HUD is not aware of such serious challenges with management and administration in the other states that received CDBG as a result of the 2005 storms.

3. Are you concerned in any way that Road Home program funds are at risk of fraudulent activities? If so, please describe the types of possible fraudulent activity.

Answer: HUD program monitors do not have investigative authority. HUD program monitors roles are limited to program monitoring for program compliance and evaluation. If during the course of routine monitoring HUD program staff uncover suspected fraudulent activity, such matters are referred the HUD Office of Investigation (under the auspices of the Inspector General). While HUD program staff has not uncovered

apparent fraudulent activities, we have been informed by the Inspector General and state program officials that there have been isolated, (unrelated) attempts by individuals to fraudulently qualify for the homeowner assistance programs. We understand that such cases have been prosecuted and publicized.

While no specific case of fraud has been uncovered, the Louisiana Legislative Auditor's office has recently released reports that administrative errors are leading to excessive payments to some Road Home applicants. The allegations in these reports are being investigated.

(a) What measures are in place to ensure that program funds are delivered to those in most need and are not lost to any form of waste, fraud or abuse?

Answer: At the Federal level, HUD is pursuing five courses of action.

First, HUD has made applicable specific reporting, written procedures, monitoring, and internal audit requirements for grantees;

Second, to the extent its resources allow, HUD has instituted risk analysis and on-site monitoring of grantee management of the grants and of the specific uses of funds;

Third, HUD is being extremely cautious in considering any waiver related to basic financial management requirements. The standard, time-tested CDBG financial requirements will continue to apply;

Fourth, HUD is collaborating with the HUD Office of Inspector General to plan and implement oversight of these funds; and

Finally, HUD is following the direction of the conference report, 109–494, and is applying the $6 million of funds appropriated for the Working Capital Fund for "immediate enhancement of the capabilities of the Disaster Recovery Grant Reporting system by building additional electronic controls that will increase accountability while further decreasing the risk of fraud, waste, or abuse."

With respect to the state grantees, HUD has required by notice in the February 13, 2006, and October 30, 2006, Federal Register, that each State must submit to HUD an Action Plan for Disaster Recovery that describes:

> "Monitoring standards and procedures that are sufficient to ensure program requirements, including nonduplication of benefits, are met and that provide for continual quality assurance, investigation, and internal audit functions, with responsible staff reporting independently to the Governor of the State or, at a minimum, to the chief officer of the governing body of any designated administering entity;" and

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All states have established internal audit functions with entities that are independent of the CDBG administrative entity and that report independently. With respect to the states of Louisiana and Mississippi, both states have independent audit contractors committed to the independent oversight of the housing compensation programs. The Legislative Auditor in Louisiana has published at least two internal audits related to the homeowner program online.

The HUD Office of Investigation as well as the States' and contractors' auditing and anti-fraud units have been identifying areas of potential fraud by individuals and made referrals to appropriate law enforcement authorities.

4. Please explain why wind damage was not included in estimates for severe damage in estimates for the State of Louisiana's Road Home Program? Are tornadoes covered by federal recovery grant dollars (either through FEMA or HUDICDBG or any other federal authority) in certain circumstances?

Answer: The Administration, through the Office of the Federal Coordinator for Gulf Coast Rebuilding, made a clear policy decision that CDBG funds would only be allocated to establish homeowner assistance programs for those homeowners that experienced flood damage. The Administration took that position for two reasons:

1) Wind damage is an otherwise insurable event. There is a robust private market in homeowners insurance that covers wind damage, and people need to carry adequate insurance rather than rely on government aid; and

2) The federal government has a special responsibility to assist those homeowners who experienced flooding from breaches of federal levees or storm surge not anticipated in Federal flood maps. These citizens still struggle the most to recover and we have always believed their needs should be prioritized.

   This position was communicated to the State of Louisiana and to other states on the Gulf Coast – most notably Texas – when they requested CDBG funding for homeowner assistance programs that would cover those who experienced only wind damage in Hurricanes Katrina and Rita. The Administration's request for CDBG funds for the Road Home program was based exclusively on assistance for homeowners who experienced flood damage.

If an area receives a federal disaster declaration, following a tornado or any other like disaster, it is eligible for FEMA funding through the Disaster Relief Fund (DRF). There is no automatically designated CDBG funding from HUD if an area is declared a disaster area and the FEMA funding does not establish robust homeowner compensation programs like the CDBG-funded programs in Louisiana and Mississippi.

5. Is it the case that there were inclusions in the implemented version of the State of Louisiana's Road Home program that may not have been included in the original approved plan proposals brought to your attention? If so, please specify when you received notice (and the method of notification) of any changes, any significant differences between the proposed/approved plan and the implemented program, and cost estimates associated with those changes.

Answer: After the Administration requested the agreed upon levels of federal funding, the State of Louisiana made a unilateral decision to expand the Road Home program to assist homeowners who experienced only wind damage. This decision was within their authority under the language included by Congress in the appropriations law and the very flexible CDBG program rules. The Federal government had no legal authority to overturn the state's decision to re-allocate these Federal funds. We did, however, communicate our serious concerns to the State about its course of action. Current estimates prepared by the Department indicate that there would be no shortfall in the Road Home program if benefits had remained limited to assistance for homeowners who experienced flooding. We will be evaluating the State's Road Home applicant information following their July 31, 2007, submission deadline. We plan to use this information to better understand the size and cause of the Road Home's potential shortfall.

6. If the Federal Government is required to cover the Louisiana Road Home program shortfall, as well as Louisiana's proposal to cover wind damage, please estimate and describe:

(a) possible statutory implications

Answer: The Federal Government is not required to cover the Louisiana Road Home program shortfall. At no point has the State of Louisiana indicated in their program documents that the Federal Government had a statutory requirement to cover any shortfall in the Road Home program. Public program documents, in fact make it clear that a shortfall in total funding to meet Road Home needs would necessitate program amendments to adjust available CDBG program resources and need.

(b) any budgetary implications

Answer: The impact on the budget of covering The Road Home shortfall depends on the exact size of the shortfall, which is still being determined. Again, the Federal government is under no obligation to cover the Louisiana Road Home Program shortfall

and has no authority to cover the shortfall under current law. Louisiana reports that more than 180,000 households have applied under the program. Louisiana officials have indicated that the State expects to exhaust its available funds in December 2007.

There is considerable uncertainty and discussion regarding the size of the Road Home shortfall. HUD has conducted a separate analysis of data provided by ICF International, the Road Home program administrator. HUD's analysis showed that there were at least 11,000 duplicates among the 180,000+ households reported by the State to have applied for Road Home benefits. The inclusion of these duplicates has a significant effect on the projected shortfall. HUD has notified the State about its concerns, and the State has indicated to HUD that it does not intend to revise its estimates.

(c) possible impact on similar programs in Texas, Mississippi, Alabama, Florida and other states impacted by the 2005 hurricane season.

Answer: There would be no direct impact on housing assistance programs in other states although we anticipate that other states might re-raise requests for funding of wind-only housing assistance programs that were initially denied by the Administration.

7. Based on your analysis of the State of Louisiana's Road Home data, what percentage of Road Home participants are also eligible for private insurance coverage? Please provide an analysis of your findings in this area.

Answer: The latest data indicates that of the 112,067 cases processed through August 8, 2007, 73 percent received some amount of private insurance payment. A total of 80 percent of road home complainants received some form of insurance payment from the flood insurance program, their private insurer, or both. For those without insurance, the Road Home program penalizes homeowners with a thirty percent reduction of their estimated grant amount.

8. On top of the $756 million contract provided to the company ICF to administer the State of Louisiana's Road Home program, it has been reported that there is a $121 million State administrative cost.

(a) What are any current limitations on allowable administrative costs for this disaster assistance program?

Answer: The fifth proviso in P.L. 109-148 and the fourth proviso in P.L. 109-234 read: "*Provided further*, that each State may use up to five percent of its allocation for administrative costs". This does not include planning which can be up to 20%.

The State of Louisiana has been awarded a total of $10.41 billion in CDBG disaster funds from these two supplemental appropriations. The state is authorized to utilize $520.5 million for the administrative costs of the program. Currently, the State of Louisiana will likely pay its contractor ICF International over $750 million. The State of Mississippi has spent $80 million on its contractor to serve over 27,000 homeowner grant applicants

and has made grants to almost 15000 homeowners totaling over $1 billion in compensation grants to date.

(b) Are you aware of any other administrative costs in the Road Home program?

Answer: HUD is not aware of any "administrative" costs in the Road Home program contract with ICF. A review of the contracts and subcontracts between the State of Louisiana and ICF and ICF and its subcontractors are for and limited to goods and services for the delivery of the state's approved disaster recovery housing programs. The use and allocation of costs for these purposes is consistent with the use and allocation of CDBG funds throughout the CDBG program and is not unique to the disaster funds or the state of Louisiana. The CDBG program considers these "Program Delivery" costs. HUD's experience is that grantees usually expend around 13% in housing related activity delivery costs. Based upon the current approved budget, the ICF contract for all housing programs is approximately nine percent of total costs. ICF's activity delivery costs as a percent of total estimated projections to fully fund the Road Home program would be approximately five percent.

(c) Are these costs allowable?

Answer: The use of grant funds for the payment of the delivery of goods and services which are eligible activities under the program are allowable activity costs of the program. The payment of staff costs to take homeowner applications, determine the extent of damage to the owner's property, calculate the compensation benefits that the homeowner is eligible for and to meet with the homeowner to provide them with a compensation check are all necessary activity delivery costs and are allowable under the program.

(d) If these administrative costs are not allowable what steps must be taken to rectify any unallowable costs?

Answer: HUD has extensively reviewed the contracts and subcontracts between the State of Louisiana and ICF and its subcontractors and has not identified any categories of cost elements that are not allowable under the HUD approved Louisiana action plans for the state's Road Home program.

*Under Secretary*
**U.S. Department of Homeland Security**
500 C Street, SW
Washington, DC 20472

**FEMA**

December 13, 2006

Perry Jeff Smith, JR., CPA
Colonel (Retired)
Acting Director
GOHSEP
7667 Independence Blvd
Baton Rouge, LA 70806

Dear Colonel Smith:

Representatives from the Federal Emergency Management Agency (FEMA), the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), the Louisiana Recovery Authority (LRA), and the Louisiana Office of Community Development (OCD) have been working collaboratively to identify and resolve issues regarding the State's proposed use of Hazard Mitigation Grant Program (HMGP) funds as part of the Road Home Program. This effort has primarily focused on establishing a process where HMGP funds may be used to purchase properties for the purposes of open space in conjunction with the existing Road Home Program. A number of complicated issues have been resolved in principle, although details of implementation have not yet been developed. However, as we proceed, I must inform you that based on our review of the submitted application, as well as on our understanding of the current Road Home process, including recent changes to the process, FEMA has determined that the proposed approach for acquiring properties from homeowners is inconsistent with statutory direction and purposes governing the HMGP.

If HMGP funds are to be used for property acquisition through the Road Home, policy considerations and statutory authorities require the equitable and impartial administration of the program. Although many of the details for the proposed use of HMGP funds must still be established, there are two significant issues regarding HMGP eligibility and the equitable delivery of program funds that I must to bring to your attention at this time.

First, FEMA is aware that GOSHEP is proposing two distinctively different methods for the use of HMGP funds to purchase residential structures under DR-1603- Katrina and DR-1607-Rita. In addition to the Road Home, the state has offered traditional HMGP grants directly to local communities, some of which have proposed open space acquisitions. FEMA has determined and informally advised the State that an equitable basis for establishing the amount offered homeowners for the purchase of their property must be established for all HMGP-funded property acquisitions.

Second, the Road Home applies a 40 percent penalty to property owners who cannot commit to owning a property in-state for three years, and will waive this penalty solely for seniors. FEMA has determined that the use of HMGP funds for open space acquisitions would require funding be made available for all properties that may potentially be eligible, without the proposed 40 percent

penalty for individuals who will not remain homeowners in Louisiana for three years. Because the current Road Home procedures do not identify the ultimate use of the property prior to the offer to the owner, this requirement must apply to every individual selling his or her property through the Road Home. Alternatively, if a process was instituted to identify those properties to be acquired for open space purposes prior to the offer to the property owner, then the HMGP requirement for equitable and impartial treatment would apply only to these properties.

Please be aware that the issues identified above are not comprehensive; however, unless the State ensures the equitable administration of the HMGP by meeting both of the above requirements, the use of HMGP funds for open space acquisitions within the Road Home program is not feasible. FEMA staff will continue to actively work the remaining issues regarding the process for identifying, funding, and managing HMGP eligible activities, and will continue to work with the State with the goal of supporting the Louisiana's recovery, and reducing the potential for losses in future events.

Sincerely,

R. David Paulison
Director

cc: Andy Kopplin, Executive Director, Louisiana Recovery Authority
Gil Jamieson, Deputy Director for Gulf Coast Recovery
David Maurstad, Director, FEMA Mitigation Division
James Stark, Director, FEMA Transitional Recovery Office
Bill Peterson, Regional Director, FEMA Region VI

U.S. Department of Homeland Security
Federal Emergency Management Agency
Louisiana Transitional Recovery Office
One Seine Court
New Orleans, LA 70114
(504) 762-2018 office
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FEMA

February 6, 2007

Perry Jeff Smith Jr., CPA
Colonel (Retired)
Acting Director
Governor's Office of Homeland
Security and Emergency Preparedness
7667 Independence Boulevard
Baton Rouge, Louisiana 70806

RE: Office of Community Development Road Home / HMGP Acquisition Project

Dear Colonel Smith:

FEMA has reviewed the Hazard Mitigation Grant Program (HMGP) grant application submitted by your office on behalf of the Louisiana Division of Administration Office of Community Development (Applicant). Federal funding in the amount of $1,146,240,815 is requested for the proposed acquisition project under FEMA-1603-DR-LA and FEMA-1607-DR-LA. After thorough consideration of this application, I am unable to approve the project, as it does not meet FEMA's statutory, regulatory or programmatic requirements for eligibility.

FEMA has determined that the proposed approach for acquiring properties is not consistent with statutory direction and purposes governing the HMGP. In order for this proposal to be reconsidered, the Applicant must revise the methodology for determining acquisition offers or otherwise modify the Road Home (RH) process as it relates to HMGP such that our statutory and programmatic requirements can be met. These issues are addressed in the December 13, 2006 letter from FEMA Director R. David Paulison to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP).

The RH program proposes to acquire properties using Community Development Block Grant (CDBG) funds then submit certain properties for inclusion into an HMGP project at a later date. Prior to submittal the Applicant or their representative would coordinate with local jurisdictions to determine which properties are acceptable as open space. Those properties would then be placed into an HMGP project. Since this coordination does not take place until after a property has been acquired through the RH program, FEMA must conclude that any properties acquired by the RH program may potentially become part of an HMGP and therefore subject to FEMA's compliance requirements. One way to address this eligibility issue would be for the RH program to eliminate all inequities from the Road Home program.

As an alternative to eliminating these inequities the Applicant could coordinate with local jurisdictions to identify properties that would be acceptable to the community as open space prior to acquisition. Initial Road Home decisions are currently made without regard for the local communities' development plans and local mitigation plans. The proposed project does not include any discussion of the timing or process by which parishes and local governments will be engaged in the decision-making process for the future use of acquired land. By coordinating with local jurisdictions to identify open space opportunities prior to acquiring properties through the Road Home, only acquisitions in those identified areas would need to comply with FEMA's requirements. All other acquisitions are presumed to be CDBG only and would have no potential to be included in a future HMGP application. This process would also serve to assist the applicant in determining areas that are not likely to become open space acquisition such that the Road Home process could be implemented with full knowledge and disclosure of the likely future land use. The proposed acquisitions via the Road Home program also contain limits and penalties that are not applied in other proposed HMGP applications within these disasters. In order to eliminate these inequities, all proposed acquisitions would need to have the same standard applied. It is the State's decision whether to eliminate limits and penalties or impose them for all acquisitions.

This application does not include specific property information. FEMA does not expect the applicant to provide a listing now of all potential properties that ultimately will be included in the HMGP application. However in order to evaluate this project for programmatic eligibility, the application must contain sufficient descriptive information relative to State's planned uses for HMGP funds. The current application describes the Road Home program however it does not provide sufficient detail about the use of HMGP funds through the Road Home program so that we can perform an eligibility review of the proposed process. A list of properties that meet all program eligibility criteria, including cost-effectiveness must be provided and evaluated before any funding can be made available. As individual properties are identified, the applicant will need to provide specific cost and match share information with that structure's budget data. The project must identify the public entity that will be responsible for maintaining each property in accordance with open space requirements.

The project loosely describes acquisition and return to open space for approximately 12,000 properties-none of which have been identified as of the date of this letter. Likewise, the specific costs that can reasonably be directly related to these future acquisitions are not identified in the existing budget. The Road Home program description further indicates that if all funds cannot be expended, other uses will be determined for those funds. Without more descriptive budget, we are unable to determine the actual scope of the project or the allowable costs. This project must provide a budget that captures the estimated cost to acquire properties, including related costs – such that the amount reflects the entire amount of funding requested.

The Road Home description states that if there are insufficient acquisitions to absorb the full HMGP grant, OCD will use the balance of funds for elevation and/or reconstructions. Since elevations and reconstructions are also proposed in 'traditional' HMGP projects the potential is very high that there would be inequity between the two delivery processes that could render those activities ineligible for funding as an alternative in this project. FEMA cannot complete an

evaluation of the proposed alternatives without specific detail describing how these alternatives would be implemented. A discussion of alternatives, including estimated budgets must be provided in the project application.

I understand that a Programmatic Environmental Agreement is being developed that will address the methodology by which environmental and historic review requirements will be met for this project should the State re-submit this application. All properties included in this project must conform to the requirements of this agreement in order to meet FEMA's review requirements under the National Environmental Policy Act.

This project identifies two funding sources: DR-1603 and DR-1607, limiting the affected area to those parishes declared for Individual Assistance. The Hazard Mitigation Grant Program cannot fund a single initiative from more than one source. If it is intended that both DR-1603 and DR-1607 will ultimately be used as funding sources for acquisitions, a separate application must be submitted for each proposed source of funding.

The budget described in this application includes costs to administer the entire Road Home program, including staffing for the Housing Assistance Centers. The application indicates that approximately 123,000 households are expected to be serviced through these centers. Services include counseling for homeowners as they prepare to make decisions about their personal recovery, data intake and other activities that will support components of the Road Home program (rebuild or relocate). Many of these activities will not result in the identification of properties to be included into an HMGP project and most costs associated with the administration of the Road Home program would be ineligible since they do not relate directly to the HMGP activity.

Should the eligibility issues be resolved such that this project can be approved and implemented, FEMA will separate the project into smaller projects defined by parish or local jurisdiction rather than process these acquisitions in one large project. This separation will result in more efficient project management, oversight and accountability. One project containing approximately 12,000 properties presents a challenge in terms of long term management, progress reporting and budget drawdowns, and auditing. Dividing this activity into several, smaller projects allows better identification of mitigation activities within identified local communities. Since FEMA has agreed to perform NEMIS project entry and the subgrantee will not change, the effect to the State and applicant will be minor. The sliding scale calculations for administrative allowance is unaffected by this separation.

To summarize, the project as submitted is not eligible. It is inconsistent with statutory direction regarding equitable and impartial administration of the HMGP. It does not adequately involve the local jurisdiction such that their development and mitigation plans can be adequately addressed. The deficiencies identified by this letter must also be resolved in order for FEMA to evaluate the project for eligibility.

The Application Period deadline for all HMGP projects under DR-1603 and DR-1607 is March 1, 2008. Until this time, the Applicant may decide to submit another project or modify the existing project such that it meets FEMA's eligibility criteria.

If the Applicant decides to appeal they must do so within sixty (60) days of receipt of this decision in writing through the grantee to the Transitional Recovery Office Director. The grantee shall review and evaluate all appeals before submission. The appeal shall contain documented justification supporting the appellant's position, specifying the monetary figure in dispute and the provisions in Federal law, regulation or policy with which the appellant believes the initial action was inconsistent. Please refer to 44 CFR 206.440 Appeals for further guidance.

Please provide all updated project information or direct any questions concerning this letter to Franki Coons, Deputy Section Chief, Mitigation Programs at (504) 762-2545. FEMA is committed to working together to resolve these issues and support the State's recovery activities.

Sincerely,

James W. Stark
Director
Louisiana Transitional Recovery Office

cc: Gil Jamieson, Deputy Director for Gulf Coast Recovery
David Maurstad, Director, FEMA Mitigation Division
Bill Peterson, Regional Director, FEMA Region VI