

Road Home approves rebuilding extension - LRA chief says he'll try to offer more cash

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Just before a high-temperature congressional hearing on the Road Home program Thursday, the head of the Louisiana Recovery Authority announced that changes have been made to two major rules affecting recipients who are still having trouble rebuilding.

LRA Executive Director Paul Rainwater said a change has already been approved to extend a three-year time limit for grant recipients who can show they need more time to rebuild.

Rainwater also said he would seek approval from his board next month to offer more money to about 20,000 low- to moderate-income homeowners who qualify. He plans to make \$600 million available for that purpose, which would mean an average grant of \$30,000.

A few hours later, at a congressional field hearing at Dillard University, U.S. Rep. Maxine Waters, D-Calif., urged the state to use about \$1.5 billion left in the Road Home's \$10.3 billion budget simply to give all eligible applicants a flat additional payment.

Sitting before a tough-talking Waters and a partisan audience, Rainwater said he was ready to help.

"We can't tell you how much (to give), but we don't want another set of rules to put these people through a thousand hoops," Waters said. "Don't you bring me any \$2,000, OK? It has to be significant to help people who are struggling."

"Congresswoman, I will send out the money faster than . . ." Rainwater said as the audience drowned him out in cheers.

But after his testimony, he said in an interview that Waters' suggestion would require massive changes to federal laws that the state has been trying to change for years.

He also said Waters' plan to give a flat amount to every qualified Road Home applicant, regardless of their financial situation, would actually undermine the effort to help poorer families. To make flat payments, Rainwater said the state would likely have to seek a waiver so it would no longer have to give at least half of the Road Home dollars to low- or moderate-income families.

To make the extra money available, Rainwater wants to eliminate the \$50,000 cap on the Road Home's Additional Compensation Grants. Such grants have been offered to low- to moderate-income families as a way to cover some of the gap between home values and rebuilding costs.

However, a recent study by demographer Greg Rigamer found the additional grants were falling far short of making up the difference. The analysis showed the total gap between the cost of rebuilding and the combined Road Home and insurance proceeds of 125,000 grant recipients is between \$1.6 billion and \$2.3 billion.

The problem was exemplified at Thursday's hearing by the story of Lillian Baker, an octogenarian whose home in Pontchartrain Park was destroyed. The Road Home said her estimated damage was \$209,000, but her prestorm value was only \$84,000, and based on that figure, her final grant was \$54,000.

"The Road Home program was supposed to help us get back into our home, but it only created more stress at a time when stress wasn't needed," Baker wrote in testimony read by her daughter, Shari Baker.

For the families who had received Additional Compensation Grants alone, the gap remained \$600 million, Rigamer found.

Rainwater's plan is to use \$600 million of leftover Road Home money to pay additional grants. Doing so will require an action plan approved by the LRA board and approval from the U.S. Department of Housing and Urban Development.

The \$600 million became available when the LRA decided to use money from another source to finance up to \$7,500 to Road Home applicants for storm shutters, roof tie-downs and other mitigation measures. That program still hasn't begun and won't be ready until at least October, Rainwater said.

The Times-Picayune reported more than a year ago that many recipients got far less than what they needed because the Road Home grant formula is based on prestorm values rather than rebuilding costs.

Waters' alternative, in addition to requiring changes to the federal Stafford Act and other legislation, would likely disrupt the LRA's current plans for nearly all the remaining \$1.5 billion in the Road Home budget.

In addition to the \$600 million he wants to distribute to cover rebuilding costs, Rainwater said Thursday that he expects \$500 million to go to a few thousand applicants who are still waiting for grants, another \$85 million to go to applicants who sold their home in the first two years after the storm, and \$245 million toward demolishing thousands of blighted homes that applicants sold to the Road Home.

The covenant extension, already implemented, offers grant recipients up to two more years to rebuild their homes. The original grants set a three-year limit.

"We're coming up on three years of some of the (first) covenants that were signed," Rainwater said. "But there are still significant gaps in funding out there. That's why we're looking at individual covenant waivers on a case-by-case basis, and raising the cap on the ACG -- to get real money into real people's hands."

Rainwater acknowledged that enforcing the three-year time limit to rebuild is difficult for the state. But he denied that offering people a chance to ask for up to two yearlong extensions was a backdoor way of figuring out who is not rebuilding.

"I have no desire to enforce a covenant on someone who is really trying," he said. "But we all know that some people took the money and moved away. We want to help people work through issues, but in some cases we need to enforce the covenants."

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