

Second chance for Road Home may offer relief - Changes designed to aid the struggling

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State and federal authorities last month announced major changes to the \$9.7 billion Road Home program that could help thousands of still-displaced homeowners return to southeast Louisiana and provide relief to many more who are back in their houses but face legal action for failing to comply with the grant program's original rules.

To help clarify the changes and explain where the money comes from and who qualifies to access it, NOLA.com and The Times-Picayune has created the following FAQ.

How did we get here?

After Hurricane Katrina, Congress approved \$9.7 billion in special grants aimed at helping people rebuild their homes. That figure includes cash for supplemental grants, usually about \$30,000 each, to help people elevate their houses.

Over time, though, it became clear that some people hadn't received enough money to rebuild. Some were ripped off by contractors. Some had grants appropriated by their banks to pay off outstanding mortgages. Some never got enough money in the first place because they lived in poor neighborhoods, and the grants were based on market value of the house.

Didn't the state do anything to help those people?

Yes. The Office of Community Development, which administers Road Home, lobbied hard for the rules to be massaged so more people could get home and into compliance with their grants. In 2013, the funding agency, the U.S. Department Housing and Urban Development, agreed to several changes.

People who could demonstrate certain "unmet needs," such as a forced mortgage payoff or contractor fraud, were allowed to access supplemental grant money. People who received money to raise their houses but instead used it on repairs could, retroactively, have the spending blessed by the state.

However, HUD refused two of the state's most important requests. People who spent their grant money on living expenses after being displaced would not be allowed to apply for more. And those who wanted to retroactively convert elevation grants into reconstruction grants would have to provide invoices and canceled checks proving the expenses qualified. After two years of negotiations, HUD has finally agreed to give some ground on both points. Interim housing up to two years will qualify as an unmet need, and a home inspection will be allowed in place of documentation on elevation grants.

Pat Forbes, head of the Office of Community Development, said his office knew that allowing for interim housing and looser documentation requirements for elevation-grant conversion were critical.

HUD, though, held the line until this year, when it was clear thousands would never be able to comply without some relief, Forbes said.

So how many people still owe money, and how much?

Estimates vary, but most of those out of compliance fit into two overlapping groups: those who took Road Home Elevation Incentive grants but didn't raise their houses, about 16,000; and those who accepted reconstruction

money but haven't moved back home, 6,000 to 7,000.

The amount of outstanding grant money they owe remains an open question. A state audit, which was based in part on testing the compliance of randomly selected grants, estimated the figure to be about \$1 billion last year.

Forbes' office has put the amount closer to half that.

Is the state on the hook for that money?

Probably not. HUD had previously sent the state an ominous letter last year that implied Louisiana taxpayers would have to pay the federal government back for any grant money that was unaccounted for, but Forbes said in a recent interview that won't happen. The state has a recovery process set up to go after people who are not in compliance, Forbes said.

"To the extent that we follow those processes, we don't expect to have to pay any money back to the feds," he said. In other words, if the state makes a good-faith effort to get the money back, it won't be held accountable.

Who can apply for more grant money?

People who haven't moved home yet can apply for additional grant money equal to up to two years of housing expenses they incurred while displaced after Hurricane Katrina. People who got elevation grants but haven't yet raised their homes can apply for additional grants to complete the elevation.

I used my elevation money on my house. What about me?

If you used your elevation grant money on repairs or reconstruction, you may be able to have the grant forgiven. However, a home inspection will have to demonstrate the cost of repairs or reconstruction exceeded the amount of money you received in Road Home grants.

For example: If you received \$120,000 in regular Road Home grant money and \$30,000 for elevation, an inspector would have to attest that the cost of rebuilding your house was at least \$150,000 in order for your grant to be forgiven.

Where will the money come from to pay for all of this?

There is still about \$30 million in the Road Home program's budget that hasn't been allocated. Officials hope to free up another \$10 million that has been set aside for legal costs associated with the recovery of grant money from recipients who remain out of compliance.

Together with about \$6 million that was dedicated to other disaster recovery projects that may not be needed, the state would have about \$46 million available for additional Road Home grants, Forbes said. That money will be focused primarily on helping people get back into their houses, he said, but it could also be used to help people elevate their homes.

There's a separate pot of money available only for additional elevation grants. Leftover from the Federal Emergency Management Agency's Hazard Mitigation program, it's not clear yet how much will be available because some projects that had money earmarked for them have not yet been wound down, Forbes said.

How do I apply?

The state has hired a team of liaisons to help people navigate the Road Home grant process. To make an appointment with a liaison, call 1.888.762.3252, extension 2 and ask for "Liaison Help."

Caption: MICHAEL DeMOCKER / staff archive A Road Home tag adorns the front curb of an abandoned home in 2011.

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Thousands of south Louisianans unable to prove that they spent **Road Home** grants properly will have a chance to avoid being dragged to court and forced to pay the money back.

The federal Department of Housing and Urban Development, which financed the \$9.7 billion Road Home program, announced Monday (Aug. 24) that it had agreed to a number of policy changes that will give residents access to more grant money and make it easier for thousands to comply with the program's rules.

The changes come after more than a year of negotiation with the state of Louisiana, which is ultimately on the hook for any money that can't be properly accounted for.

About 6,000 or so people accepted grants to help rebuild their homes but never moved back in. Additional assistance will be available to help them finish the work needed on their home.

About 16,000 or so took grants, usually about \$30,000 or so, to help elevate their homes but **never did**. They will also be able to apply for additional grants to help them raise their homes. If residents can show that the money was used to finish fixing their homes, they will not be obligated to follow through on elevation.

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