

ROAD HOME ENDING - In three years, ICF International chalked up hundreds of thousands of Road Home grants, but thousands of frustrated clients, too

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Three years after state officials hired a Virginia company to run the largest disaster recovery program in U.S. history, the Road Home can be seen as a force for both ruin and rebuilding.

As ICF International's contract ends today, the company is generally reviled by Louisianians and essentially banned from new business with the state, but walks away \$900 million richer and holding lucrative contracts with governments across the country.

The program's slow start and poor initial performance torpedoed former Gov. Kathleen Blanco's political career, but because of that delay, the last year has seen a burst of home-building that has buffered Louisiana from some national economic forces, something that hasn't hurt Blanco's successor, Gov. Bobby Jindal.

And while sky-high expectations led to homeowner disappointment in the first two years after Hurricanes Katrina and Rita, the Road Home eventually came through for most. **It has paid more than 124,000 homeowners** a total of \$8.1 billion, with nine in 10 using the money to rebuild.

As angry as applicants were in 2006 and 2007, when they struggled with the program's onerous verification procedures and constantly changing rules as well as the sinking realization that they couldn't count on politicians' promises, their attitudes in many cases mellowed by the time their grants finally started to come in 2008.

The public's tacit approval for a program that was once so roundly despised could be seen this month at a federal trial involving Road Home fraud. In questioning 50 prospective jurors, U.S. District Judge Sarah Vance asked if any of them got Road Home money and whether their experience would prejudice them.

Twenty-seven people said they had collected grants. Only one said he had a negative experience that could affect his judgment at trial.

--- Series of hurdles ---

Three years ago, ICF signed a \$756 million contract to run two Road Home programs: the homeowner effort and a small-rental repair program.

The agreement was the culmination of a year of wrangling between Baton Rouge and Washington, and the delay put Louisiana behind Mississippi in doling out aid. But it was only the beginning of the struggle.

Blanco promised quick payments, but it took seven months to serve just 1 percent of those eligible. Homeowners complained that the program treated them like criminals. Under pressure to move faster, the LRA started tinkering with eligibility rules.

Amid all that confusion, in March 2007, the federal government dropped a bombshell: The Road Home's process of paying homeowners in installments as they completed repairs violated federal rules. As a result, grants were no longer tied to rebuilding.

Within days, Blanco announced she would not seek re-election.

Later that year, Louisiana succeeded in getting another \$3 billion to cover shortfalls in the program. In December 2007, as Blanco's tenure wound down, she quietly gave ICF a \$156 million raise. When Jindal took office, he handed the reins to Paul Rainwater, who declared that the state had negotiated a bad contract and ICF took advantage.

Since then, the state has withheld more than \$14 million from ICF, claiming the firm failed to meet performance measures and charged the state for unapproved overtime and attorneys fees.

"It's hard for me to say nice things about that corporation," Rainwater said.

For all the bad publicity and fines, ICF parlayed its Road Home experience into lucrative deals elsewhere. At the end of 2005, it held a total of \$227 million in contracts. It immediately quadrupled that by inking the Road Home deal, then went public a few months later. In the past year alone, it won more than \$500 million in contracts involving such agencies and programs as the National Institutes of Health, the Environmental Protection Agency and Head Start.

ICF spokeswoman Melissa Walker declined to comment on the complaints, but did offer a farewell.

"It has been our honor to serve Louisiana homeowners over the past three years," she said. "ICF has worked diligently, under the direction of the state, to execute all policies of the program, and we continue to work closely with the state and their follow-on contractors to ensure a professional transition of the program."

--- Grants being awarded ---

Nearly four years after the storm, the homeowner program has almost run its course. Rainwater said 1,200 to 2,000 applicants should get grants by the end of the year, leaving just 510 applicants in appeals. **About 4,000 others still need to prove eligibility.**

But the small-rental program is another story. When it launched in March 2007, the state promised it would run more smoothly than the homeowner program. It hasn't.

It was supposed to ease rents by reimbursing landlords for more of their costs if they found low-income tenants and charged them less. It hasn't.

The goal was to help restore 18,000 units. More than two years later, it has financed about 1,500.

The program was doomed by a design flaw. It paid landlords only after repairs were complete. Most of the applicants were small-time property owners who couldn't front the money. Commitment letters from Road Home did little to sway loan officers.

When Rainwater took over in 2008, just five applicants had been paid. Many landlords dropped out. ICF earned \$42 million to pay out just \$50 million.

Three months ago, ICF was replaced by ACS State & Local Solutions, and Louisiana agreed to make advance payments to applicants in need. In less than three months, the program has paid to restore 500 units, a 50 percent increase over ICF's two-year total.

Rainwater regrets not making changes to the program earlier.

But even with a new contractor in place, applicants still face delays. More than 200 landlords are waiting for the new contractor to perform final inspections so they can collect.

For them, the contractor's identity doesn't matter. Years of inaction with ICF at the helm is yesterday's news.

"All they can tell me is I'm on the list" for final inspection, said Firdeal Davis-Breure, who spent \$250,000 fixing up the four-plex she and her husband own in Mid-City. "Well, we just cannot afford to wait anymore. Two months is plenty enough time for that company to get itself together."

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