

**Disaster Recovery Initiative
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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Further Changes and Clarifications
to *Road Home* Program (Amendment No. 7)**

November 30th, 2006



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1. Introduction

Hurricane Katrina hit the State of Louisiana on August 29, 2005, and Rita slammed into the state on September 24, 2005. They were the second and third Category 5 hurricanes of the 2005 hurricane season. The storms were deadly and costly to communities throughout the Gulf and particularly destructive to Louisiana. More than 1,100 persons lost their lives in Louisiana; approximately 18,000 businesses were destroyed; roads, schools, public facilities, medical services were washed away; and thousands of people were forced to relocate.

The storms destroyed or severely damaged an unprecedented number of properties.

- 123,000 homes were destroyed or suffered major damage.
- 82,000 rental properties were destroyed or suffered major damaged.
- Housing repair costs are estimated at \$32 billion. Some, but not all, of this was insured.
- Of the rental and owner occupied units that are now uninhabitable, a substantial portion were occupied by low income households.

The US Congress has appropriated funds for recovery in two public laws. The first supplemental appropriation, PL 109-148 provided \$11.5 billion to the states of Mississippi, Louisiana, Alabama, Florida and Texas through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program. Louisiana received \$6.2 billion of those funds. The second supplemental appropriation, PL 109-234, provided an additional \$4.2 billion in CDBG for Louisiana.

Governor Kathleen Babineaux Blanco has prioritized housing redevelopment, infrastructure rehabilitation, and economic development as the primary uses of the two supplemental appropriations. The supplemental CDBG recovery funds are available to the State subject to HUD approval of Action Plans which describe how the funds will be used. The Louisiana Recovery Authority (LRA) has been charged by the Governor and Louisiana Legislature with statutory responsibility for developing policy and the required action plans. The Louisiana Office of Community Development, the agency that administers the State's annual CDBG Program, will administer the supplemental CDBG recovery program.

This Action Plan amendment describes *The Road Home* Housing Programs, consisting of four sets of programs for the restoration of Louisiana's housing stock and its communities: *Homeowner Assistance Program*, *Workforce and Affordable Rental Housing Programs*, *Homeless Housing Programs*, and *Developer Incentives*. The purpose of this Action Plan Amendment is to clarify and update the housing program descriptions previously published in an Action Plan Amendment on April 6, 2006. This amendment replaces pages 1-17 and Appendix 2 of the *Road Home* Housing Plan. Future Action Plan amendments will describe other aspects of the State's supplemental CDBG recovery program.

To promote sound short- and long-term recovery planning at the state and local levels that impact land use decisions that reflect the need for responsible flood plain management and growth, the State, through the LRA, is leading community planning efforts in the most affected parishes. Dubbed *Louisiana Speaks*, this effort is a multifaceted planning process to develop a sustainable, long-term vision for South Louisiana in the wake of the destruction caused by Hurricanes Katrina and Rita. The plans developed locally through *Louisiana Speaks* will be supported by CDBG allocations. The redevelopment of communities will be guided by the plans derived through *Louisiana Speaks* and other local planning efforts. Homeowners receiving assistance through the *Road Home* program will undoubtedly factor these plans into their personal decisions about whether to remain in their home or relocate, but assistance to individual homeowners under this program will not be dependent on the adoption of such plans by state or local authorities.

1.1 Goals of *The Road Home* Housing Programs

The Road Home Housing Programs have several goals. They will:

- Provide compensation to homeowners for damages to their homes related to Hurricane Katrina and Hurricane Rita;
- Help restore pre-storm value to homeowners who want to return to Louisiana;
- Provide affordable rental housing opportunities for displaced residents; and
- Provide housing for the return of critical workforce.

The Road Home Housing Programs will achieve their goals by ensuring, among other things, that:

- Neighborhoods are rebuilt pursuant to locally driven plans that emphasize safety and reduce risks in rebuilding;
- Homes are rebuilt in ways that ensure safer and smarter construction and meet the State's codes and the latest available flood elevation guidance from FEMA
- Neighborhoods are rebuilt in a manner that promotes mixed income communities; and
- Households with special needs such as the elderly and those with disabilities are provided housing opportunities

1.2 Basis for Recommendations

The Road Home Housing Programs have been designed based on the best available information on housing needs, housing costs, potential public funding and the ability of the programs to leverage private resources. This Action Plan Amendment describes *The Road Home* Housing Programs to be supported with Community Development Block Grant funds appropriated under PL 109-148. A separate Action Plan Amendment will be prepared to describe the programs to be supported with funds appropriated under PL 109-234

The CDBG funds directed to workforce and affordable rental housing will supplement an estimated \$1.7 billion in private equity investments derived from Low Income Housing Tax Credits allotted to Louisiana through the federal Gulf Opportunity Zone legislation. In addition, the State will supplement assistance to owner-occupants with an estimated \$1.17 billion in housing-related Hazard Mitigation Grant Program funds.

The damage from Hurricanes Katrina and Rita disproportionately impacted families with low to moderate incomes. HUD therefore requires that at least fifty percent of the supplemental CDBG funds allocated to Louisiana for recovery be invested in programs that directly support those families. Accordingly the great majority of funds will go to low- and moderate-income families.

If federal agencies require changes to the proposed Action Plan Amendment or program costs exceed projections and available funding, Louisiana will be required to modify this proposed Action Plan Amendment.

2. Assistance to Homeowners¹

2.1 Overview of the Homeowner Assistance Program

In the aftermath of Hurricanes Katrina and Rita, an estimated 123,000 owner-occupied homes were destroyed or suffered major damage, according to FEMA. In response to this unprecedented disaster, Louisiana will use \$8,080,000,000 of the supplemental CDBG funds and an additional \$1.17 billion of funds from the FEMA Hazard Mitigation Grant program for the *The Road Home* programs.

The overarching purpose of *The Road Home* is to rebuild Louisiana's impacted communities. Devastated communities will be blighted by abandoned homes, clouded land titles, and disinvestments if a large portion of the financial assistance is not provided to homeowners as compensation for their losses and as incentives for homeowners to remain in the affected areas. Therefore, the most comprehensive financial and technical assistance packages will be made available to those pre-Katrina and Rita homeowners who make the effort and take the risks to move back to play a part in rebuilding Louisiana. The homeowner assistance activities consist of the following:

- Funds provided to homeowners as (i) compensation grants for hurricane damage to their home, without limitations with respect to income, and additional compensation in the form of affordable compensation loans for eligible homeowners (i.e., those whose household income are less than are equal to 80% of median income for the affected area); or (ii) payment for the acquisition of their homes by the State ("Buyout/Relocate" or "Sale" Programs). Homeowners

¹ For the purpose of this Action Plan amendment homeowner and owner occupant are used interchangeably.

can elect how to receive their assistance (i.e., as compensation for losses if they elect to retain their home or as payment for the sale of their homes to the State). After certain deductions, the homeowner has complete discretion as to the use of compensation grant funds received, as allowable by State and Federal law, as they work through their personal disaster recovery situation.

- The state will require that a homeowner who elects to keep his/her home allows covenants be placed on it. The covenants ensure that the homeowner is returning to the neighborhood and helping to rebuild the community by requiring owner occupancy for three years. The covenants also help ensure that homes are better able to withstand storms by requiring that the home to be occupied meets Uniform Construction Code or local codes if amended, is elevated if required to do so to meet the FEMA's latest flood elevation guidance, and that the home is insured against hazards. The covenants do not require program funds to be used to meet these conditions.
- To ensure that the *Road Home's* goals are achieved and the covenants satisfied, the State has worked with lenders to gain their consent to subordinate their mortgage liens to the covenants. A homeowner should expect that the first mortgage lender, in exchange for the subordination of the mortgage lien, will ask that payments received by the homeowner be deposited in a disbursement account for the benefit of the borrower. The homeowner and the first mortgage lender will be able to jointly manage the funds in the account.
- A homeowner without a mortgage who elects not to sell a home to the State will also sign the covenants to ensure that the program requirements are met. Payments may be made to such homeowners by the State in full or in installments to ensure compliance with the covenants.
- A homeowner may elect to use funds received to reinvest in the State and relocate to another home within the State. Alternatively, an owner may choose to no longer remain a homeowner within the State by either moving outside of the State or remaining in the State and becoming a renter. The payment provided will be less than the payment available if the owner elects to remain and reinvest in the State.
- An elderly homeowner (persons 65 or older as of December 31, 2005) will not be penalized for electing to no longer remain a homeowner within the State.

2.2 Eligibility for Homeowner Assistance

To be eligible for the Homeowner Assistance Program:

- The homeowner must be able to prove that he or she owned and occupied the property as a primary residence at the time of the Katrina/Rita disasters, prior to August 29, 2005;

- The owner must have registered for FEMA Individual Assistance and FEMA must have categorized the home as having been “destroyed” or having suffered “major” damage. In certain cases, owners may not have been able to register with FEMA or an owner may have registered with FEMA but the FEMA records do not reflect their registration. These homeowners may still be eligible for assistance if the damage to their home meets the FEMA damage classification as destroyed or suffering major damage as a result of the storm and verified by the State through alternative means.
- The home must be in a single-unit or double-unit structure to apply to the Homeowner Assistance Program for compensation. An owner-occupant of a double-unit structure may apply to the Homeowner Assistance Program. The full double-unit structure will serve as the basis for calculation of assistance up to the program cap of \$150,000.
- The owner-occupant landlord is eligible for funding under both the Homeowner Assistance Program and the Small Rental Repair Program. An owner- occupant of a three- or four-unit structure must first submit an application through the Small Rental Repair Program. The homeowner’s compensation will be a pro-rated amount of the total structure with compensation available up to \$150,000 for the owner occupied unit.

Applicants must meet all of the above requirements to receive assistance. Homeowners that believe they have suffered major or severe damage, but did not qualify for FEMA assistance will be able to appeal their eligibility for *The Road Home*. Homeowners who believe they will be eligible for the program are encouraged to apply with *The Road Home* program at www.road2la.org or by calling 1-888-ROAD-2-LA.

During the process of reviewing applications to *The Road Home*, the LRA in collaboration with OCD will make available information about the preferences of homeowners to retain their homes or relocate so the choices can inform local planning processes. In areas where a high proportion of homeowners are choosing not to remain in an area, state or local authorities may limit the use of assistance only to purchase of properties.

2.3 Requirements for Receiving *Road Home* Homeowner Assistance

To accomplish the State’s goal to resurrect damaged communities, the State proposes to encourage investment in Louisiana. The homeowner will be required to demonstrate his or her commitment to the State by signing legally binding agreements and covenants to ensure that the *Road Home* Housing Program goals are met. The program agreements and commitments include, but are not limited to, assurances that:

- An occupied home meets the legal requirements under the State Uniform Construction Code,² complies with local zoning codes, and if located in a special flood hazard zone, complies with the latest available FEMA guidance for base flood elevations, unless exceptions are granted by the LRA based on reasonable alternatives where safety is not minimized;³
- If staying in the state, a home will remain an owner-occupied primary residence for at least three years after final receipt of funds from *Road Home* (original owner can sell to a buyer who assumes this responsibility);
- If staying in the state and the homeowner also receives an affordable compensation loan, the owner must retain the home as the primary residence for five years after final receipt of funds from *Road Home* (owner does not have option of buyer assuming this responsibility).;
- A home will be covered by a residential hazard insurance for three years if receiving only the compensation grant and five years if receiving the additional affordable compensation loan;
- A home must remain covered by flood insurance if the home was previously flooded and located in a special hazard flood zone;
- Claims for unpaid and outstanding insurance payments and other reimbursements that may duplicate program benefits will be subrogated back to the *Road Home*.

Homeowners making application to the program must be willing to:

- Sign a release so that information required to approve the application can be verified by *Road Home*;
- Agree to verification of their ownership status, the amount of disaster related damage to the home, and its pre-storm value;
- Swear to the accuracy and completeness of all information provided to the Program under penalty of law.

While homeowners are not required by the *Road Home* to clear their properties prior to a sale to the program, they are encouraged to contact their local government to obtain clearance assistance from the Army Corp of Engineers. Similarly, homeowners whose homes were flood damaged and who carried flood insurance are urged to contact their insurance agent to obtain information about eligibility for clearance through the Increased Cost of Compliance (ICC) benefits available under their insurance policy.

Homeowners that fail to meet all of the program's requirements may not receive benefits or may be required to repay all or some compensation received back to the *Road Home* program.

² A number of communities have not yet adopted or implemented the State Uniform Construction Code. Pursuant to the State's commitment to rebuild safer and stronger communities, homeowner assistance provided by *The Road Home* will be contingent upon local enforcement of and individual compliance with all legal requirements under the code.

³ Federal and state law may require homes in historic districts to meet additional standards.

2.4 Amounts and Forms of Homeowner Assistance

2.4.1 Maximum Assistance

The maximum financial assistance from all Program resources for owner occupants is up to \$150,000. The proposed ceiling assumes that estimates of likely demand for assistance derived from HUD, FEMA and SBA data are accurate.

Though it is the intent of the program that homeowners have sufficient resources to get back in to a home, not every homeowner is necessarily entitled to the maximum amount of financial assistance. In many cases the *Road Home* will not provide 100% of the resources the homeowner needs to recover from the losses suffered as result of Hurricane Rita or Hurricane Katrina. This is true for many reasons, such as the fact that assistance is capped at \$150,000, labor and material costs in Louisiana are very high, and assistance is reduced by any hazard insurance, flood insurance, FEMA benefits and other compensation payments received by the homeowner for the losses due to Hurricane Katrina and Hurricane Rita.⁴

Note that *Road Home* is not an annually funded entitlement program and cannot go over budget. If costs exceed budgeted projections, grant assistance to homeowners may have to be reduced and the Program may be required to pro-rate remaining benefits for homeowners who have not received funds from the program.

2.4.2 Financial Assistance for Homeowners - Overview

The Program will provide compensation for three types of homeowners:

- Homeowners that want to stay in their homes (referred to as “Option 1: Stay”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, but remain homeowners in Louisiana (referred to as “Option 2: Relocate”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, and either move out of the state or remain in the state but as a renter (referred to as “Option 3: Sell”).

Compensation is provided in exchange for acceptance of legal agreements described in Section 2.3. Homeowners that want to stay in their home or relocate will be eligible for compensation calculated in three tiers:

- compensation grant to cover uninsured, uncompensated damages by the homeowner as a result of Hurricane Katrina or Hurricane Rita.
- mitigation allowances; and⁵

⁴ The reduction of *Road Home* benefits by the amount of compensation received from other sources is a requirement imposed by federal funders to eliminate duplication of benefits.

⁵ Mitigation grants are generally available to pay for costs of elevation in order to meet Advisory Base Flood Elevations and for post repair mitigation measures. Funding of up to \$30,000 is available for the elevation allowance (additional funds may be available with affordable loan) and up to \$7,500 is available to complete other mitigation measures.

- additional affordable compensation loan of up to \$50,000 for homeowners with income at or below 80% of area median income which will be forgiven over a period of 5 years.

The calculation of compensation payments takes into account the cost of replacement housing, whether or not the home was more than 51% damaged, the value of a home before the storm, and other payments received by the homeowner as compensation for losses. The compensation grant for homeowners who did not carry hazard insurance and homeowners who were living in the flood zone and did not carry flood insurance will be reduced by thirty percent.

2.4.3. Factors Used to Calculate Benefits

Estimated Cost of Damage or Estimated Cost to Replace Home

It is the State's Policy that participants in the *Road Home* Homeowner Assistance Program deserve a fair and independent estimate of the cost of damages from the storms regardless of the cause of the damage. Therefore, the *Road Home* program staff will provide evaluations that identify the costs of damage to the home or the estimated cost to replace the home. The *Road Home* Program reserves the right to use damage estimates prepared by others such as FEMA, the Small Business Administration, and insurance companies where those estimates are deemed reliable.

- If the home is less than 51% damaged, the *Estimated Cost of Damage* will be used in determining homeowner compensation.
- If the home is more than 51% damaged, the *Estimated Cost to Replace the home* will be used in determining the homeowner compensation.
- A determination of the percentage damage will be calculated using the following calculation:

[Estimated Cost of Damage (divided by) Estimated Cost to Replace] * 100 = % Damage

Pre-Storm Value

To accurately calculate compensation, the *Road Home* Program must base assistance on a fair and equitable pre-storm value of the home. The pre-storm value is based on one of four methods:

- A third party appraisal conducted before the storm but after January 1, 2000;
- An Automatic Valuation Method (AVM);
- A Broker's Opinion of Value (BOV); or
- In absence of any of the above, a third party appraisal conducted by the *Road Home*.

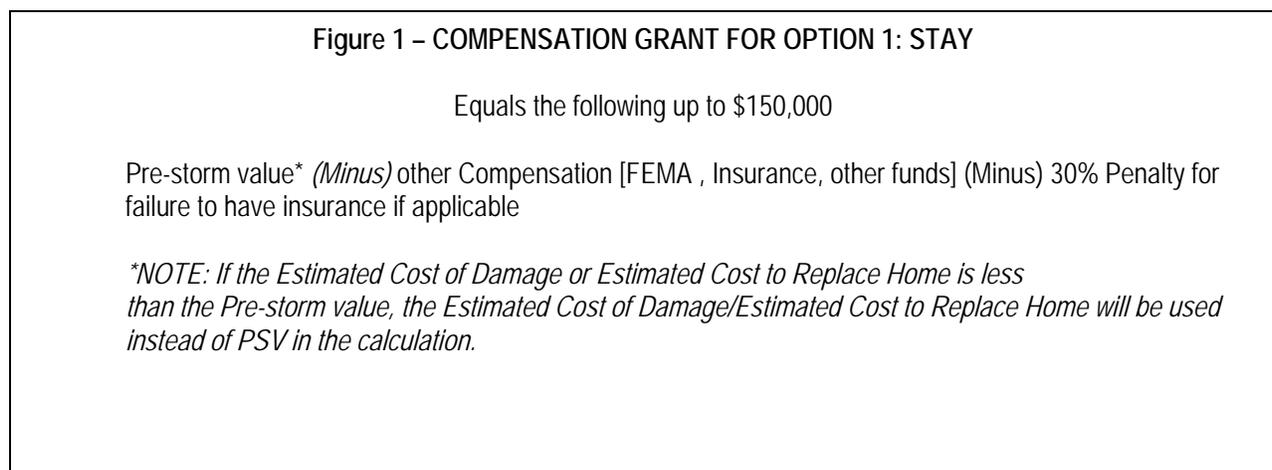
Duplication of Benefits

Pursuant to federal statute and HUD requirement for the CDBG program, homeowner assistance may not duplicate any benefits from any source, received by the homeowner as a result of damages incurred during Hurricanes Katrina and Rita. Therefore,

compensation from other sources such as FEMA and insurance payments for damages must be deducted from *Road Home* compensation. Legal fees associated with obtaining insurance benefits will not be deducted as duplication of benefits. Homeowner must be able to adequately document these costs.

2.4.4 Option 1: Homeowner Staying in Home

Figure 1 provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits. **Appendix 2** provides examples of how hypothetical households might be assisted.



2.4.5 Option 2: Relocate

A homeowner who elects to stay in Louisiana as an owner, but not in the same home will be able to sell their property to the State. **Figure 2** provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits. Depending on the percentage damage to the home, the State will compensate the homeowner based on the home's pre-storm value or the Estimated Cost of Damage. **Appendix 2** provides examples of how hypothetical households might be assisted.

Figure 2 – COMPENSATION GRANT FOR OPTION 2: RELOCATE

If home is less than 51% damaged
Equals the following up to \$150,000

Pre-storm value* (Minus) other Compensation [FEMA , Insurance, other funds] (Minus) 30% Penalty for failure to have insurance if applicable

**NOTE: If the Estimated Cost of Damage is less than the Pre-storm value, the Estimated Cost of Damage will be used instead of PSV for the calculation*

If home is equal to or greater than 51% damaged
Equals the following up to \$150,000

Pre-storm Value (Minus) other Compensation [FEMA, Insurance, other funds] (Minus) 30% Penalty for failure to have insurance if applicable

2.4.6 Option 3: Sell

Homeowners may elect to forego homeownership in the State. They may choose to sell their property to the State and relocate outside of Louisiana or remain in the State but choose not to purchase a home. Depending on the percentage damage to the home, the State will compensate the homeowner based on 60% of the home's pre-storm value or the Estimated Cost of Damage. For elderly households, calculations for compensation will be based on **100%** Pre-storm Value and will follow the calculations in Figure 2 above. **Figure 3** provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits. **Appendix 2** provides examples of how hypothetical households might be assisted.

Figure 3 – COMPENSATION GRANT FOR OPTION 3:SELL

If home is less than 51% damaged,
Equals the following up to \$150,000

60% of Pre-storm Value* (Minus) other Compensation [FEMA, Insurance, other funds] (Minus) 30% Penalty for failure to have insurance if applicable

**NOTE: If the Estimated Cost of Damage is less than 60% of Pre-storm value, the Estimated Cost of Damage will be used instead of PSV for the calculation*

If home is equal to or greater than 51% damaged,
Equals the following up to \$150,000

60% of Pre-storm Value (Minus) other Compensation [FEMA, Insurance, other funds] (Minus) 30% Penalty for failure to have insurance if applicable

2.5 Redevelopment of Purchased Property

The publicly chartered nonprofit *The Road Home* Corporation will take title to properties purchased by the *Road Home* Homeowner Assistance Program. Properties purchased by the program and held by *The Road Home* Corporation will be redeveloped and returned to commerce or preserved as green space, in a manner which is consistent with local land use plans and direction. Pursuant to a primary goal of the Homeowner Assistance Program, purchased land will not be left to blight and disrepair.

The *Road Home* Corporation will work with local and parish governments to decide on the disposition of purchased properties. Working with local and parish governments, *The Road Home* Corporation may among other things:

- *Develop* properties by packaging the properties for redevelopment, offering them for redevelopment through competitive bids, and overseeing the redevelopment of the property consistent with local and regional plans that have been approved by the LRA and in adherence to the policy guidelines for rebuilding, recovery, and land use management set forth by the LRA. Any proceeds derived through the sale of these properties would be program income and would be used to fund eligible CDBG activities.
- *Transferring* properties from the state to a local redevelopment agency upon approval by the LRA of redevelopment plans that takes into account local land use guidelines. The local agency would package the properties, offer them up for redevelopment through competitive bids, and oversee the redevelopment of the property. Any proceeds derived through the sale of these properties would be considered as program income and will be used for eligible CDBG activities.
- *Maintaining* properties as permanent green space as a result of a decision by local authorities by transferring the properties to an appropriate local land management agency which will operate and maintain them.

The LRA has endorsed the findings and recommendations of the American Institute of Architects and the American Planning Association planning conference held on behalf of the LRA in November 2005. Consistent with those recommendations, for properties that are acquired by the *Road Home* Homeowner Assistance Program or other land assembled by the State for redevelopment, the State will insure that 25% of the properties are used for affordable housing according to HUD guidelines for the HOME program.

Whether properties are managed by a state agency or local redevelopment authority, the properties acquired by the *Road Home* Program or other land assembly programs must retain affordability requirements to be defined by the *Road Home* Corporation after their transfer. The State will monitor the property to assure the requirements are met and maintained.

The LRA recognizes the potential for a significant return on investment in property redevelopment, a scenario demonstrated with research in a recent report of the Gerson Lehrman Group. The LRA is committed to reinvesting these proceeds in the comprehensive community redevelopment activities already supported by supplemental CDBG funds allocated through state programs, including *The Road Home*. The priorities of recycled funds shall include housing restoration, affordable housing for homeowners and renters, infrastructure enhancements, and economic development activities designed to help recreate strong communities which are closely tied to transit, jobs, and public services.

2.6 Treatment of Homeowners with Special Circumstances

Assignability: After the launch of *The Road Home*, the State will prepare policies that allow a homeowner to sell his or her home on the open market and to assign rights to Program assistance to the new buyer. Assigned grants will require the new buyer to meet the same requirements the original homeowner would have been required to meet to qualify and receive assistance under the Program.

Death or Infirmity of Eligible Owner: Some homeowners have died since the time of the storms. In such event, an heir who has been placed into legal possession of the property under applicable law will be eligible for homeowner assistance in place of the deceased owner. If a homeowner is incapacitated due to illness or other infirmity, any person legally authorized to act on behalf of such a person, such as is provided by a power of attorney, is eligible to apply for assistance on behalf of the homeowner.

If a homeowner who has received assistance from *The Road Home* dies after receiving assistance and signing the required legally binding agreements to ensure compliance with the Program requirements, the agreements will continue to apply to the property.

Owner-Occupants Who Have Already Sold Their Principal Residence: Some homeowners may have chosen to sell their homes prior to launch of the *Road Home* Homeowner Assistance Program on August 29, 2006. It is the goal of *The Road Home* to ensure that damaged properties qualifying under the Homeowner Assistance Program do not remain blighted and undeveloped. If the development goals of the Program are met for the damaged property, and a homeowner can demonstrate that he or she remains in a loss situation after selling the damaged property to another party, such homeowner may receive assistance under the Program to compensate for remaining losses in accordance with the Program requirements.

Owners Who Have Received Other Assistance: Policies will be set for discounting compensation amounts for any grants or below-market interest rate loans from government agencies that may have been received by an owner for these purposes. Pursuant to federal statute, assistance from *The Road Home* must be used to repay any loans from the Small Business Administration (SBA) that a homeowner has received in compensation for the same losses.

Owners of Mobile Homes: Owners of a site built home, manufactured home or mobile homes may also be eligible for assistance regardless of whether they own the land on which the damaged home was located, to be determined by criteria developed in order to ensure ownership and immobilization of the structure.

Appeals: Any homeowner has the right to appeal decisions made by the *Road Home* program including eligibility decisions and calculation amounts used to determine funding assistance awards. To appeal, call 1-800-Road2LA (1-800-762-3252).

2.7 Accounts for Receipt of Funds

The state will employ a closing agent to disburse compensation to homeowners who elect to stay in their storm damaged home. The closing agent will ensure that legal agreements are signed and covenants recorded. Compensation payments may be paid to the homeowner by either (1) payment to a two-party joint account controlled by the homeowner and his or her first mortgage lender, when a first mortgage lender is involved; or (2) on a periodic basis as evidence of compliance with Program requirements is provided to the State by the homeowner or others, where a first mortgage lender is not involved. The Program administrator or its designated agent will coordinate the execution of documents by the homeowner as necessary or required by the Program to receive the payments, and to ensure that the Program requirements are met.

If the homeowner elects to sell his or her property to the State, the funds may be paid to a closing agent (i.e., such as a title insurance company or a licensed Louisiana attorney acting as title agent or closing agent for the transaction), who will disburse the funds under separate instruction from the State and in accordance with a closing statement or other disbursement statement approved by the State, to ensure that existing mortgage and other liens are paid and satisfied at or after closing with respect to the property purchased by the State, and to ensure that Program requirements are satisfied with respect to such homeowner.

2.8 Homeowner Assistance Centers – Process for Receiving Assistance

The Road Home's Call Center is available to assist anyone with questions regarding *The Road Home* program, including general questions about the program as well as specific questions on the application process.

Homeowners interested in participating in *The Road Home* program must complete an application online, submit a hard copy to a housing assistance center, or complete an application over the phone by calling 1-888-Road 2 LA (1-888-762-3252). To apply online, visit www.road2LA.org. TTY callers use 711 relay or 800.846.5277.

Once an application has been received, *The Road Home* team will review the application. The homeowner will then receive a letter in the mail with detailed instructions on how to call to schedule an appointment.

Appointments held at *The Road Home's* Housing Assistance Centers will help homeowners navigate through a maze of obstacles such as negotiating insurance settlements, dealing with mortgage issues, understanding the implications of new flood maps, and dealing with building contractors as they rebuild. An owner will have to make decisions on whether to stay in their homes, buyout and relocate in Louisiana, or to sell their home and move out of State. While some homeowners can overcome these barriers themselves, many homeowners will need expert, trustworthy advisors, in addition to receiving financial assistance.

The Road Home program's Housing Assistance Centers are designed to respond to these needs. These Centers serve as the places where eligible homeowners with scheduled appointments can speak one-on-one with trained housing advisors who will guide homeowners through the process and help them make informed decisions about their options. During a homeowner's initial appointment, housing advisors will collect records about ownership, flood and homeowners' insurance, and recovery estimates. This information and any other personal information will be stored at a secured data center and will be protected for privacy.

Advisors will provide information that helps a homeowner:

- Evaluate his or her personal disaster recovery situation;
- Deal with mortgage and refinancing issues;
- Select professional services providers such as home inspectors, architects, surveyors (for replacement homes) to design and prepare for repairing or replacing homes;
- Make informed decisions about selection of repair contractors, homebuilders and manufactured housing companies; and
- Obtain advice about fair housing and protections against housing discrimination.

The Housing Assistance Centers will help mitigate the potential for misunderstanding and abuse by providing standardized, structured, and guided relationships between homeowners and service providers. In addition, *The Road Home* program will provide a Professional Rebuild Registry that connects homeowners with professional service providers and building contractors.

**APPENDIX 1
SAMPLE BENEFIT CALCULATIONS**

Example 1

A couple owns a home with a pre-storm value of \$100,000. Their home was severely damaged and the *Road Home* evaluation determined that the percent damage was equal to or greater than 51%. The *Road Home* determined that the estimated cost to replace their home is \$140,000. The home is in a flood plain and the local municipality determined the home was 60% damaged and therefore requires elevation to meet the Advisory Base Flood Elevations (ABFEs). They received \$30,000 from their insurance company and \$10,000 in FEMA Assistance. Their mortgage runs for another 8 years and the monthly payments are modest. What are their options under the *Road Home* housing plan?

Homeowner Summary

| | |
|--|-----------------|
| Pre-storm Value: | \$100,000 |
| Estimated Cost to Replace Home: | \$140,000 |
| Prior Compensation | |
| Insurance: | \$30,000 |
| FEMA Assistance: | <u>\$10,000</u> |
| | \$40,000 |
| | |
| Estimated elevation cost based on <i>Road Home</i> evaluation: | \$60,000 |
| NFIP Increased Cost of Compliance (ICC) Funding to elevate: | \$30,000 |

What if the couple wants to stay in their house?

Option 1: Stay

| | |
|--|-------------------|
| Uncompensated replacement costs: (\$140,000-\$40,000) | = \$100,000 |
| Uncompensated loss: (\$100,000-\$40,000) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| | |
| Uncompensated elevation cost (\$60,000-\$30,000) | = \$30,000 |
| Elevation allowance is above up to \$30,000 cap | = \$30,000 |
| | |
| TOTAL ASSISTANCE | = \$90,000 |

What if the couple wants to sell their home and buy another in the State?

Option 2: Relocate

| | |
|--|--|
| Uncompensated loss: (\$100,000-\$40,000) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| | |
| Allowance to elevate to meet ABFE (\$30,000 cap) | = Not required (new home not in ABFE) |
| | |
| TOTAL ASSISTANCE | = \$60,000 |

The full \$60,000 may not go directly to the couple since they will have to pay off the mortgage and any other liens on their home at the time of settlement. They may be eligible for additional mitigation assistance if their new home requires elevation or individual mitigation measures.

What if the couple wants to sell their home and move outside of Louisiana?

Option 3: Sell

| | |
|--|-------------------|
| 60% of Pre-Storm Value: (\$100,000 X .60) | = \$60,000 |
| Minus Other Compensation | = \$40,000 |
| Uncompensated loss: (\$60,000-\$40,000) | = \$20,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

TOTAL ASSISTANCE = \$20,000

What if the couple is in their seventies and chooses Option 3: Sell?

Option 3: Sell

Since the couple was 65 years of age or older as of December 31, 2005, the couple is exempt from the penalty associated with **Option 3: Sell**.

| | |
|--|-------------------|
| Uncompensated loss: (\$100,000-\$40,000) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |

TOTAL ASSISTANCE = \$60,000

What if the couple did not carry hazard or flood insurance?

Option 1: Stay

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$60,000 |
| Minus 30% insurance penalty | = (\$18,000) |
| Compensation grant | = \$42,000 |

Elevation allowance to meet ABFE = \$30,000

TOTAL ASSISTANCE = \$72,000

Option 2: Relocate

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$60,000 |
| Minus 30% insurance penalty | = (\$18,000) |
| Compensation grant | = \$42,000 |

Allowance to elevate to meet ABFE (\$30,000 cap) = Not required (new home not in ABFE)

TOTAL ASSISTANCE = \$42,000

Option 3: Sell

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |

TOTAL ASSISTANCE = \$14,000

What if the couple was insured and their household income is at or below 80% Area Median Income (AMI)?

Option 1: Stay

| | |
|---|-------------|
| Uncompensated replacement costs: (\$140,000-\$40,000) | = \$100,000 |
| Uncompensated loss: (\$100,000-\$40,000) | = \$60,000 |

Compensation grant is lesser of above up to \$150,000 = \$60,000

Uncompensated elevation cost (\$60,000-\$30,000) = \$30,000
Elevation allowance is above up to \$30,000 cap = \$30,000

Estimated Cost to Replace Home = \$140,000
Minus Compensation Grant = (\$60,000)
Minus Other Compensation = (\$40,000)
Affordable Compensation Loan up to \$50,000 cap = \$40,000

TOTAL ASSISTANCE = \$130,000

Option 2: Relocate

Uncompensated loss: (\$100,000-\$40,000) = \$60,000
Compensation grant is lesser of above up to \$150,000 = \$60,000

Allowance to elevate to meet ABFE (\$30,000 cap) = Not required (new home not in ABFE)

Estimated Cost to Replace Home = \$140,000
Minus Compensation Grant = (\$60,000)
Minus Other Compensation = (\$40,000)
Affordable Compensation Loan (up to \$50,000 cap) = \$40,000

TOTAL ASSISTANCE = \$100,000

Option 3: Sell

60% of Pre-Storm Value: (\$100,000 X .60) = \$60,000
Minus Other Compensation = \$40,000
Uncompensated loss: (\$60,000-\$40,000) = \$20,000
Compensation grant is lesser of above up to \$150,000 = \$20,000

TOTAL ASSISTANCE = \$20,000

Example 2

A family bought their home 15 years ago. The home has appreciated in value and the family has upgraded their insurance policy over the years though not enough to pay for all the replacement costs from the damages that were incurred. The *Road Home* evaluation determined that the estimated cost to replace the home is \$110,000 and the estimated cost of damage is \$40,000. Based on the following calculation, the *Road Home* determined that the percent damage was less than 51%:

$$(\$40,000/\$110,000) * 100 = 36\% \text{ damage}$$

The pre-storm value is \$100,000. The family's insurance policy paid for \$20,000 in repair costs. The home is not in an area that requires elevation to meet ABFEs.

Homeowner Summary

Pre-storm Value: \$100,000
Estimated Cost of Damage: \$40,000
Estimated Cost to Replace Home: \$110,000

| | |
|--------------------|----------------|
| Prior Compensation | |
| Insurance: | \$20,000 |
| FEMA Assistance | <u>\$ 0</u> |
| | \$20,000 |

Allowance to elevate home to meet ABFEs: = \$0 (home not in ABFE)

What if the family wants to stay in their house?

Option 1: Stay

Uncompensated damage costs: (\$40,000-\$20,000) = \$20,000

Uncompensated loss: (\$100,000-\$20,000) = \$80,000

Compensation grant is lesser of above up to \$150,000 = \$20,000

Allowance to elevate to meet ABFE (\$30,000 cap) = Not eligible (home not in ABFE)

TOTAL ASSISTANCE = \$20,000

What if the family wants to sell their home and buy another in the State?

Option 2: Relocate

Uncompensated damage costs: (\$40,000-\$20,000) = \$20,000

Uncompensated loss: (\$100,000-\$20,000) = \$80,000

Compensation grant is lesser of above up to \$150,000 = \$20,000

Allowance to elevate to meet ABFE (\$30,000 cap) = Not required (new home not in ABFE)

TOTAL ASSISTANCE = \$20,000

Couple 2 will not necessarily receive the full \$20,000 since they will have to pay off the mortgage and any other liens on their home at the time of settlement. They may be eligible for additional mitigation assistance if their new home requires elevation.

What if the family wants to sell their home and move outside of Louisiana?

Option 3: Sell

Uncompensated damage costs: (\$40,000-\$20,000) = \$20,000

60% of Pre-Storm Value: (\$100,000 X .60) = \$60,000

Minus Other Compensation = (\$20,000)

Uncompensated loss: (\$60,000-\$20,000) = \$40,000

Compensation grant is lesser of above up to \$150,000 = \$20,000

TOTAL ASSISTANCE = \$20,000

What if a member of the family is elderly and the family chooses Option 3: Sell?

Option 3: Sell

Since one of the owner-occupants was 65 years of age or older as of December 31, 2005, the family is exempt from the penalty associated with **Option 3: Sell**.

| | |
|--|-------------------|
| Uncompensated damage costs: (\$40,000-\$20,000) | = \$20,000 |
| Uncompensated loss: (\$100,000-\$20,000) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

TOTAL ASSISTANCE = \$20,000

What if the family did not carry hazard insurance?

Option 1: Stay

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |

TOTAL ASSISTANCE = \$14,000

Option 2: Relocate

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |

TOTAL ASSISTANCE = \$14,000

Option 3: Sell

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |

TOTAL ASSISTANCE = \$14,000

What if the family is insured and their household income is at or below 80% Area Median Income (AMI)?

Option 1: Stay

| | |
|--|-------------------|
| Uncompensated damage costs: (\$40,000-\$20,000) | = \$20,000 |
| Uncompensated loss: (\$100,000-\$20,000) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

Allowance to elevate to meet ABFE (\$30,000 cap) = Not eligible

| | |
|--|--------------|
| Estimated Cost of Damage | = \$40,000 |
| Minus Compensation Grant | = (\$20,000) |
| Minus Other Compensation | = (\$20,000) |
| Affordable Compensation Loan (up to \$50,000 cap) | = \$0 |

TOTAL ASSISTANCE = \$20,000

Option 2: Relocate

| | |
|--|-------------------|
| Uncompensated damage costs: (\$40,000-\$20,000) | = \$20,000 |
| Uncompensated loss: (\$100,000-\$20,000) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

| | |
|--|---------------------------------------|
| Allowance to elevate to meet ABFE (\$30,000 cap) | = Not required (new home not in ABFE) |
| Estimated Cost to Replace Home* | = \$110,000 |
| Minus Compensation Grant | = (\$20,000) |
| Minus Other Compensation | = (\$20,000) |
| Affordable Compensation Loan (up to \$50,000 cap) | = \$50,000 |
| TOTAL ASSISTANCE | = \$70,000 |

*Note: The Affordable Compensation Loan calculation for homeowners choosing Option 2: Relocate is based on the Estimated Cost to Replace Home.

Option 3: Sell

| | |
|--|-------------------|
| Uncompensated damage costs: (\$40,000-\$20,000) | = \$20,000 |
| 60% of Pre-Storm Value: (\$100,000 X .60) | = \$60,000 |
| Minus Other Compensation | = (\$20,000) |
| Uncompensated loss: (\$60,000-\$20,000) | = \$40,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |
| TOTAL ASSISTANCE | = \$20,000 |

APPENDIX 2

Non-Housing Clarifications for the Action Plan

Infrastructure Programs

This section clarifies the use of funds under the Local Government Emergency Infrastructure Program, funded at the level of \$395 million. Projects to be considered for funding in this category may include funds for permanent improvements for public transportation systems including improvements to the existing right of way and purchase of replacement of storm damaged equipment.

Planning Activities

Section 7 of the *Road Home* Plan (Amendment 1) replace the wording:

“With this amendment, the State is requesting \$9.5 million of which \$0 was requested in the first action plan.”

to reflect purpose of funding by inserting the following statement:

“With this amendment, the State is requesting \$9.5 million to sponsor planning activities to be carried out by the LRA, OCD, and other local organizations designated for this purpose.”