

**Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)**

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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Action Plan Amendment 33 (First Allocation) – *Nonprofit
Rebuilding Pilot Program***

Public Comment – May 11th, 2009

August 11th, 2009



**Bobby Jindal
Governor**

**Mitch Landrieu
Lieutenant Governor**

**Angele Davis
Commissioner of Administration**

**David Voelker
Chairman, LRA Board**

**Office of Community Development
150 N. 3rd Street, Suite 700
Baton Rouge, LA 70801
P.O. Box 94095**

Baton Rouge, LA 70804-9095

<http://www.doa.louisiana.gov/cdbg/cdbg.htm>



Action Plan Amendment No. 33

PROPOSED ACTION PLAN AMENDMENT TO DEVELOP THE NONPROFIT REBUILDING PILOT PROGRAM

Eligible Activity **24 CFR 570.202**
National Objective **Low to moderate income, Urgent Need, Slum & Blight**
Activity Amount **\$20 million**

A large number of homeowners, whether Road Home participants or not, have faced difficulty in securing sufficient resources to fully rebuild their homes. The Road Home program has provided many homeowners with significant funding to complete this process. Unfortunately, due to increased costs of construction, materials and labor, these funds have often fallen short. Additionally, a number of homeowners have fallen victim to corrupt contractors that have taken these precious resources, leaving their homes unfinished and their financing need unmet. While the Road Home Program has provided grants to over 120,000 families totaling over \$7.6 billion, thousands of families continue to face significant funding gaps. The average estimated gap per household is between \$25,000 and \$50,000 depending on region.

The two largest temporary housing programs will end this summer. FEMA will end assistance provided through hotel stays and temporary housing units on May 1, 2009; HUD's DHAP Transitional Closeout program will end on August 31, 2009. The end of these programs increases the urgency to secure resources to address this issue.

The state will initially allocate \$20 million to develop the Nonprofit Rebuilding Pilot Program to help homeowners get back into their homes – including both participants and non-participants in the Road Home program.

Program Description

In hurricane-impacted areas, successful models have been developed by Long Term Recovery Organizations (LTROs), Community Development Corporations (CDCs) and other nonprofits to secure and leverage resources in order to meet the need of homeowners to complete their rebuilding process. Many of these programs combine volunteer resources, donations of equipment and building materials, as well as group purchasing to reduce the costs of repairs on each home in order to facilitate rebuilding. Through these locally or regionally-based organizations, households struggling to complete the rebuild process benefit from the opportunity to receive "one-stop" support, preventing the duplication of benefits and ensuring the completion of the project.

For example, several such groups offer residents a 3-part service, through which applicants first complete an initial triage that assesses current need and identifies resources received or still available to support the costs of construction. Applicants then work with on-site construction managers to determine remaining work to be performed and the associated costs. The organization manages not only the applicants but the contractors assigned to the jobs, ensuring both reasonable costs and quality work. Through voluntary labor and donated materials, these

local rebuild organizations can usually leverage funding at a 4:1 ratio -- on average, \$12,000 in donations can fill the gap to recovery for impacted families.

The state has long recognized the success of these entrepreneurial efforts and has sought to secure funding for these programs to continue their efforts to help homeowners recover. The state recommends the development of the Nonprofit Rebuilding Pilot Program to fund nonprofits to cover program delivery costs in assisting homeowners in their rebuilding.

Program Delivery

The program will be administered by the Louisiana Housing Finance Authority in coordination with the Office of Community Development Disaster Recovery Unit and the Louisiana Recovery Authority.

This program will be a competitively awarded grant program that would provide grants to nonprofits and other organizations, including Units of Local Government, that have a proven track record in assisting homeowners to meet the gap in rebuilding their storm or flood damaged homes. These organizations would have to commit to use these resources in the impacted parishes. These partners would also have to commit to complete the applicant in-take, inspections, title searches as necessary, and triage of homeowners needs. Some funds may be used to purchase the materials used in rebuilding the homeowner's home.

Program Size

The state will initially allocate \$5 million to develop the Nonprofit Rebuilding Pilot Program to help homeowners get back into their homes – including both participants and non-participants in the Road Home program.

Eligible Applicants

Eligible homeowners would be limited to Louisiana residents at impacted by hurricanes Katrina and Rita.

Use of Funds

Funds would be used by the ULG, the nonprofit or the contractor to provide construction financing to homeowner rehab. Funds could also be used to provide a 10-year forgivable deferred loan to the homeowner.

APPENDIX: PUBLIC COMMENTS AND STATE'S RESPONSE

There were two public comments submitted. Both comments were in support of the program. One comment asked the state to increase the funds. The other cautioned that only qualified nonprofits be awarded to provide these services.

The state has increased the amount of available funding under this program. The state will also select contractors through a competitive RFP process to ensure only qualified nonprofits are awarded.