

Resolution I:
Endorsement of
CHAT's Proposed Bill of Road Home Rights
2/16/07

The 7.5 billion dollars (less administrative costs) due more than 100,000 applicants to the Road Home Program for Homeowner Assistance (RHP) is crucial not just to individual families, but to the economic recovery and viability of Louisiana in general and hurricane devastated areas, in particular. Now the spotlight is on sheer survival with this week's tornado killing a woman in a FEMA trailer in New Orleans, who was awaiting her RHP grant to be able to move into her house. When will the number of closings get to a respectable rate so that the long-suffering Louisiana homeowners victimized by hurricanes can rebuild and repair and get out of their FEMA trailers? They deserve decent, protective housing. The occasionally torrential spring rains are up ahead and then the next hurricane season will start. Mortgages are being foreclosed on RHP applicants; premature removal of their FEMA trailers is being discussed. Every day without an award saps their energy and, even more, their emotional well-being

If those who supervise the RHP at the state board or office (LRA and OCD) or administer it at the main contractor (ICF) and its subcontractors are not willing to live in FEMA trailers with their families for the hurricane season, which is around the corner, get the money out now! Not the current 600 closings total, but 200 closings a day this month, 500 per day next month, so that there are thousands of closings each week! Last week there were only 100 closings total. That is an inexplicable, recovery-defeating, applicant-infuriating 20 per day. At that rate, it will take 21 years to finish the closings.

We ask the LRA Board, which indicated at its last meeting this week that it might be willing to commit to these rights, to publicly endorse this bill. People cannot wait for the next LRA Board Meeting for help. The introduction to the RHP website states that "The Road Home program is designed to help residents of Louisiana affected by Hurricane Katrina or Rita get back into their homes as quickly and fairly as possible." On behalf of over 100,000 applicants, many of whom are justifiably infuriated at the delays and injustice of the RHP, the Citizens' Road Home Action Team (CHAT) asks for a commitment to these rights now. Make it a Valentine present after all the problems people have suffered and in honor of their perseverance.

Proposed Road Home Bill of Rights
(including just some examples of their application)

I. The right to the complete rules of the program.

It is the responsibility of the RHP to make current, updated rules available to applicants, to notify them of any changes, and to make those changes retroactive for those who have gone to grant closing.

None of the rules or procedures for determining grant awards or affordable loans should be vague or subjective. Some examples of vague descriptions are those for determination of the percentage damage; criteria for affordable loans (which should include a link to the median area income for each parish, <http://www.huduser.org/datasets/il/il06/index.html>); the quantitative definition of "within an acceptable range" for the statement that the a homeowner-ordered Louisiana certified appraisal obtained after the storm will not be used if it is not in an acceptable range of the RHP Broker Price Opinion (BPO), a much less accurate form of home evaluation. The rulebook should include several

examples for each formula for determining grants and affordable loans because the formulas are sometimes confusing to RHP personnel as well as to applicants.

II. The right to timely processing of applications.

There needs to be a timeline for processing applications. Inessential verification steps that are bottlenecks to awarding grants should be removed or done after grant closing, since the state will have a lien on the homes of most grantees.

III. The right to a fair and swift resolution of errors, disputes, and appeals.

There needs to be a timeline for dispute resolution and appeals and a special division to deal with long delays in resolving these matters. Simple computer input or calculation errors should be fast-tracked. The appeals process should be mandated in the rules to involve a written point-by-point response to all questions raised by applicants in their appeal.

IV. The right to a fair and accurate calculation of your benefits and tender of your award (acceptance of grant money without losing the right to dispute resolution and appeal).

If a homeowner does not have a pre-Katrina appraisal but does order a Louisiana certified appraisal after the storm, the latter should be accepted as the primary determinant of pre-storm value.

It is essential to immediately post that awards will be made with unconditional tender of grants, especially given the large number of acknowledged mistakes in award letters and the great delays in dispute resolution.

V. The right to simple, fair, and easily understood closing papers.

VI. The right to simple and fair rules for lenders to administer grant funds (disbursement accounts) that make it easier to rebuild, not more difficult.

VII. The right to accurate information about the status of applications by informed and trained personnel within 24 hours of your request.

There should be a separate phone number or extension for information about processing of grants that is slower than a standard, posted timeline (II, above) so that within 24 hours applicants can speak to someone empowered to help them. Applicants are often told for many weeks or for months that their application is "in verification." Specific information should be given about the nature of any prolonged verification.

VIII. The right to reasonable residency requirements for grants and loans and fair rules for grant benefit assignment or compensation for applicants who must sell their home.

It is unfair that the covenant requirement for affordable loans for those of modest incomes is 5 years and not transferable while the grant has only a 3-year requirement and is transferable.

In addition, it is unfair to subtract 40% for moving out of Louisiana from the pre-storm value instead of the grant total. The no-insurance penalty of 30% is properly subtracted from the grant total, so the policy is inconsistent. The 40% penalty for moving out of state should be subtracted from the grant total and should not be applied to those with storm-destroyed homes who can live in Louisiana, but only in rental housing.

It should be stated explicitly in the rules that in case of a disaster affecting the grantee's home, the covenant will be waived.

IX. The right to receive sufficient affordable or forgivable loans to enable you to rebuild or repair if you have a low pre-storm appraised value.

It is not fair that those of middle income with moderate-appraisal houses are less likely than other income groups to get enough RHP money to rebuild. Forgivable loans should be made available to those with 120% or less of the median area income, instead of just to those with 80% or less of the median area income.

X. The right to have realistic elevation awards to encourage applicants to rebuild really safer, stronger, and smarter.

Allowances limited to \$15 per square foot are a "one size fits all" approach and will often be inadequate to elevate new homes to safe levels. Road Home Program elevation allowances should be calculated according to the "real cost" used by NFIP's ICC except that the total cost limit should be set at \$60,000 with funds available for elevation under ICC drawn first. NFIP claim processes could be used to verify that funds are actually spent and that elevation practices are reasonable and appropriate.

XI. The right to have the disposition of RHP-acquired properties benefit grantees and the neighborhoods in which such properties are located, with neighborhood input in the process.

It appears that the Road Home Program will "run out" of money before all eligible applicants have received their fair grant award. Therefore, the Board of Directors of the Rome Home Corporation (RHC) and then the LRA Board of Directors should mandate that any profit from the sale of properties should be used to complete the program payout. The RHP should provide current information on the status of available funds vs. forecast expenditures. In addition, the LRA should stipulate that the public must be given adequate notice of meetings of the RHC and that representatives of citizen groups from the affected districts should be allowed to participate in discussions about setting policy for land- use decisions about RHC-acquired property.

Resolution II:

**Endorsement of
CHAT's Request That Governor Blanco Demand
a Greatly Accelerated Rate of RHP Grant Closings**

CHAT asks that Governor Blanco demand 200 closings per day by the Road Home Program by the end of this month and 500 per day in March with unconditional tender of awards (acceptance of grant money without losing the right to dispute resolution and appeal).

CHAT was told that First American Title Insurance Company, which is the subcontractor for the closings, had the manpower and capacity to do 250 closings per day in January. Recently, the main contractor, ICF, accelerated their rate of transfer of options-chosen letters to First American so that now 400 are transferred per day. More than 16,000 applicants who were sent their yellow award letters have returned them with their choice of one of three payment options so that they could go to their grant closing. Therefore, there is no good justification for only 20 closings per day last week. CHAT and the public have repeatedly asked what the bottlenecks are and have not been answered. The only

acceptable answer now is to get the money out. Simplify the program, reduce the number of unnecessary verifications, and postpone rate-limiting verifications until after the closing because the state has a lien on the applicants' homes anyway.

From The Citizens' Road Home Action Team (CHAT)

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