

Office of the Governor
State of Louisiana

JOHN BEL EDWARDS
GOVERNOR



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April 3, 2018

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Secretary Carson,

As you are aware, the floods of 2016 devastated South Louisiana. More than 113,000 homes were damaged or destroyed and many families had their lives turned upside down. As I have stated to you in the past, the federal Duplication of Benefits (DOB) penalty is one of our greatest problem areas as we continue to recover.

The Bipartisan Budget Act of 2018, which President Trump signed into law on February 9, 2018, includes language related to Small Business Administration (SBA) loans to homeowners as a duplication of other federal assistance. By inclusion of the language, Congress clearly intended to modify the current approach of federal agencies, including HUD, of counting all approved SBA loan amounts as a duplication of benefits against homeowners impacted by disasters.

Many impacted homeowners who applied for SBA loans, at FEMA's insistence, and were approved, decided that drawing the full approved amounts of the loans would be unaffordable. Subsequently, these homeowners either did not draw any of the funds or drew only what they thought they could handle financially. They have now found themselves unable to access Community Development Block Grant (CDBG) funding to complete their rebuilding due to HUD's interpretation of the DOB rules. Congress' intent was clearly to allow these homeowners the ability to access additional assistance by making only those funds they have drawn count as a DOB.

It is critically important that HUD correctly interprets Congress' intent in this law and allows your grantees to offer grants to these homeowners for their remaining unmet rebuilding needs, ignoring SBA loan amounts that they never drew down. As we continue to rebuild from the floods, this remains the single greatest complaint for homeowners. Therefore, I am respectfully requesting guidance from your agency regarding your interpretation of this new law and how you intend to implement it. This information will allow us to assist the more than 5,200 homeowners currently facing the DOB penalty.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bel Edwards".

John Bel Edwards
Governor