

Office of Community Development

Disaster Recovery Unit

State of Louisiana

Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

February 1, 2017

Mr. Stanley Gimont
Director
Office of Block Grant Assistance
U.S. Department of Housing and Urban Development
451 7th Street, S.W., Room 7178
Washington, D.C. 20410-7000

Dear Mr. Gimont:

The purpose of this letter is to request technical assistance regarding a Secretarial waiver of regulations under P.L. 114-223 and P.L. 114-254, as well as any forthcoming appropriations, to reduce the overall benefit requirement of seventy percent (70%) for low- and moderate-income persons/families to fifty percent (50%), as has previously been granted to Louisiana for disasters impacting the state, including hurricanes Katrina, Rita, Gustav, Ike, and Isaac, as well as states in the Northeast impacted by Superstorm Sandy.

Based on conversations with HUD staff, and on review of other states that have made this type of waiver request, the State of Louisiana is requesting this technical assistance and guidance from HUD on substantiating the request for a Secretarial waiver of the statute governing the low- and moderate-income expenditure provisions. The state believes it has practical and rational justification to support this waiver request at the outset of its programs.

As a matter of historical fact, in the February 13, 2006 Federal Register, the Secretary of HUD granted a fifty percent (50%) low- and moderate-income waiver for hurricanes Katrina and Rita, writing, "since extensive damage to community development and housing affected those with varying incomes, and income-producing jobs are often lost for a period of time following a disaster, HUD is waiving the seventy percent (70%) overall benefit requirement, leaving the fifty percent (50%) requirement, to give grantees greater flexibility to carry out recovery activities." The same rationale holds true for the Great Floods of 2016.

The Great Floods in March and August 2016 impacted communities in 56 of Louisiana's 64 parishes, 10 of which have been determined by HUD to be the "most impacted and distressed." As in previous Louisiana disasters since 2005, citizens of all incomes were impacted by the flood events, many of whom did not live in a designated floodplain and, consequently, were not required or expected to carry flood insurance. Of the 57,600 homeowners who suffered Major or Severe damage in the Great Floods of 2016, forty-four percent (44%) were low- and moderate-income.

In response to the 2016 flooding, the state intends to administer a Homeowner Rehabilitation and Reconstruction Program to address the unmet needs of all flood victims. However, at this time, allocated Community Development Block Grant Disaster Recovery funding is not sufficient to fulfill all unmet needs of all homeowners. As a result, the state is initially targeting those households both in and out of a floodplain with major/severe damages and no flood insurance, a total of approximately 36,510 households. Fifty-three percent (53%) of the affected households are low- and moderate-income.

Currently, the state is allocating \$1.32 billion of its \$1.65 billion in allocations, or eighty percent (80%), towards its homeowner program. Of that amount, the state estimates that a total of sixty-five percent of the funds (65%) will be for the benefit of low- and moderate-income households. For prospective work to be completed on homeowners' homes, the state intends to cover 100 percent of all repair costs for those households earning up to 120 percent of the area median income, and fifty percent (50%) of the repair costs for those households earning over 120 percent of the area median income. While this approach does not meet all unmet needs, it places a priority within the program on ensuring that all eligible low- and moderate-income households are fully served and are able to move back to completed homes. This strategy encourages non- low- and moderate-income families of higher incomes to leverage personal or private funds with limited CDBG-DR funds; in most cases this infusion of CDBG-DR assistance will be critical for homeowners to complete their rehabilitation.

In providing technical assistance to the state for this request, it is necessary to look at the overall impact the 2016 floods had on communities. In the floods, entire communities were affected and in order to ensure entire communities are able to recover and rebuild, it is imperative unmet needs are addressed in a holistic manner. Failure to do so will likely result in unintended consequences such as partially rehabilitated neighborhoods, departure of Louisiana residents unable to find other means to fill their funding gaps, increased foreclosure rates and lower tax base and revenues for local governments, resulting in fewer public services for all community residents. Assistance to non- low- and moderate-income households is absolutely essential in helping the impacted communities recover in a holistic manner.

Louisiana has first-hand experience with assessing the positive results of serving non- low- and moderate-income populations as part of its recovery strategy. CDBG-DR assistance provided to non- low- and moderate-income homeowners was critical to the recovery of the City of New Orleans and southern Louisiana following hurricanes Katrina and Rita, since citizens there decided to rebuild their homes and stay in their neighborhoods or elsewhere in the state. For the Great Floods of 2016, it is essential that the state have the flexibility to use CDBG-DR funds in a similar manner, to achieve similar results.

Based on the above information, the state believes it can make the necessary case that this waiver be granted now, during the design of programs, rather than at a later date. Added benefits to providing a waiver at the front-end of program design include the control of program delivery expenses that increase whenever program policies change once a program is underway, and ensuring implementation of programs will not be interrupted. Furthermore, communicating the long-term recovery strategy from the outset of the program will provide the public with the full knowledge of how the state's recovery plan will impact them. For many families, the state's policies will be factored into their financial decisions for their personal flood recovery plans.

As always, we appreciate the partnership and guidance provided by HUD as Louisiana continues to recover from the Great Floods of 2016. We believe a perfect opportunity for this Technical Assistance request is during HUD's forthcoming monitoring visit of our agency, set for February 13 – 17, 2017. HUD staff will be on-site monitoring existing grants, and an extensive review of data surrounding this request would be both timely and tremendously beneficial.

I trust that you will give this request for technical assistance every appropriate consideration, and know that if you need any additional information in support of the request, do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'P. Forbes', with a large, stylized flourish underneath.

Patrick W. Forbes, P.E.
Executive Director