

DISASTER RECOVERY INITIATIVE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Allocations, Waivers and Alternative Requirements for Grantees Receiving Community Development Block Grant Disaster Recovery Funds in Response to Disasters Occurring in 2016
The Continuing Appropriations Act, 2017, The Further Continuing and Security Assistance Appropriations Act, 2017 and The Consolidated Appropriations Act, 2017 (Public Law 114-223, 114-254 and 115-31)

Federal Register Docket No.

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LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT, DISASTER RECOVERY UNIT



STATE OF LOUISIANA
SUBSTANTIAL ACTION PLAN AMENDMENT No. 12
FOR THE UTILIZATION OF
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
IN RESPONSE TO THE GREAT FLOODS OF 2016

Public Comment Period: July 24th, 2019 until
5 p.m. August 6th, 2019

SUBMITTED TO HUD: XXX, 2019

APPROVED BY HUD: XXX, 2019

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Summary of Changes

Action Plan Amendment No. 12 (APA 12) clarifies the State of Louisiana’s approach to duplication of benefits (DOB) calculations pursuant to the Disaster Recovery Reform Act of 2018 (DRRA, P.L. 115-254) and subsequent Federal Register Notices 84 FR 28836 and 84 FR 28848 outlining guidance issued by the Department of Housing and Urban Development (HUD) pertaining to the DRRA. Specifically, this APA 12 describes revised housing and economic unmet needs, based on programmatic activities carried out to date through the Restore Louisiana Homeowner Assistance Program (RLHP, Restore, or Program), the Louisiana Neighborhood Landlord Rental Program (LNLRP), and the Small Business Loan Program. Moreover, this APA 12 describes the state’s planned methodology to revise DOB calculations for eligible applicants with respect to the DRRA, 84 FR 28836, and 84 FR 28848. For both revised owner-occupied housing unmet needs and revised DOB calculation methodology, this APA 12 describes need and anticipated programmatic impact regarding three population groupings: 1) eligible RLHP applicants with documented household incomes less than or equal to 80% of area median income (AMI), otherwise referred to as low- and moderate-income (LMI) populations; 2) eligible RLHP applicants with documented household incomes between 80% and 120% AMI; and 3) eligible RLHP applicants with documented household incomes in excess of 120% AMI. For revised award calculations disbursed through the LNLRP all additional awards will exclusively benefit LMI populations. For revised awards disbursed through the Small Business Loan Program, anticipated disbursements are broken down by those anticipated to benefit LMI populations and those addressing an Urgent Need (UN).

This APA 12 is considered substantial per guidance issued in 84 FR 28836. However, APA 12 proposes no programmatic budget changes nor does it propose new eligible activities within programs established in previous action plan amendments. This APA 12 does not propose additional applicants as a result of the DRRA. Regarding the programs referenced expected to be impacted by the DRRA, all intake periods have closed and will not be extended as a result of the DRRA.

Finally, this APA 12 includes a clarification regarding the Interim Housing Assistance program created in Substantial Action Plan Amendment #11 (APA 11). Specifically, this clarification outlines the program’s method of distribution.

Regarding the various sections of this APA 12 – including those specific to DRRA adjustments, proposed hardship requirements for populations with incomes in excess of 120% AMI, and clarifications to APA 11 – the state requests that HUD treat these sections as severable from one another for approval purposes. In the event that one section of APA 12 requires further dialogue or analysis, the state requests each section be considered in isolation for a partial approval to allow affected homeowners to proceed in their recovery process in the most efficient and expedient fashion possible.

Unmet Needs

Based on parameters and requirements outlined in 84 FR 28836 and 84 FR 28848 in response to the DRRA, an updated housing needs assessment must be provided as part of this APA 12 as a condition of disbursing award adjustments based on activities funded with Small Business Administration (SBA) disaster loans. As such, this unmet needs section will serve to accomplish the following: (1) Summarize the state’s original unmet housing needs analysis outlined as a result of the Great Floods of 2016; (2) Summarize Louisiana’s approach to address identified unmet needs; (3) Summarize updates to the original unmet needs analysis included as part of APA 11; (4) Outline total remaining unmet housing needs resulting from the Great Floods of 2016, as identified through current recovery program activities, and outlining how the state will

address these remaining unmet needs; and (5) Summarize all remaining unmet needs attributable to approved SBA loans, as identified through current recovery program activities, and per adjustments allowable as a result of the DRRRA.

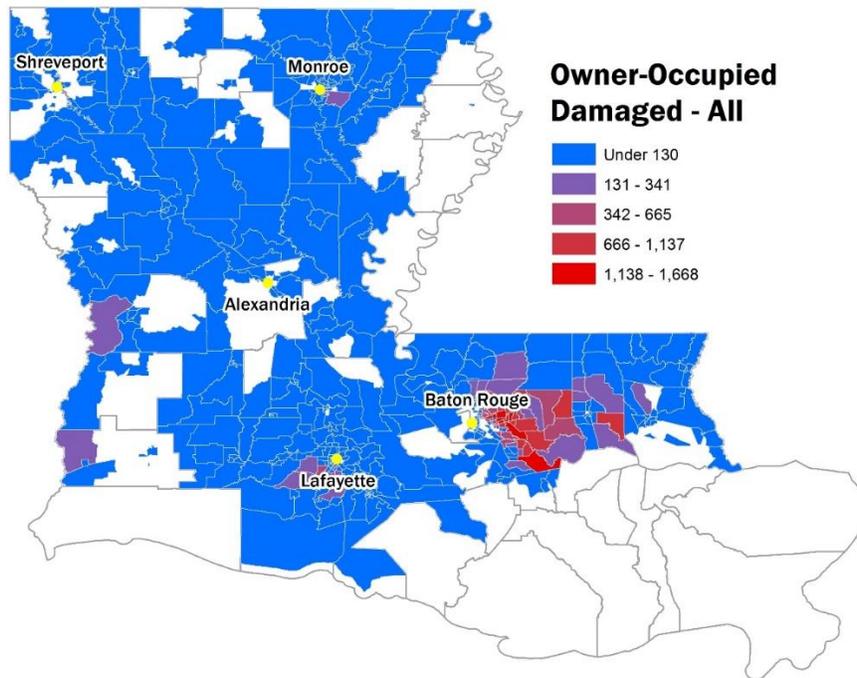
1. Original Unmet Housing Needs Assessment for the Great Floods of 2016

For the purpose of this APA 12, the state is limiting its discussion of unmet needs to unmet needs affected by the DRRRA. These revised unmet needs specifically emphasize unmet owner-occupied household needs as these needs are most predominantly impacted as a result of the DRRRA. However, this section will also discuss unmet rental housing needs. The state's original unmet needs analysis was submitted with the state's Master Action Plan in January 2017 and further revised in Action Plan Amendment #1 (APA 1) in February 2017 and in Action Plan Amendment #3 (APA 3) in November 2017. Within the context of this discussion, content within these three documents are collectively considered to be the state's "original unmet needs assessment." The following will summarize this analysis, as well as how the state approached addressing these needs programmatically.

Impact on Owner-Occupied Households and Estimated Unmet Needs

By far, the greatest number of instances of significant owner-occupied housing damage occurred in the Baton Rouge Capital Region, specifically in East Baton Rouge, Livingston, Ascension and Tangipahoa parishes. Other population centers around Monroe (Ouachita Parish) and Lafayette (Lafayette Parish) also experienced significant owner-occupied housing damages.

For the purposes of this section, the state includes all documented damages to the owner-occupied household population at all levels of damage in tabular format. For mapping purposes, this analysis only includes those households with "major-low," "major-high" and "severe" levels of damage at the census tract. This map below illustrates those housing units with significant and likely unmet needs.

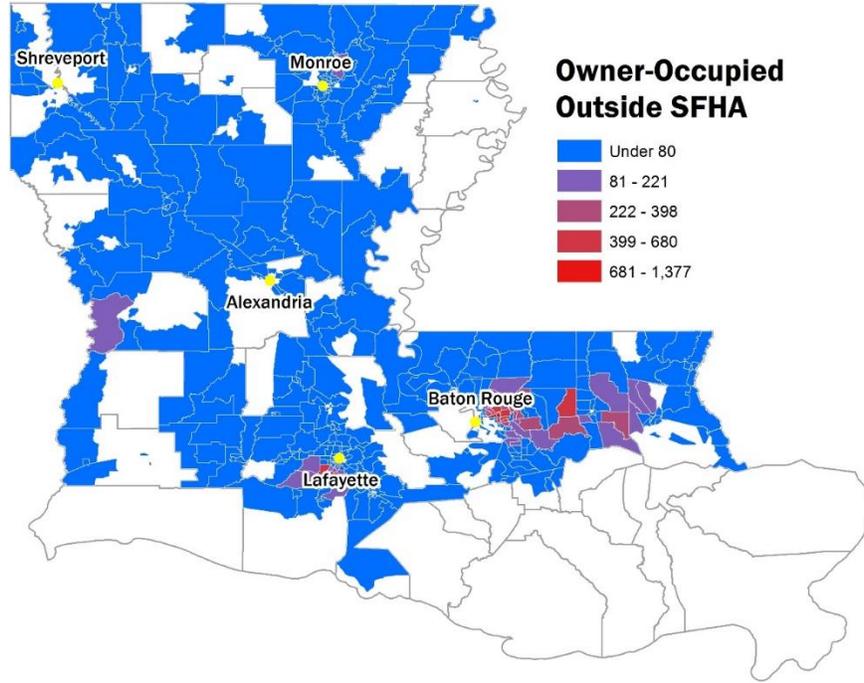


Owner-Occupied Households with Damage		
Disaster	Damage Category	Households
4263	Severe	675
	Major-High	2,276
	Major-Low	3,979
	Minor-High	1,503
	Minor-Low	8,029
	Total	16,462
4277	Severe	11,249
	Major-High	24,270
	Major-Low	15,182
	Minor-High	3,849
	Minor-Low	13,830
Total	68,380	
	Grand Total	84,842

Moreover, the state specifically noted in its original analysis the high concentrations of impacted owner-occupied households located outside of Special Flood Hazard Areas (SFHAs). Accordingly, these households were not required by their mortgage holders to carry flood insurance.

Specifically, 46,016 impacted owner-occupied households were located outside of the SFHA, representing more than 54 percent of the total affected owner-occupied household population. Additionally, 24,615 of

these households are likely to have unmet housing needs, with damage levels of “major-low,” “major-high” or “severe.” This represents more than 42 percent of the owner-occupied population likely to have unmet needs.

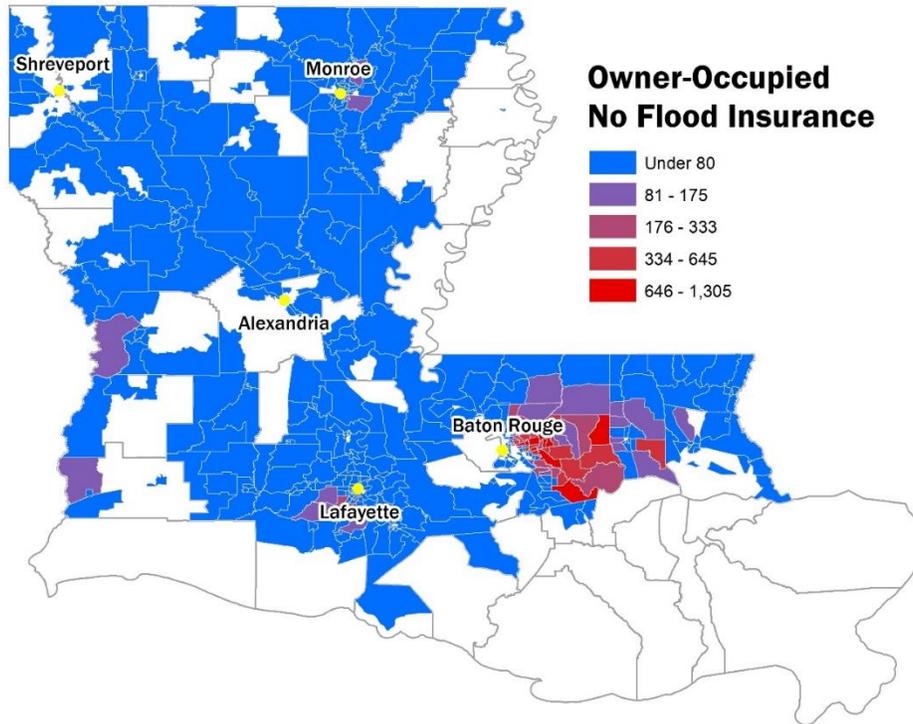


Owner-Occupied Households Outside SFHA		
Disaster	Damage Category	Households
4263	Severe	292
	Major-High	1,043
	Major-Low	2,116
	Minor-High	1,031
	Minor-Low	6,800
	Total	11,282
4277	Severe	2,896
	Major-High	10,395
	Major-Low	7,873
	Minor-High	2,513
	Minor-Low	11,057
	Total	34,734
	Grand Total	46,016

Unsurprisingly, given the high proportion of impacted owner-occupied households located outside of SFHAs, a disproportionate number of impacted owner-occupied households were reported to lack flood insurance coverage through the National Flood Insurance Program (NFIP). In total, 72 percent of all

impacted owner-occupied households, or 61,069, did not report having insurance. This represented a unique situation for the state, as in previous significant disaster events – hurricanes Katrina, Rita, Gustav, Ike and Isaac - there was a reasonable anticipation some damages may have been attributable to wind or other events that may have been covered by a homeowner’s hazard insurance policy. As these events were flood-exclusive, the state had no such reasonable anticipation any of the losses incurred by this population were met by other insurance policies.

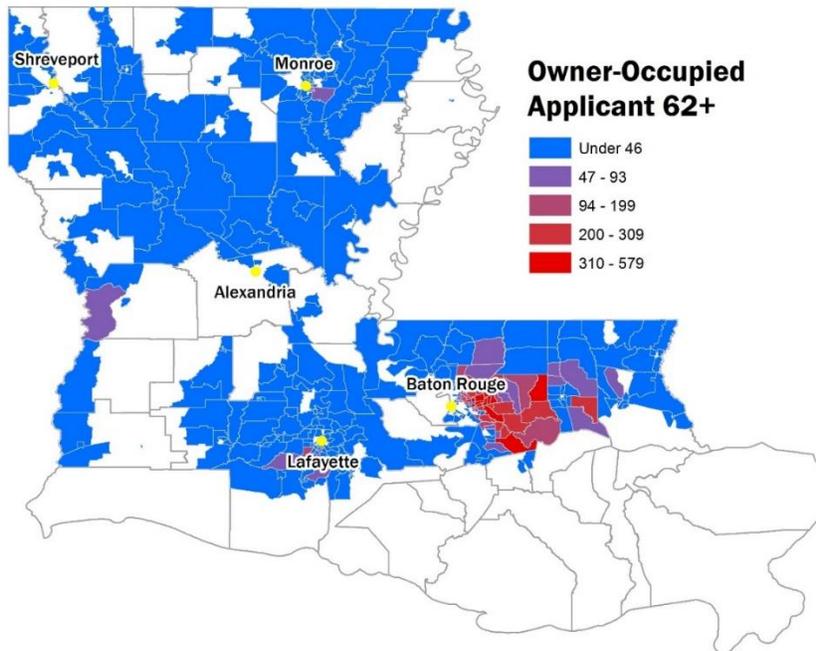
Additionally, it is important to note the high instances of owner-occupied households with significant levels of damage who were uninsured. 36,510 households of the 61,069 uninsured total had damage levels of “major-low,” “major-high” or “severe,” accounting for more than 59 percent of the affected and uninsured owner-occupied population.



Owner-Occupied Households with No Flood Insurance			
Disaster	Damage Category	Households	Percent of Total Damaged
4263	Severe	481	71%
	Major-High	1,448	64%
	Major-Low	3,079	77%
	Minor-High	1,258	84%
	Minor-Low	7,563	94%
	Total	13,829	84%
4277	Severe	6,071	54%
	Major-High	14,470	60%
	Major-Low	10,961	72%

Owner-Occupied Households with No Flood Insurance			
Disaster	Damage Category	Households	Percent of Total Damaged
	Minor-High	3,130	81%
	Minor-Low	12,608	91%
	Total	47,240	69%
	Grand Total	61,069	72%

For the purposes of this analysis, it is also important to note significant proportions of owner-occupied households with applicants aged 62 or older. In its original unmet needs analysis, the state identified at least 26,783 households with members aged 62 or older in the impacted owner-occupied population, accounting for the limitation that IA data only includes date of birth for the applicant representing the entire household. Using this figure as a baseline, however, at least 31 percent of the affected owner-occupied household population had a member that is 62 or older. Isolating just those households likely to have had unmet needs, at least 18,997 have a household member aged 62 or older. This is at least 32 percent of the owner-occupied household population likely to have had unmet needs.



Owner-Occupied Households with Applicant Aged 62+		
Disaster	Damage Category	Households
4263	Severe	262
	Major-High	927
	Major-Low	1,363
	Minor-High	478
	Minor-Low	2,491
	Total	5,521
4277	Severe	4,069

Owner-Occupied Households with Applicant Aged 62+		
Disaster	Damage Category	Households
	Major-High	8,132
	Major-Low	4,244
	Minor-High	1,139
	Minor-Low	3,678
	Total	21,262
	Grand Total	26,783

Based on this original analysis of owner-occupied household unmet needs, the state reported a needs gap of more than \$2.4 billion across an estimated population of 57,631 (including only owner-occupied households with severe, major-high, and major-low damage estimations).

Owner-Occupied Households Unmet Need Calculation			
Disaster	Damage Category	Households	Estimated Needs
4263	Severe	675	\$ 40,157,775
	Major-High	2,276	\$ 103,985,888
	Major-Low	3,979	\$ 109,243,445
	Minor-High	1,503	\$ -
	Minor-Low	8,029	\$ -
	Total	16,462	\$ 253,387,108
4277	Severe	11,249	\$ 669,236,757
	Major-High	24,270	\$ 1,108,847,760
	Major-Low	15,182	\$ 416,821,810
	Minor-High	3,849	\$ -
	Minor-Low	13,830	\$ -
	Total	68,380	\$ 2,194,906,327
	Grand Total	84,842	\$ 2,448,293,435

It is especially important to note the state deferred to HUD's published methodology to calculate anticipated unmet needs for the owner-occupied household population. As such, this methodology did not additionally contemplate resources disbursed through FEMA, SBA or NFIP. However, the state did include in its original analysis reporting statistics relative to approved SBA Disaster Home Loans.

Approved SBA Disaster Home Loans (as of 6/6/17)		
Disaster	Approved Loans	Approved Amount
4263	1,678	\$59,947,200
4277	13,202	\$642,577,300
Total	14,880	\$702,524,500

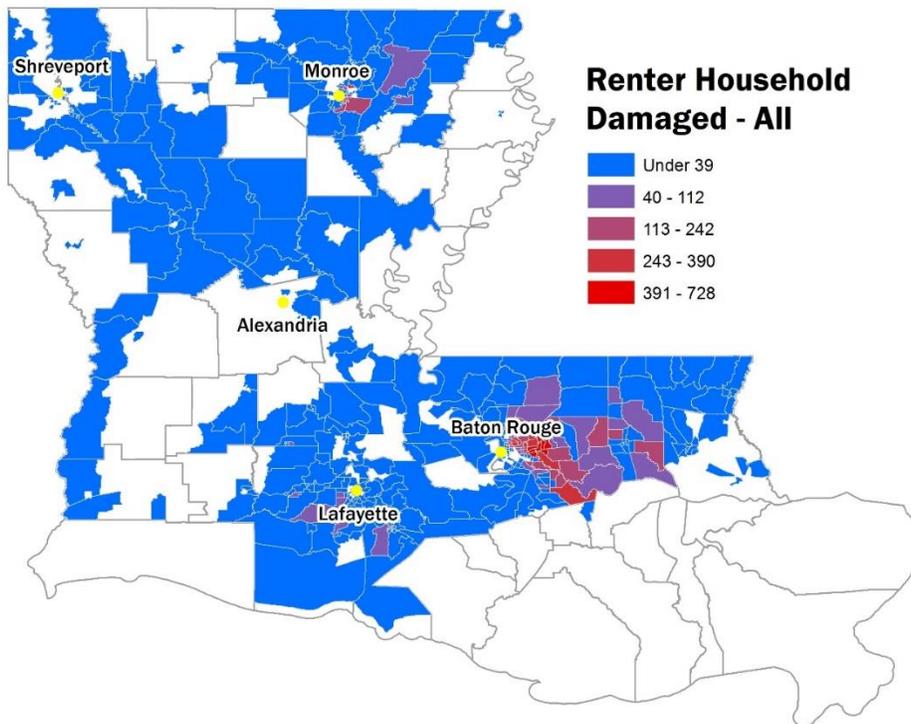
To conclude this analysis for the purposes of this APA 12, the state notes the above-referenced statistical demonstrations of specific adverse conditions existing as a result of the Great Floods of 2016 that may have compelled affected owner-occupied households to accept SBA Disaster Loans when they may not have otherwise done so. These conditions include: (1) high concentrations of affected households located

outside of defined SFHAs; (2) high concentrations of affected households reported to carry no flood insurance; and, (3) high numbers of affected households represented by applicants aged 62 and older, and therefore more likely to rely on fixed incomes.

Impact on Renter Households and Estimated Unmet Needs

While it is anticipated the DRRRA will have only minor impact on remaining rental unmet needs, it is important to note significant statewide impacts to renter households as a result of the Great Floods of 2016. The greatest number of instances of renter household damages occurred in Ouachita (DR-4263), East Baton Rouge and Livingston (both DR-4277) parishes. Other parishes with significant impacts to renter populations include Ascension and Tangipahoa parishes.

For the purposes of this section, the state has included all documented damages to the renter household population at all levels of damage in tabular format. For mapping purposes, this analysis only includes those households with “major-low,” “major-high” and “severe” levels of damage.



Renter Households with Damage		
Disaster	Damage Category	Households
4263	Severe	279
	Major-High	1,204
	Major-Low	1,309
	Minor-High	876
	Minor-Low	1,554

	Total	5,222
4277	Severe	3,838
	Major-High	8,097
	Major-Low	6,182
	Minor-High	1,818
	Minor-Low	3,313
	Total	23,248
	Grand Total	28,470

Additionally of note, the vast majority of affected renter households were LMI, or more than 76 percent of the total affected rental household population.

LMI Renter Households		
Disaster	Damage Category	Households
4263	Severe	205
	Major-High	916
	Major-Low	1,037
	Minor-High	737
	Minor-Low	1,350
	Total	4,245
4277	Severe	2,850
	Major-High	5,822
	Major-Low	4,717
	Minor-High	1,441
	Minor-Low	2,731
	Total	17,561
	Grand Total	21,806

2. Louisiana’s Approach to Address Unmet Needs

Owner-Occupied Households

In response to identified unmet housing needs, the state created the Restore Louisiana Homeowner Assistance Program (RLHP, Restore, or Program). Restore is dedicated to helping homeowners affected by the Great Floods of 2016 repair and restore their damaged homes, or get reimbursed for work already completed.

Initially, the state used the above-referenced unmet needs data to target outreach and engagement efforts – including opening intake centers in Baton Rouge, Hammond, Lafayette, and Monroe – ensuring affected populations had maximal opportunity to seek and receive programmatic assistance through Restore. These outreach and engagement events are summarized below (all Restore data presented as of 5/31/19):

Overview of Restore Outreach and Engagement	
Type	Number
Completed Calls	329,848
Appointments Held	82,516
Events Hosted/Participated In	411

In conjunction with Restore’s intake process, all impacted homeowners – regardless of whether those households were anticipated to have unmet needs stemming from documented major or severe damages – were encouraged to complete a brief survey to gather information about potential unmet needs related to repair or reconstruction of their flooded home. Initial outreach efforts encouraging potentially-affected homeowners to fill out a survey included postcards, e-mails, and phone calls to the more than 84,000 homeowners indicated to have damage. Television and radio public service announcements were placed in all key media markets across the state encouraging flood-impacted homeowners to submit an initial survey. Restore staff were sent door-to-door in flood-impacted neighborhoods to leave a door hanger with Program information or to meet with a homeowner to complete the survey in real time.

As the initial survey deadline approached on July 20, 2018, the Program launched a second comprehensive outreach campaign encouraging homeowners to complete the survey before the deadline. The Program’s messaging specifically emphasized, “The Program will be unable to consider those homeowners who have not submitted a survey by the new deadline, even if Program rules are expanded. For example, under current federal guidelines, many who have been approved for Small Business Administration loans to repair their homes whether they used all, a portion or none of the loan, are not able to access assistance from the Program because the SBA loan is considered a duplication of benefits. However, if Congress makes any changes to this regulation, only those homeowners who have already completed the survey will be considered.”

On September 24, 2018, the state opened a second survey period through October 19, 2018 in response to pending DRRRA legislation. Between September 24, 2018, and November 16, 2018, the Program conducted a third comprehensive outreach campaign targeting homeowners who had never submitted a survey or application, but were most likely to qualify and be eligible based on the state’s analysis of FEMA IA data. These efforts included e-mails, mailers, phone calls, and text messages. The Program also conducted numerous media announcements via radio and television throughout impacted parishes. Messaging associated with these activities again emphasized, “The Program will be unable to consider those homeowners who have not submitted a survey by the new deadline, even if Program rules are expanded.”

Responses to the survey were then used to determine phased invitations to homeowners to complete a formal application, based on the state’s desire to prioritize LMI, elderly, and special needs populations for assistance. The final deadline to submit an initial survey to the Restore program was October 19, 2018 and the final deadline to submit a formal application was November 16, 2018. Moreover, homeowners invited to complete an application were further required to meet the below eligibility criteria:

- Owner-occupant at the time of the disaster event;
- Damaged address was the applicant’s primary residence at the time of the disaster event;
- Applicant suffered damage as a result of the Great Floods of 2016;
- The structure is eligible based on program requirements, including single-family housing units,

- duplexes, mobile homes, and condominiums;
- Damaged address is located in one of the 51 parishes declared eligible for FEMA Individual Assistance.

Qualifying homeowners eligible for assistance were allowed to choose from three programmatic options based on their progress in their own recovery efforts and their capacity to complete remaining work: Solution 1 (program-managed construction), Solution 2 (homeowner-managed construction), and/or Solution 3 (reimbursement for work already completed). To date, 99% of grant determinations have been completed, and the program is now largely focused on assisting homeowners with finishing their construction projects. Pertinent statistics related to Restore’s intake process are included below:

Overview of Restore Program Intake	
Metric	Number
Estimated Owner-Occupied Households with Damage	84,842
Estimated Owner-Occupied Households with Unmet Needs (FEMA Major/Severe Damage)	57,631
Surveys Submitted to the Program	56,262
Households Invited to Submit Applications	45,874
Applications Submitted to the Program	43,206
Grant Determinations Made	43,182
<i>Grant Awards Offered</i>	15,348
<i>Zero Award</i>	11,460
<i>Ineligible Determination</i>	10,584
<i>Withdrawn by Applicant</i>	5,790

These activities have led to significant investments in recovery efforts tailored to owner-occupied household populations, summarized below:

Summary of Restore Program Awards		
Status	Number	Amount
Grant Awards Offered	15,348	\$553,398,583
Grant Awards Obligated	13,985	\$500,244,049
Total Disbursements	12,849	\$397,738,564

Of specific relevance to this APA 12, the majority of applicants eligible for grant awards have been eligible for reimbursement assistance through Solution 3, indicating a significant proportion of households choosing to take advantage of any resources at their disposal, including SBA Disaster Loans, to effectuate recovery activities prior to the availability of CDBG-DR resources. In total 10,960 obligated awards, more than 78% of all awards, include eligible reimbursement assistance.

Summary of Grant Awards Obligated			
Type	Number	% of Total	Amount Obligated
Solution 1 Only	636	5%	\$50,808,731
Solution 2 Only	2,389	17%	\$89,182,480
Solution 3 Only	2,805	20%	\$73,948,093
Solution 3 and 1	1,943	14%	\$78,681,217
Solution 3 and 2	6,212	44%	\$207,623,528

Renter Households

To date, the state has utilized three separate programmatic mechanisms to address unmet rental housing needs:

- **Louisiana Neighborhood Landlord Rental Program (LNLRP):** Provides financial assistance in the form of a permanent loan to fund construction activities necessary for reconstruction, rehabilitation, and new construction of rental developments of 7 or fewer units;
- **Multifamily Restoration Gap Program (MRGP):** Provides financial assistance for repair and restoration of flood-impacted units within developments of 20 or more units;
- **Multifamily Piggyback Program:** Provides funding for the new construction or acquisition/rehabilitation of multifamily affordable housing developments utilizing a combined form of financing leveraging CDBG-DR resources with Low Income Housing Tax Credits (LIHTCs).

For the purposes of this APA 12, only the LNLRP is potentially impacted through the DRRA. As of June 25, 2019, the program had developed an intake pipeline of 344 rental units across portions of the state affected by the Great Floods of 2016. Of the 344, 65 were ready to close on their CDBG funds, 47 had been issued notices to proceed or were under construction, 17 had completed construction, and the remaining 215 were in process leading up to a potential closing date.

Businesses

In response to the identified unmet needs of businesses, the state created the Small Business Loan and Grant Program for disaster-impacted small businesses for non-construction related expenses.

Through this program, the state has conducted extensive outreach to the business community including:

- State-sponsored radio and online advertising campaigns and press releases;
- Direct outreach to chambers of commerce, parish and local elected officials, the Louisiana Municipal Association, and the Louisiana Business Emergency Operations Center;
- State-sponsored Restore LA community outreach events;
- Subrecipient-hosted intake centers throughout their designated service areas;
- Individual marketing campaigns by subrecipients (billboards, radio ads, door-to-door, social media, phone);
- Subrecipient-organized meetings with chambers of commerce in assigned parishes, local banks, economic development commissions, and business associations;
- Subrecipient-hosted presentations at conferences, commercial banks, and town hall meetings;

- Interviews with TV and radio stations.

As a result of these activities, eligible applicants were issued awards up to \$150,000. To date, the program has assisted 300 small businesses.

Summary of Business Loan and Grant Program Awards	
Status	Amount
Loan Applicants	602
Loans canceled by applicant or denied due to not meeting program or underwriting requirements	302
Loans Funded to Date	300
Total Value Funded to Date	\$34,861,266

3. Unmet Needs Revisions in APA 11

Reflecting shifting needs as a result of Restore programmatic intake and award activities, APA 11 shifted resources toward additional unmet needs not originally anticipated in the state’s unmet needs analysis. Specifically, APA 11 noted the need for expanded flexibility for eligible Restore grant recipients to receive additional resources toward the purchase of required flood insurance coverage prior to closeout. Moreover, it also noted specific barriers for households to complete repairs due to their inability to pay for interim housing costs while those repairs were underway. As such, APA 11 provided for assistance for unmet needs related to additional eligible rental or mortgage expenses, for up to 20 months, for households at or below 120% AMI who are also active applicant households in Restore. Additionally, APA 11 shifted resources toward a variety of rental, homeownership assistance, and homelessness prevention programs, all predominantly benefitting LMI populations, in recognition of both diminished unmet needs for owner-occupied housing rehabilitation needs and increased unmet needs in other housing program areas.

Of specific interest to this APA 12, APA 11 noted the significant – and unexpected – delta between Restore applications received (43,205 as of 5/31/19) and the number of grant awards offered (15,434 as of 5/31/19). Moreover, APA 11 referenced a point-in-time estimate of more than 6,200 applicants who may be eligible for additional grant assistance based on an analysis of Restore applications who had SBA Disaster Loan assistance listed as a duplication as part of their original grant calculations.

4. Remaining Unmet Needs

For the purpose of APA 12, this analysis places specific emphasis on remaining owner-occupant household unmet needs to be served through the Restore Louisiana Homeowner Assistance Program and the \$1,163,896,906 currently allocated to the Program. As such, APA 12 provides no further revision to unmet housing needs described in APA 11. Therefore, APA 11 remains the state’s most up-to-date assessment of unmet needs related to flood insurance assistance, interim housing, rental programs, permanent supportive housing programs, neighborhood stabilization initiatives, and homelessness prevention activities funded with CDBG-DR grant resources ascribed to Great Flood of 2016 recovery efforts.

Per this APA 12, the state believes there are remaining owner-occupant household unmet needs in four categories: (1) Awards pending grant determinations; (2) Possible awards as a result of appeals in progress; (3) Awards offered or obligated and pending disbursement; and, (4) Awards adjusted or

rendered eligible as a result of the DRRR. These categories are briefly summarized below:

Summary of Remaining Owner-Occupant Unmet Needs	
Type	Number
Awards Pending Grant Determination	24
Possible Awards as a Result of Appeals	8
Awards Offered/Obligated Pending Disbursement	2,499
Awards Adjusted/Eligible per DRRR	6,592

It is important to note the state does not anticipate additional owner-occupant household unmet needs in addition to those outlined here. In recognition of the above-referenced extensive outreach and engagement efforts employed by the Restore Program, the state has exhausted all reasonable efforts to solicit potentially eligible owner-occupied household applicants to the program. Therefore, citing these efforts and the period of time between the Great Floods of 2016 and present, the state asserts that any other owner-occupant household needs emanating from these twin disaster events that could reasonably be addressed through RLHP have been met.

In addition to these owner-occupant unmet needs, the state has identified two additional program areas related to rental housing and small business assistance impacted by the DRRR. These needs are specific to the LNLRP and Small Business Grant and Loan Program. They have been summarized together below:

Additional Unmet Needs Impacted by DRRR	
Type	Number
Landlords Eligible for Award Adjustments through LNLRP	2
Small Businesses Eligible for Award Adjustments	41

APA 11 noted less than anticipated demand for small business assistance. Therefore, similar to owner-occupant household needs, and citing the state’s efforts to advertise the program, the state asserts economic unmet needs attributable to small businesses have been met pending approval of APA 12 and disbursement of these proposed DRRR award adjustments.

However, APA 11 also noted ongoing need to meet rental housing needs following the Great Floods of 2016. In addition to the two adjustments pending approval of APA 12, the state will continue to seek pathways to expand affordable rental housing availability across the disaster-affected region. Following disbursement of DRRR award adjustments to meet remaining owner-occupied and small business needs, the state may examine reprogramming remaining resources toward affordable rental housing needs.

5. Grant Award DRRR Adjustment

Specific to the 6,592 owner-occupant applicants who may be eligible for an adjusted grant award through RHLHP, this analysis estimates these awards as previously unacknowledged unmet needs, broken down by income group based on priority for applicants at or below 80% AMI, followed by applicants between 80% AMI and 120% AMI, and applicants exceeding 120% AMI. Note, no other additional RHLHP policy guidelines – specifically those outlining award limits and eligibility requirements – will be affected through this APA 12 or otherwise affected by the DRRR. A summary of RHLHP DOB policy guidelines affected by the DRRR has been included with this APA 12 submission as Appendix A.

Summary of RHLRP Award Adjustments		
Priority	Count	Award Increase
<80%AMI	1,394	\$ 48,152,948
80%-120% AMI	971	\$ 33,809,200
>120%AMI	4,227	\$ 155,864,843
Total	6,592	\$ 237,826,991

In addition to these adjustments through RHLRP, pending approval of APA 12, the state anticipates making two adjustments to awards to landlords through LNLRP. Both adjustments will primarily benefit LMI populations.

Summary of LNLRP Award Adjustments	
Number	Award Increase
2	\$ 117,500

Finally, the state anticipates making 41 adjustments through the Small Business Grant and Loan Program.

Summary of Potential Awards per DRRRA		
Priority	Applicants	Potential Amount
Businesses meeting LMI National Objective	29	\$1,273,351
Businesses meeting Urgent Need National Objective	12	\$827,029
Totals	41	\$2,100,380

RLHP Award Adjustment Process

Phase I: Declined and Undisbursed SBA Disaster Loans

The DRRRA mandates the state immediately adjust award calculations for households, regardless of income, in situations in which declined (no signed loan authorization agreement) and undisbursed (signed loan authorization agreement, but no funds drawn) SBA Disaster approved loan amounts were included as DOB. As such, for these eligible populations, Restore will immediately revise DOB guidelines, update homeowner grant award calculations, and disburse funds, irrespective of this APA 12. It is estimated 1,168 homeowners currently have SBA loan amounts counted as DOB which were never drawn-down from SBA either because the loan was declined (863) or the loan, though accepted, had no drawn funds (305).

SBA Zero Draw Population		
Priority	Count	Award Increase
<80%AMI	172	\$ 5,744,232
80%-120% AMI	198	\$ 6,413,567
>120%AMI	798	\$ 26,502,908

Total	1,168	\$ 38,660,707
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Additionally, there is a population of homeowners that chose to draw down a portion of their approved SBA loans. For this population, pre-APA 12 award adjustments will only count the drawn down portion as a DOB, effectively increasing these awards. There are approximately 11 households anticipated to receive additional funds as a result of this adjustment.

SBA Partial Draw Population (Award Increase)		
Priority	Count	Amount
<80%AMI	2	\$ 59,864
80%-120% AMI	2	\$ 48,239
>120%AMI	7	\$ 112,770
Total	11	\$ 220,873

For these Phase I populations with declined and undisbursed SBA loans, since funds were never received from SBA, SBA will not be a party to disbursements related to these award adjustments. Receipt of these funds is conditioned upon the homeowner’s agreeing to the cancellation of undisbursed portions of their approved SBA loans. Restore will issue notifications to SBA regarding these award adjustments per current Restore policies and procedures and existing processes within the Restore program. Disbursement of additional grant proceeds related to these adjustments for declined and undisbursed SBA loans will otherwise be in accordance with existing Restore program policies and procedures requiring executed grant and subrogation agreements and based upon inspections confirming level of work performed. Finally, any homeowners who have yet to close on their Restore grant awards will receive an adjusted grant calculation based on the DRRRA.

Regarding Phase I, the above referenced methodology entails a change in award calculation in accordance with previous action plans and policies and procedures governing the Program. As such, Phase I is outlined here for informational purposes only and is expected to be underway prior to approval of this APA 12.

Phase II: Disbursed SBA Loan Adjustments

Pending approval of this APA 12, subsequent award adjustments will be made through Restore for homeowners who received funds from SBA (disbursed) which are currently recorded within Restore’s grant management system as a DOB. DRRRA guidance allows the Program to remove as DOB funds disbursed through SBA Disaster Loans for all homeowner populations with incomes less than or equal to 120% AMI. The Program will first prioritize LMI homeowner populations for award adjustments. The Program has identified an estimated 1,138 households eligible for approximately \$42,480,893 in award adjustments. In cases where inspections have been completed through the Restore program confirming work completed and attributable to SBA disbursements, two-party checks will be issued and payable to both the homeowner and SBA. The state anticipates the process to disburse additional Restore program funds to eligible LMI populations will take less than 30 days once APA 12 is approved. For populations in which inspections have not yet been completed, this timeline may be extended.

LMI Phase II Adjustments (LMI)		
Type	Count	Amount
SBA Partial Draw Population (Reimbursement to SBA)	6	\$ 321,790
SBA 100% Draw Population (Award Increase)	544	\$ 8,858,421
SBA 100% Draw Population (Reimbursement to SBA)	1,132	\$ 33,300,682
Total		\$ 42,480,893

Following adjustments to LMI populations, the Program will begin recalculation and award adjustments for homeowner populations with incomes between 80% and 120% AMI. The Program has identified an estimated 725 households within this second income group eligible for approximately \$27,389,800 in award adjustments. Akin to the methodology described above and applicable to LMI populations, in cases where inspections have been performed through the Restore program confirming work completed and attributable to SBA disbursements, two-party checks will be issued and payable to both the homeowner and SBA.

LMI Phase II Adjustments (80%-120% AMI)		
Type	Count	Amount
SBA Partial Draw Population (Reimbursement to SBA)	3	\$ 125,500
SBA 100% Draw Population (Award Increase)	367	\$ 5,916,248
SBA 100% Draw Population (Reimbursement to SBA)	722	\$ 21,348,052
Total		\$ 27,389,800

Finally, after award adjustments have been calculated and funds have been disbursed to eligible Restore program participants within LMI and 80%-120% AMI population groupings, the Program will follow the same steps proposed above for populations with household incomes in excess of 120% AMI. Additionally, per DRRRA guidance, these populations will be subject to proposed hardship criteria, as outlined below and subject to HUD's approval. Subject to approval of hardship criteria, the Program has identified a maximum of 3,422 households within this third-priority income grouping eligible for approximately \$129,074,719 in award adjustments, if those adjustments were disbursed on a dollar-for-dollar basis.

LMI Phase II Adjustments (>120% AMI)		
Type	Count	Amount
SBA Partial Draw Population (Reimbursement to SBA)	12	\$ 469,333
SBA 100% Draw Population (Award Increase)	1,507	\$ 23,613,028
SBA 100% Draw Population (Reimbursement to SBA)	3,253	\$ 104,992,358
Total		\$ 129,074,719

However, in order to maintain the grant's requirement that 55% of total resources benefit LMI populations, this APA 12 proposes disbursing funds to populations with incomes in excess of 120% AMI using a multiplier of 0.50. Therefore, potential award adjustments to this third-priority income grouping would potentially change per the following:

LMI Phase II Adjustments (>120% AMI - w/0.5 multiplier)			
Type	Count	Total Amount	Revised Total
SBA Partial Draw Population (Reimbursement to SBA)	12	\$ 469,333	\$ 234,667
SBA 100% Draw Population (Award Increase)	1,507	\$ 23,613,028	\$ 11,806,514
SBA 100% Draw Population (Reimbursement to SBA)	3,253	\$ 104,992,358	\$ 52,496,179
	Total	\$ 129,074,719	\$ 64,537,360

Dependent on the proportion of applicants with incomes in excess of 120% AMI who also meet one or more of the approved hardship criteria, the state reserves the right to adjust this multiplier accordingly if it can do so and remain within required overall LMI benefit parameters.

All award adjustments calculated as a result of DOB methodology changes stipulated within the DRRRA are currently available for disbursement with existing programmatic budgets. As such, no alterations to existing program budgets are proposed through this APA 12. Additionally, details regarding Restore's programmatic activities and recordkeeping requirements are further outlined within the Program's policies and procedures.

Hardship Criteria for Homeowner Populations with Incomes Exceeding 120% AMI

The state proposes the below hardship criteria representing situations in which it may determine it is both necessary and reasonable to provide CDBG-DR assistance households with incomes exceeding 120% AMI who drew SBA funds:

- **Hardship due to housing cost burden.** Individuals who spend more than 30% of their monthly gross income on housing costs are expected to experience hardship in recovery due to having limited financial resources;
- **Hardship due to SBA loan repayment.** Individuals who spend more than 15% of their monthly discretionary income on SBA loan repayment are expected to experience hardship in recovery due to having limited financial resources;
- **Hardship due to advanced age.** Individuals who are of an advanced age and are retired or for whom retirement is expected during the repayment period of the SBA loan. The reduced income or anticipated reduction of income that comes with retirement is likely to cause a hardship during the loan repayment period;
- **Hardship due to cost of caring for dependents.** Homeowners responsible for providing care to parents, children, grandchildren, and other dependents have long-term financial commitments to consider when contemplating incurring additional debt. Additional debt would be a burden and limit available resources needed to provide for dependents;
- **Hardship due to major illness and/or death of wage earner.** Households that have experienced a major illness or death of a household wage earner are anticipated to experience hardship in repaying SBA loans and completing recovery;
- **Hardship due to costs associated with higher education for self or dependents.** Tuition and living expenses for dependents in higher education present significant financial needs to homeowners. Household resources are strained to accommodate education-related expenses and homeowners may not have adequate monthly cash flow to support an additional note;
- **Hardship due to loss of employment or reduction in income.** A loss of income or job following the

- qualifying disaster event can impact the ability to repay a loan;
- **Hardship due to costs associated with disability and/or special needs.** Additional costs related to evacuation, relocation, and rebuilding for a disabled/special needs household puts an increased burden on financial resources that might otherwise be contributed to recovery;
 - **Hardship due to depletion of retirement account.** Households who withdraw funds from their retirement account(s) after the qualifying disaster are anticipated to experience hardship during the repayment period of their SBA loan due to the loss of future retirement income.

Additional criteria may be added or considered on a case-by-case basis. Should this scenario arise, the state will consult with appropriate HUD representatives for guidance prior to calculating any award adjustment.

Thresholds for Qualification

If a homeowner indicates they fall into one or more of the hardship categories listed above, the Program will analyze documentation provided by the applicant to ensure additional disbursements are both necessary and reasonable. The Program proposes the following thresholds for each qualifier:

Qualifier	Threshold and Method of Determination
Housing Cost Burdened	<p><u>Threshold:</u> Applicants or co-applicants spend more than 30% of gross household income on housing expenses.</p> <p><u>Method of Determination:</u> Completion of household budget worksheet with documentation of housing payment(s).</p>
SBA Loan Repayment Burden	<p><u>Threshold:</u> Applicants or co-applicants spend more than 15% of discretionary income (as defined by the US Department of Education) on SBA loan repayment.</p> <p><u>Method of Determination:</u> Completion of household budget worksheet with documentation of housing expenses.</p>
Age of applicant or co-applicant	<p><u>Threshold:</u> Applicants or co-applicants were 50 years or older at the time of the flood.</p> <p><u>Method of Determination:</u> Government ID of the applicant and/or co-applicant as collected during application.</p>
Dependents in the home	<p><u>Threshold:</u> Applicants or co-applicants must have dependents (minors or adults) in their household.</p> <p><u>Method of Determination:</u></p>

	Review of dependents listed on applicant/co-applicant tax returns.
Major Illness and/or Death of Wage Earner	<p><u>Threshold:</u> Wage-earner in applicant household suffered from a serious illness or died following the flood event.</p> <p><u>Method of Determination:</u> Medical records and/or death certificate.</p>
Dependents in higher education	<p><u>Threshold:</u> Applicants or co-applicants must have dependents (minors or adults) in their household who are pursuing higher education.</p> <p><u>Method of Determination:</u> Tuition record and tax returns reflecting dependents.</p>
Loss of job or reduction of income following the flood event	<p><u>Threshold:</u> Applicants or co-applicants must have lost their job or experienced a reduction in wages following the flood.</p> <p><u>Method of Determination:</u> Notice of termination, separation, pay stubs or job history.</p>
Disabled/special needs household member	<p><u>Threshold:</u> Applicants or co-applicants must have a household member who has a disability.</p> <p><u>Method of Determination:</u> Verification of disabled household member will be conducted as part of the eligibility screening for the program.</p>
Depletion of Retirement Savings	<p><u>Threshold:</u> Applicants or co-applicants must have withdrawn funds as an early distribution from a retirement account (IRA, 401k, 403b, etc.) following the applicable flood event.</p> <p><u>Method of Determination:</u> Statements from retirement account showing early distribution of funds.</p>

[LMI Benefit Update](#)

Per 84 FR 28836, grantees are required to provide an update to their overall grant benefit projections to ensure at least 55% of resources will benefit LMI populations accounting for adjusted DOB calculations allowed by the DRRRA. Pending approval of this APA 12, the State of Louisiana remains projected to meet this requirement.

Overall Grant Breakdown Pending APA 12 Approval			
Program Type	Total Allocation	Projected LMI Benefit	% LMI Benefit
Housing Programs	\$ 1,445,927,320	\$ 854,625,826	59.11%
Business & Agriculture Programs	\$ 61,400,000	\$ 44,016,000	71.69%
Infrastructure Programs	\$ 115,000,000	\$ -	0.00%
First Responders Program	\$ 8,000,000	\$ 2,000,000	25.00%
Planning/Administration	\$ 78,079,680	N/A	N/A
Total	1,708,407,000	\$ 900,641,826	55.24%

APA 11 Clarification

HUD approved the state's APA 11 on June 3, 2019. As part of APA 11, the RLHP was modified to include the Interim Housing Assistance Program. This program is intended to provide interim mortgage assistance for up to 20 months to eligible RLHP applicants displaced from their homes whose household incomes are less than or equal to 120% AMI. This assistance is available to homeowners who are actively working through the RLHP and are currently incurring additional mortgage and/or rental costs in addition to mortgage costs associated with their damaged properties and established prior to the Great Floods of 2016.

Interim mortgage assistance may be provided until repairs and/or reconstruction activities are completed on the applicant's damaged home, up to a maximum of 20 months. Mortgage assistance is limited to households that are currently displaced from their flood-damaged home and are paying an additional housing payment. Assistance is limited to the lesser of the actual monthly payment to a mortgage company or the fair market rent amount of a given area, based on household and bedroom size of the damaged structure. Although this funding is not for rental assistance, in order to maintain consistency of funding processes and amounts, the program will follow a process in calculating benefit for mortgage assistance to mirror the standard process to calculate rental assistance. Mortgage assistance attributable to homes in the special flood hazard area will require the homeowner to maintain flood insurance on that housing unit in perpetuity. For applicants eligible for monthly rental assistance, awards are limited to the lesser of the actual cost of additional rent or the fair market rent amount in a given area, based on the household and bedroom size of the interim housing.

Many homeowners eligible for this assistance have been paying additional mortgage or rental payments due to their primary residence remaining uninhabitable since the Great Floods of 2016. RLHP requires a homeowner to place all DOB amounts in escrow (Solution 1) or complete repairs up to the amount of DOB as the homeowner's responsibility under Solution 2. Because of the duplicate housing expense experienced by this population of homeowners, their repairs have been delayed due to being unable to close on their grant and access their RLHP grant funds because they can't meet their escrow or homeowner responsibility requirement. As part of the interim mortgage assistance program, homeowners will be required by program policy and grant agreement to utilize all grant funds to satisfy their escrow or homeowner responsibility requirement. Further, the interim mortgage assistance grant award amount will be capped at the DOB amount. By applying the assistance retroactively to reimburse these homeowners for payments already made and requiring as part of the assistance that the homeowner place these awarded funds in escrow or into their home rehabilitation project, it will allow homeowners quicker access to their RLHP grant award funds. This will also allow homeowners to finish

their projects sooner than if the mortgage assistance is only calculated prospectively.

By making this change to the interim mortgage assistance program, there will be no new beneficiaries. The eligible population will remain those with damage structures from the Great Floods of 2016, who have household incomes less than or equal to 120% AMI, and who have duplicate mortgage or mortgage and rental payments as a result of their property being damaged and uninhabitable. The amount of the benefit will also be the same as indicated in the above stated terms for calculation. Furthermore, assistance is capped at the amount of DOB for the underlying RLHP grant. As such, the state is providing this clarification to the interim mortgage assistance program language approved in APA 11 to apply same to retroactive mortgage payments up to the amount of the homeowner's DOB.

Public Comments

This APA 12 is considered substantial based on parameters outlined by 84 FR 28836 in response to the Disaster Recovery Reform Act of 2018 (DRRA). The formal public comment period for the amendment begins July 24th, 2019 and runs until 5 p.m. August 6th, 2019. Citizens and organizations can comment on this amendment via:

- The OCD website, http://www.doa.la.gov/Pages/oed-dru/Action_Plans.aspx;
- Emailing them to ocd@la.gov;
- Mailing them to Office of Community Development, P.O. Box 94095, 70804-9095, Attn: Janice Lovett; or
- Faxing them to the attention of Janice Lovett at (225) 219-9605.

The plan is available in Vietnamese and Spanish to reach the limited English proficiency citizens in the impacted areas. Citizens with disabilities or those who need other technical assistance can contact the OCD office for assistance via the methods listed above.

j. Duplication of Benefits Calculation

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits and under federal law must be deducted from the grant assistance amount:

1. FEMA

a. *FEMA Individual Assistance (FEMA IA)*

Definition: FEMA IA assistance may be provided for home repairs. In the cases where applicants have received assistance for home repairs, that amount will be considered a duplication of benefits by the Program.

Verification: FEMA IA will be determined and verified by RLHP through the FEMA NEMIS database. If RLHP is unable to verify the FEMA IA amount through the FEMA NEMIS database, RLHP will use the payment amount provided by the applicant at the time of application. If an applicant can provide documentation demonstrating that the FEMA IA amount provided by the FEMA NEMIS database includes amounts not paid to cover structural loss, RLHP will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

b. *FEMA National Flood Insurance Program (NFIP) Insurance*

Definition: Payments for loss to dwellings under NFIP insurance policies are deducted from the grant the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant’s funding assistance award.

Verification: The Program will collect flood insurance payment information from the applicant through the application process. In addition, the Program will work directly with NFIP to verify the information provided by the applicant.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits as long as documentation from the mortgage company evidences the payoff was involuntary. The applicant will need to provide a letter from the lender on company letterhead stating that the mortgage payment was force paid or involuntarily paid directly from the insurance company to the lender.

2. SBA

On June 14, 2019, HUD issued updated guidance regarding Small Business Administration (SBA) loans as a duplication of benefits. SBA duplication of benefits is defined below according to FR-6169-N-01. If you are interested in viewing the original definition of SBA duplication of benefits, please see previous versions of published RLHP guidelines.

Definition: Federal law require that SBA loans for repair of the damaged dwelling to be counted as a duplication of benefits only in limited circumstances. The SBA-approved loan for repair of the damaged dwelling will be counted as a duplication of benefits, except in the following circumstances:

- **Declined SBA Loans.** Declined loan amounts are loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the applicant, meaning

the applicant never signed loan documents to receive the loan proceeds. If an applicant was approved for a loan but did not execute a loan agreement, the offered loan amount will not be considered a duplication of benefits.

- **Cancelled SBA Loans.** Cancelled loans are loans (or portions of loans) that were initially accepted, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The cancelled loan amount is the amount that is no longer available.

If an applicant cancels all or a portion of an SBA loan related to the repair of the dwelling, only the accepted loan amount will be considered a duplication of benefits. The undisbursed loan amount will not be considered a DOB. Applicants may not request subsequent draws from the undisbursed portion of the loan. The RLHP will recalculate awards for all pre-closing applicants that declined the loan or cancelled all or a portion of the loan. Post-Closing applicants that declined the loan or cancelled all or a portion of the loan will be credited in the amount of the undisbursed portion of the SBA loan that was calculated in the grant award as a DOB.

All RLHP terms and conditions must be met prior to issuance of a reimbursement for the undisbursed portion of the loan. For instance, Solution 2 applicants must demonstrate that they have met their homeowner's responsibility in full prior to receiving reimbursement funds for SBA DOB. Additionally, evidence of sufficient flood insurance must be provided to the Program per RLHP guidelines.

HUD guidelines require an Action Plan Amendment (APA) to address reimbursement of any disbursed SBA amounts and to also allow for a hardship procedure for anyone over 120% AMI. Rules pertaining to those populations are pending the APA and will be defined in a future publication.

Verification: RLHP will collect SBA information provided by the applicant through the application process. In addition, the RLHP will obtain a data feed provided by SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different categories of assistance (e.g. real property, personal property, vehicles, etc.). Any disbursed amount for real estate repair from SBA is considered a duplication of benefits and factored into the award calculation. {Pending future revisions to this policy as referenced above in this section}

3. Private insurance

Definition: All property or casualty insurance, including flood, settlement amounts for loss to dwellings are deducted from the applicant's funding assistance award. Private insurance payments for contents or other expenses are not deducted from the applicant's funding assistance award.

Verification: Insurance proceeds are initially determined by RLHP through applicant provided information. Program applicants will authorize the Program to contact third-party private insurance providers to verify information provided by the applicants within their applications. Third party re-verification will only occur if the applicant self-attests a claim has been filed and the applicant is unable to provide a claim summary.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits as long as the applicant provides adequate

documentation. The applicant will need to provide supporting documentation demonstrating the mortgage payment was involuntary and the RLHP will attempt to verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is a duplication of benefits that will be counted in an applicant's award calculation.

4. Other Funding

Funding received for the same purpose of a RLHP grant such as funding provided by a non-profit entity to assist applicants with rebuilding their home must be reported by applicants through the application process and must be accounted for and verified by the Program. In addition, the support documentation related to other duplicative funding sources will be provided by the applicant and verified and applied as a duplication of benefits by the Program.

5. Award Calculation

Applicants Impacted by One Flood Event (Either March 2016 or August 2016). The formula below is how the Program will calculate an applicant's award if the applicant was affected by either the March or August 2016 flooding events.

- 1) Identify Eligible Scope of Completed Construction Work
- 2) Identify all Potentially Duplicative Assistance to be Deducted out of Completed Work
- 3) Deduct Assistance Determined to be Duplicative
- 4) Determine Maximum Allowable Reimbursement CDBG-DR Award
- 5) Identify Eligible Repair Costs/Need for Prospective Work
- 6) Identify all Potentially Duplicative Assistance remaining
- 7) Deduct Assistance Determined to be Duplicative
- 8) Determine Maximum Allowable CDBG-DR Award

Eligible Repair Costs/Need:

The Program will determine an eligible repair estimate using information from the inspection. The repair estimate will be valued based on economy/standard grade materials and industry-standard labor costs. If the homebuilding contract between the applicant and homebuilding contractor is based on higher standards than those assessed by the state, the state will use the value of the Program's assessment as the basis for the eligible repair estimate.

Calculating Potential Duplication of Benefits:

If an applicant is requesting reimbursement from the Program, all duplication of benefits expended prior to reimbursement will be calculated and deducted from the reimbursement award.

If an applicant is requesting reimbursement and rehabilitation, all duplication of benefits expended will be deducted from the reimbursement award. If duplication of benefits expended is greater than the reimbursement award, then the remainder of the duplication of benefits will be deducted from the rehabilitation award.

If an applicant is only applying for rehabilitation award, then the full duplication of benefits will be accounted for at the time of the rehabilitation award calculation. The duplication of benefits check will be completed prior to the execution of the grant agreement and again prior to the processing of the final draw of funds.

All duplication of benefits funding must be accounted for prior to the applicant receiving an RLHP award. Applicants participating in Solution 1, must place all duplication of benefits funding in the Program's escrow account. Further guidance on escrow accounts will be provided by the Program.

Applicant Impacted by Both Flood Events (March 2016 and August 2016). Applicants who were impacted by both the March and August 2016 flood events must make a claim to RLHP for the March flood. Applicants in this situation will have two award calculations in their RLHP file backup documentation, one for the March flood and one for the August flood. However, only one award will be issued based on the total of both storms.

The applicant will need to provide proof of loss related to the March 2016 flood via receipts for building materials or repairs, cancelled checks to contractors, and/or paid invoices to establish the value of the repairs completed that were lost in the second flood in August 2016. RLHP will use FEMA data to verify the damage level. If the flood height from either storm is equal to or greater than 12 inches, *or if the cumulative FEMA verified loss of both storms is equal to or greater than \$8,000.00*, then the damage will be considered major/severe.

Additionally, applicants who received federal assistance from the March 2016 flood and who did not obtain flood insurance prior to the August 2016 flood, may be deemed NFIP non-compliant by FEMA. NFIP non-compliance means that an applicant is ineligible to receive any future federal disaster relief funding. Recognizing the unique situation posed by two flood events occurring within a few months of each other, RLHP believes that some applicants in the NFIP non-compliance status would not have had an opportunity to fully restore their damaged homes and obtain insurance within this timeframe. Applicants who had not completed construction and could not obtain flood insurance due to the disrepair of their home, at the time of the August flood event must provide proof that the damaged home was uninsurable as of the date of the August flooding event.

6. Repayment of Duplicative Assistance (Subrogation)

All duplicative funding received must be remitted to or accounted for, regardless of when it is received by the applicant. If applicants receive additional funding for the same purpose as the RLHP award (permanent repair to storm damaged home) even after and RLHP award is executed, the applicant is required to report the additional funding to the Program. By accepting the award, applicants agree that they will report any duplicative funds to the Program whenever received. Upon receipt of a report that benefits have been received that were not reported in the grant calculation, the Program will recalculate the applicant's award and provide instructions as to whether such funds must be used in construction prior to additional funding by the Program (Solutions 1 and 2), whether the applicant's award will be reduced by such amount (Solution 3), or whether the applicant must remit such amounts to the Program. A copy of the Program's subrogation agreement can be found in **Appendix C**.

j. Duplication of Benefits Calculation

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits and under federal law must be deducted from the grant assistance amount:

1. FEMA

a. FEMA Individual Assistance (FEMA IA)

Definition: FEMA IA assistance may be provided for home repairs. In the cases where applicants have received assistance for home repairs, that amount will be considered a duplication of benefits by the Program.

Verification: FEMA IA will be determined and verified by RLHP through the FEMA NEMIS database. If RLHP is unable to verify the FEMA IA amount through the FEMA NEMIS database, RLHP will use the payment amount provided by the applicant at the time of application. If an applicant can provide documentation demonstrating that the FEMA IA amount provided by the FEMA NEMIS database includes amounts not paid to cover structural loss, RLHP will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

b. FEMA National Flood Insurance Program (NFIP) Insurance

Definition: Payments for loss to dwellings under NFIP insurance policies are deducted from the grant the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant's funding assistance award.

Verification: The Program will collect flood insurance payment information from the applicant through the application process. In addition, the Program will work directly with NFIP to verify the information provided by the applicant.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits as long as documentation from the mortgage company evidences the payoff was involuntary. The applicant will need to provide a letter from the lender on company letterhead stating that the mortgage payment was force paid or involuntarily paid directly from the insurance company to the lender.

2. SBA

On June 14, 2019, HUD issued updated guidance regarding Small Business Administration (SBA) loans as a duplication of benefits. SBA duplication of benefits is defined below according to FR-6169-N-01. If you are interested in viewing the original definition of SBA duplication of benefits, please see previous versions of published RLHP guidelines.

Definition: Federal law require that SBA loans for repair of the damaged dwelling to be counted as a duplication of benefits only in limited circumstances. The SBA-approved loan for repair of the damaged dwelling will be counted as a duplication of benefits, except in the following circumstances:

- **Declined SBA Loans.** Declined loan amounts are loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the applicant, meaning

the applicant never signed loan documents to receive the loan proceeds. If an applicant was approved for a loan but did not execute a loan agreement, the offered loan amount will not be considered a duplication of benefits.

- **Cancelled SBA Loans.** Cancelled loans are loans (or portions of loans) that were initially accepted, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The cancelled loan amount is the amount that is no longer available.

If an applicant cancels all or a portion of an SBA loan related to the repair of the dwelling, only the accepted loan amount will be considered a duplication of benefits. The undisbursed loan amount will not be considered a DOB. Applicants may not request subsequent draws from the undisbursed portion of the loan. The RLHP will recalculate awards for all pre-closing applicants that declined the loan or cancelled all or a portion of the loan. Post-Closing applicants that declined the loan or cancelled all or a portion of the loan will be credited in the amount of the undisbursed portion of the SBA loan that was calculated in the grant award as a DOB.

All RLHP terms and conditions must be met prior to issuance of a reimbursement for the undisbursed portion of the loan. For instance, Solution 2 applicants must demonstrate that they have met their homeowner's responsibility in full prior to receiving reimbursement funds for SBA DOB. Additionally, evidence of sufficient flood insurance must be provided to the Program per RLHP guidelines.

HUD guidelines require an Action Plan Amendment (APA) to address reimbursement of any disbursed SBA amounts and to also allow for a hardship procedure for anyone over 120% AMI. Rules pertaining to those populations are pending the APA and will be defined in a future publication.

Verification: RLHP will collect SBA information provided by the applicant through the application process. In addition, the RLHP will obtain a data feed provided by SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different categories of assistance (e.g. real property, personal property, vehicles, etc.). Any disbursed amount for real estate repair from SBA is considered a duplication of benefits and factored into the award calculation.

Disbursed SBA Loan Adjustments

Subsequent award adjustments will be made for homeowners who received funds from SBA (disbursed) which are currently recorded within Restore's grant management system as a DOB. DRRRA guidance allows the Program to remove as DOB funds disbursed through SBA Disaster Loans for all homeowner populations with incomes less than or equal to 120% AMI. The Program will prioritize LMI homeowner populations for award adjustments. In cases where inspections have been completed through the Restore program confirming work completed and attributable to SBA disbursements, two-party checks will be issued and payable to both the homeowner and SBA. No disbursements will be made until inspections verifying the work completed and attributable to SBA funds have been completed.

Following adjustments to LMI populations, the Program will begin recalculation and award adjustments for homeowner populations with incomes between 80% and 120% AMI. Akin to the methodology described above and applicable to LMI populations, in cases where inspections have been performed through the Restore program confirming work completed and attributable to SBA disbursements, two-party checks will be issued and payable to both the homeowner and SBA.

Finally, after award adjustments have been calculated and funds have been disbursed to eligible Restore

program participants within LMI and 80%-120% AMI population groupings, the Program will follow the same steps outlined above for populations with household incomes in excess of 120% AMI. Additionally, per DRRRA guidance, these populations will be subject to proposed hardship criteria, as outlined below. The RLHP will recalculate awards for all pre-closing applicants that declined the loan or cancelled all or a portion of the loan. Post-Closing applicants that declined the loan or cancelled all or a portion of the loan will be credited in the amount of the undisbursed portion of the SBA loan that was calculated in the grant award as a DOB.

All RLHP terms and conditions must be met prior to issuance of a reimbursement for the undisbursed portion of the loan. For instance, Solution 2 applicants must demonstrate that they have met their homeowner's responsibility in full prior to receiving reimbursement funds for SBA DOB. Additionally, evidence of sufficient flood insurance must be provided to the Program per RLHP guidelines.

Verification: RLHP will collect SBA information provided by the applicant through the application process. In addition, the RLHP will obtain a data feed provided by SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different categories of assistance (e.g. real property, personal property, vehicles, etc.). Any disbursed amount for real estate repair from SBA is considered a duplication of benefits and factored into the award calculation.

c. **Hardship Criteria for Homeowner Populations with Incomes Exceeding 120% AMI**

The below hardship criteria represents situations in which it may be both necessary and reasonable to provide CDBG-DR assistance households with incomes exceeding 120% AMI who drew SBA funds:

- **Hardship due to housing cost burden.** Individuals who spend more than 30% of their monthly gross income on housing costs are expected to experience hardship in recovery due to having limited financial resources;
- **Hardship due to SBA loan repayment.** Individuals who spend more than 15% of their monthly discretionary income on SBA loan repayment are expected to experience hardship in recovery due to having limited financial resources;
- **Hardship due to advanced age.** Individuals who are of an advanced age and are retired or for whom retirement is expected during the repayment period of the SBA loan. The reduced income or anticipated reduction of income that comes with retirement is likely to cause a hardship during the loan repayment period;
- **Hardship due to cost of caring for dependents.** Homeowners responsible for providing care to parents, children, grandchildren, and other dependents have long-term financial commitments to consider when contemplating incurring additional debt. Additional debt would be a burden and limit available resources needed to provide for dependents;
- **Hardship due to major illness and/or death of wage earner.** Households that have experienced a major illness or death of a household wage earner are anticipated to experience hardship in repaying SBA loans and completing recovery;
- **Hardship due to costs associated with higher education for self or dependents.** Tuition and living expenses for dependents in higher education present significant financial needs to homeowners. Household resources are strained to accommodate education-related expenses and homeowners may not have adequate monthly cash flow to support an additional note;

- **Hardship due to loss of employment or reduction in income.** A loss of income or job following the qualifying disaster event can impact the ability to repay a loan;
- **Hardship due to costs associated with disability and/or special needs.** Additional costs related to evacuation, relocation, and rebuilding for a disabled/special needs household puts an increased burden on financial resources that might otherwise be contributed to recovery;
- **Hardship due to depletion of retirement account.** Households who withdraw funds from their retirement account(s) after the qualifying disaster are anticipated to experience hardship during the repayment period of their SBA loan due to the loss of future retirement income.

Thresholds for Qualification

If a homeowner indicates they fall into one or more of the hardship categories listed above, the Program will analyze documentation provided by the applicant to ensure additional disbursements are both necessary and reasonable. The Program will utilize the following thresholds for each qualifier:

Qualifier	Threshold and Method of Determination
Housing Cost Burdened	<p><u>Threshold:</u> Applicants or co-applicants spend more than 30% of gross household income on housing expenses.</p> <p><u>Method of Determination:</u> Completion of household budget worksheet with documentation of housing payment(s).</p>
SBA Loan Repayment Burden	<p><u>Threshold:</u> Applicants or co-applicants spend more than 15% of discretionary income (as defined by the US Department of Education) on SBA loan repayment.</p> <p><u>Method of Determination:</u> Completion of household budget worksheet with documentation of housing expenses.</p>
Age of applicant or co-applicant	<p><u>Threshold:</u> Applicants or co-applicants were 50 years or older at the time of the flood.</p> <p><u>Method of Determination:</u> Government ID of the applicant and/or co-applicant as collected during application.</p>
Dependents in the home	<p><u>Threshold:</u> Applicants or co-applicants must have dependents (minors or adults) in their household.</p> <p><u>Method of Determination:</u> Review of dependents listed on applicant/co-applicant tax returns.</p>
Major Illness and/or	<p><u>Threshold:</u></p>

Death of Wage Earner	<p>Wage-earner in applicant household suffered from a serious illness or died following the flood event.</p> <p><u>Method of Determination:</u> Medical records and/or death certificate.</p>
Dependents in higher education	<p><u>Threshold:</u> Applicants or co-applicants must have dependents (minors or adults) in their household who are pursuing higher education.</p> <p><u>Method of Determination:</u> Tuition record and tax returns reflecting dependents.</p>
Loss of job or reduction of income following the flood event	<p><u>Threshold:</u> Applicants or co-applicants must have lost their job or experienced a reduction in wages following the flood.</p> <p><u>Method of Determination:</u> Notice of termination, separation, pay stubs or job history.</p>
Disabled/special needs household member	<p><u>Threshold:</u> Applicants or co-applicants must have a household member who has a disability.</p> <p><u>Method of Determination:</u> Verification of disabled household member will be conducted as part of the eligibility screening for the program.</p>
Depletion of Retirement Savings	<p><u>Threshold:</u> Applicants or co-applicants must have withdrawn funds as an early distribution from a retirement account (IRA, 401k, 403b, etc.) following the applicable flood event.</p> <p><u>Method of Determination:</u> Statements from retirement account showing early distribution of funds.</p>

Per 84 FR 28836, the State is required to meet their overall grant benefit projections to ensure at least 55% of CDBG resources will benefit LMI populations accounting for adjusted DOB calculations allowed by the DRRRA. To remain compliant with this requirement, the State of Louisiana will disburse funds to populations with incomes in excess of 120% AMI using a multiplier of 0.50.

Verification: RLHP will collect hardship justification for review upon determination by the program that the applicable hardship threshold has been met, the program will forward the approved hardship request to HUD for its confirmation. No reimbursements will be processed by the Program until such time as approval for each request has been received from HUD.

3. Private insurance

Definition: All property or casualty insurance, including flood, settlement amounts for loss to dwellings are deducted from the applicant’s funding assistance award. Private insurance payments for contents or other expenses are not deducted from the applicant’s funding

assistance award.

Verification: Insurance proceeds are initially determined by RLHP through applicant provided information. Program applicants will authorize the Program to contact third-party private insurance providers to verify information provided by the applicants within their applications. Third party re-verification will only occur if the applicant self-attests a claim has been filed and the applicant is unable to provide a claim summary.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits as long as the applicant provides adequate documentation. The applicant will need to provide supporting documentation demonstrating the mortgage payment was involuntary and the RLHP will attempt to verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is a duplication of benefits that will be counted in an applicant's award calculation.

4. Other Funding

Funding received for the same purpose of a RLHP grant such as funding provided by a non-profit entity to assist applicants with rebuilding their home must be reported by applicants through the application process and must be accounted for and verified by the Program. In addition, the support documentation related to other duplicative funding sources will be provided by the applicant and verified and applied as a duplication of benefits by the Program.

5. Award Calculation

Applicants Impacted by One Flood Event (Either March 2016 or August 2016). The formula below is how the Program will calculate an applicant's award if the applicant was affected by either the March or August 2016 flooding events.

- 9) Identify Eligible Scope of Completed Construction Work
- 10) Identify all Potentially Duplicative Assistance to be Deducted out of Completed Work
- 11) Deduct Assistance Determined to be Duplicative
- 12) Determine Maximum Allowable Reimbursement CDBG-DR Award
- 13) Identify Eligible Repair Costs/Need for Prospective Work
- 14) Identify all Potentially Duplicative Assistance remaining
- 15) Deduct Assistance Determined to be Duplicative
- 16) Determine Maximum Allowable CDBG-DR Award

Eligible Repair Costs/Need:

The Program will determine an eligible repair estimate using information from the inspection. The repair estimate will be valued based on economy/standard grade materials and industry-standard labor costs. If the homebuilding contract between the applicant and homebuilding contractor is based on higher standards than those assessed by the state, the state will use the value of the Program's assessment as the basis for the eligible repair estimate.

Calculating Potential Duplication of Benefits:

If an applicant is requesting reimbursement from the Program, all duplication of benefits expended prior to reimbursement will be calculated and deducted from the reimbursement award.

If an applicant is requesting reimbursement and rehabilitation, all duplication of benefits

expended will be deducted from the reimbursement award. If duplication of benefits expended is greater than the reimbursement award, then the remainder of the duplication of benefits will be deducted from the rehabilitation award.

If an applicant is only applying for rehabilitation award, then the full duplication of benefits will be accounted for at the time of the rehabilitation award calculation. The duplication of benefits check will be completed prior to the execution of the grant agreement and again prior to the processing of the final draw of funds.

All duplication of benefits funding must be accounted for prior to the applicant receiving an RLHP award. Applicants participating in Solution 1, must place all duplication of benefits funding in the Program's escrow account. Further guidance on escrow accounts will be provided by the Program.

Office of Community Development-Disaster Recovery Unit

Duplication of Benefit Policy

The Robert T. Stafford Disaster Relief and Emergency assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no “person, business concern or other entity” will receive duplicative assistance¹. Because disaster assistance to each person/entity varies widely based on their insurance coverage and eligibility for federal funding, grantees cannot comply with the Stafford Act without first completing a duplication of benefits (DOB) analysis specific to each applicant.

A DOB occurs when:

- A beneficiary receives assistance, and
- The assistance is from multiple sources, and
- The assistance amount exceeds the need for a particular recovery purpose.

In response to multiple natural disasters over a number of years, the State of Louisiana received supplemental disaster recovery assistance through HUD’s Community Development Block Grant (CDBG) Program. This assistance is intended to supplement, not replace, other public, private and nonprofit sector resources that have already been provided for the same need or loss and are legally required to constitute a duplicative source of financial assistance. For example, if a family’s damaged home costs \$100,000 to repair and the homeowner received insurance proceeds in that amount, the homeowner could not also receive federal disaster recovery funds to repair the home. Grantees should assure that each program provides assistance to a person or entity only to the extent that the person or entity has a disaster recovery need that has not been fully met by funds that have already been, or will be paid, from another source.

The purpose of this document is to outline how the State of Louisiana Office of Community Development Disaster Recovery Unit (OCD-DRU) assures that all applications for assistance from the programs funded by OCD-DRU (both housing and non-housing), as well as all projects implemented by OCD-DRU grantees, contractors and subrecipients, will be reviewed for possible duplication of benefits. The procedures described below are also applicable to all OCD-DRU grantees and subrecipients and must be incorporated in the design and administration of programs/projects undertaken by them. This document details OCD-DRU’s general Duplication of Benefits policy. Individual programs may be subject to program specific policies implementing additional Duplication of Benefits requirements or processes, subject to this overarching policy.

The OCD-DRU Program Manager is responsible to ensure the following steps are performed using the best reasonably available data from Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), the National Flood Insurance Program, insurers and other sources of assistance to verify all reasonably identifiable sources of recovery assistance received by or available to the applicant prior to any award.

The first step of the DOB determination (calculation) is to determine the amount of assistance needed and the amount of funds previously received or to be received for a disaster recovery activity. This is accomplished by first determining the applicant’s post-storm disaster need prior to the receipt of potential receipt of other funds. Next, all other sources of recovery assistance received, or available to be received, must be disclosed during the application process and must be verified where reasonably possible. Other sources of funds can include, but are not limited to: private insurance, the Federal Emergency Management Agency, the Small Business Administration (SBA), the National Flood Insurance Program, local and state funds, other federal programs, and private and nonprofit organizations. Whether

¹ Stafford Act, Title III, Sec. 312, (a)

the assistance constitutes a duplicative source can be effected by the use for which it was provided and specific exemptions that may be provided by law, regulation, or waiver, such as provided in the Disaster Recovery Reform Act, Public Law 115-254, which impacts SBA loans for certain presidentially declared disasters.

The next step is to identify assistance that is not available for the activity. This consists of: funds received that are not for the same purpose as the CDBG activity(s); funds not available to the applicant, eg. forced mortgage payoff, contractor fraud, etc.; funds from unsubsidized private loans (forgivable loans are duplicative); and any other asset or line of credit available to the applicant, such checking and savings accounts, stocks, etc. These funds are not considered to be duplicative and may be excluded and not deducted as a duplication of benefit. Finally, after subtracting from the proposed activity cost the duplicate funds received, or available to be received, calculate the maximum CDBG award.

Once the maximum CDBG award has been determined, applicants will be required to sign an agreement either contained in a grant/subrecipient agreement or a separate subrogation instrument, requiring them to return to OCD-DRU² any assistance received for the same purpose as the CDBG disaster recovery funds. This agreement is to be monitored by OCD-DRU program staff, grantees and subrecipients according to the specific Programs guidelines. Unless an additional need is established, disaster recovery funds should be recaptured to the extent they are in excess of the need and duplicate other assistance received by the beneficiary for the same purpose.

The following is an example of the above described process steps for DOB determination:

1. Identify the Applicant’s Total Need Prior to Any Assistance.....	\$100,000
2. Identify All Potential Duplicative Assistance.....	\$35,000
3. Deduct Assistance Determined to be Duplicative.....	\$30,000
4. Maximum Eligible Award (Item 1 less Item 3).....	\$70,000
5. Program Cap (if applicable).....	\$50,000
6. Final Award (lesser of Items 4 and 5).....	\$50,000

Unmet Needs

Disaster recovery assistance needs are calculated at one point in time. As a result, subsequent circumstances may occur that affect the need. If, after the assistance has been calculated and/or a CDBG award has been made, an applicant can demonstrate a change in circumstances the award calculation may be subsequently reevaluated to take the increased need into consideration. Such changes in circumstance include: vandalism, contractor fraud, an increase in the cost of materials and/labor, a change in local zoning law or building codes, or subsequent damage to a home or business that was partially repaired. However, the reevaluation must be done before the initial need for which assistance was granted has been fully met (e.g., before a damaged house is fully repaired).

The federal regulation pertaining to this OCD-DRU policy and procedure for identifying Duplication of Benefits is found in 76FR 71060, November 16, 2011, as modified by 4 84 FR 28836 and 28848 June 20, 2019, which should be reviewed as part of determining Duplication of Benefits. Caution should be utilized in determining the applicability of these federal notices with respect to an appropriation’s funding of a specific program because these notices contain time restrictions.

Monitoring for DOB

The process for identifying and then monitoring for DOB begins with the review of each grant application, whether it is for a specific project or an individual beneficiary of disaster recovery CDBG funds. An

² Subrogation agreements in programs run by subrecipients would require repayment to the subrecipient.

applicant must provide detailed information about other sources of funds that were received or that may be received related to the activity for which CDBG funds are being requested. OCD-DRU or contracted program management staff review and verify the other funds to determine if they are for the same activity and exceed the need for recovery assistance. Once CDBG funds are awarded, minus any determined to be a DOB, applicants are required to notify OCD-DRU of the receipt of any additional funds received for the same activity. Program staff review individual pay requests and project amendments to determine if other funds have been received that represent a DOB. In the event that additional funds are determined to be a DOB, funds will be withheld from future pay requests, and the approved project budget will be amended. In the event that all funds have been expended and a DOB is identified, the applicant will be required to repay the funds to OCD-DRU for return to the U.S. Treasury.

Monitoring for duplication of benefits will also be incorporated into OCD-DRU monitoring policies and procedures.