

State of Louisiana Task Force Meeting SBA Fix topic July 13, 2018 where will the money go if no SBA Fix?

**Ensuring sleight of
hand transparency**

RESTORE

LOUISIANA TASK FORCE

**Efficiency in government waste and
mismanagement of taxpayer funded programs.**



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Not only does the Director of the State of Louisiana OCD-DRU Patrick Forbes state that it will take HUD Guidance or Congress to pass law. He goes deeper into what he will spend it on if the \$682 million isn't used for the SBA Fix. This was in APA 9 .

July 13, 2018 Louisiana Homeowners Task Force Meeting with 12 of 21 Task Force members interested in the meeting and showed up.

This meeting there was much to do with increasing reimbursement from 50% to 100% even for homeowners that sold them homes and left the area.

The question about SBA Loans and if Hud Guidance or Congress was going to pass into Law a fix also comes up during this task force meeting.

I did my best with transcribing the what was said. At some points I simply skipped or summarized what they were talking about in print. You can listen to the 26 minute clip of the more than 2 hour meeting.

Dr. Richardson references the SBA Loan money near 6:00 minute marker and asks good questions that may clear up just what the State of Louisiana OCD-DRU plans on doing with the funds. Most important, listen to what the state plans on using the funds for if they are not given HUD guidance or Congressional Law for the SBA Fix.

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Note: Mr. Forbes Director OCD-DRU stated that their are 12800 grant awards with a total of 16000 awards

estimated. These numbers that Mr. Forbes Director of the State of Louisiana Office of Community Development (OCD-DRU) are very similar to those he stated back in April 2018.

For your viewing and listening I have a clip from the Task Force meeting to address timelines and Grant Funds and what the OCD-DRU is planning on doing with the Homeowners Assistance Program funds thousands were denied by state policy issues and that's not even including SBA Loan recipients.

5:15 **Dr. Richardson:** "... the use of this money to 50% to 100% would not take away any money from the SBA Program, my question is broader, does it take away from any other homeowner programs?"

5:45 **Patrick Forbes:** "I want to clarify. It is in the funding that you have approved, the \$1.3 billion dollars. I think the Governors point is that funding this modification does not change our ability to fully fund the SBA Fix if we get that.

6:16 **Patrick Forbes:** "With respect to the SBA Fix if we don't get that **by some time certain** we want to get the **funds invested in a viable recover activity**, right. The same thing we can do with these funds. We can go back and do infrastructure for enhancements. There are things we can do for infrastructure for reducing flood risk although I would say the fact that we have \$1.2 billion coming from HUD specifically for hazard mitigation for reducing future flood risk. Maybe use that down a little bit but it's certainly worthy of analysis.

Other economic development activities I know that that our current economic development program was under subscribed but that may mean we didn't design the program right, it may mean there are other ways we can reach small businesses to help them rebound if we had data that says that its critical.

Another super important piece is rental housing. I know many times here we have talked about the lack of affordable rental house prior to the floods and the floods damaged over 20,000 rental units across the state. And so, maintaining additional affordable housing across the state is yet another potential use of those funds.

7:37 **Dr. Richardson:** Obviously I'm not saying I'm opposed to it, but by voting for this resolution we're stating this is the highest and [?best? inaudible] this month?

Patrick Forbes: Yes sir.

7:47: **Dr. Richardson:** Explain that to me and to us all, why is this the highest and [best] issue of funds this month.

7:54 **Patrick Forbes:** So um, I have and based on our unmet needs calculation we did and unmet needs calculation that HUD performed we think that we currently have our \$1.7 billion allocation appropriately allocated to different program areas.

Including \$1.3 billion for homeowners programs. Because we were under subscribed we are actually able to do what we would have done from the beginning which is reimburse 100%.

After Katrina and Rita we were able to immediately reimburse 100% for folks who got that level of damage because of, we get our estimates of, of unmet needs and they more or less matched up with HUD's estimates of unmet needs.

Our expectations were we would not be able to do this, positive we would not be able to do this.

It would have been a thing we did from the beginning because all those folks the funds that get drained from these areas by people pulling the money out of their savings account, out of their retirement, out of their kids school loans accounts, whatever.

Is money from retracting from recovery as a whole so we think we have the appropriate allocations by program.

And this really is providing the ability to do what we would have done from the beginning if we were positive we had ample funds to do it.

9:30 **END Mr. Richardson questions**

Summary only not word for word.

Mr Faulk summary, talks about allocations and Mr. Forbes explains we are no longer eligible in the eyes of HUD for additional allocations for homeowner assistance and other programs.

Mayor Norris, If a person sold their home after completing their repairs were does the money go?
Mr. Forbes, to the owner.

19:09 **Mr. Durbin:** We can go to the last slide here.

19:15: **Mr. Forbes:** I just want to reiterate here if you look at the bottom right hand corner \$1.20 billion. This is the bases of our estimate that says we can handle 50 to 100% plus the SBA fix.

19:33: **Mr. Forbes:** The \$1.3 billion dollar allocated to the homeowner program our estimate with both a complete SBA Fix and the 100% is \$1.2 billion.

So that's really were the rubber meets the road in terms of having people understand that this doesn't impact our ability to fully cover an SBA fix should we get it.

20:00: **Mr. Dubin:** Ok

End 20:16

20:16 **Mr. Dubin:** Task Force we are looking at tab 6 of the resolution. Any questions on the resolution that is in your packet?

20:23 Mr. Durin: summary receives motion then calls for vote.

Article 6 Reimbursement 50% increased to 100% passes with 12 votes.

21:19 **Mayor Norris:** I keep coming back to this Duplication of Benefits, I can't understand why that can't be resolved. I understand you have done everything you can do, is there any possibility for extending the deadline for an application for people that are effected by the SBA only. To extend the deadline so if it gets fixed the first of October those people wont look back and say ... I know you are making every effort to tell people.

22:00 **Mr. Forbes:** [summary] closing the survey for Restore....

22:17 **Mr. Forbes** "The application deadline will absolutely rest on the dissensions that we make and that we get from Congress and/or HUD relative to SBA. We're not going to close the application process until we understand completely the ramifications from either better guidance from HUD or a law from Congress that helps us do something different.

22:43 **Mayor Norris:** So these people aren't going to be out in the cold?

22:46: **Mr. Forbes:** No sir, as long as they fill out the survey by Friday. That's the key. We're not going to close the application in a way that disadvantages those folks that may not know.

22:55 **Mayor Norris:** Could we extend their deadline for the survey?

Editorial:

It's important to understand that the SBA Fix to which they speak would require more than Congressional Law. In fact, Congress has passed a law that helps families that refused, cancelled or declined the loan not to be penalized by the State of Louisiana Office of Community Development but Director Patrick Forbes refuses to follow congressional law and ignores the Public Laws 115-123 published to HUD Notices for 2017. It is very clear he has a favor to fill and that is with homeowners that took the SBA Loan and now are asking for HUD Grants to pay off the SBA Loans. This favor may cost Mr. Forbes his job, so he is very careful to not inform HUD of what he plans on doing if the SBA Fix is not granted.

A shift in Homeowners Assistance to Small Business and State Infrastructure is what he plans on doing with the \$682 million that remains un-allocated based on the States OCD-DRU Federal Reports to HUD. They are not saying a word to Washington D.C. HUD about the hold they placed on \$682 million in grant funds targeted to the repairs and reconstruction of homes owned by homeowners that did not qualify or could not afford an SBA Loan.

The State of Louisiana once again focuses it's penalty flags on the Low Income and Moderate Income families. But it's also focused on families that could not afford to take on additional household debt.

The SBA story is much deeper than what you here in this video. It's crushing families that have had homes paid off for decades. It's financially stressing homes that have never felt the burden of a mortgage thanks to their family members that came before them.

To plunge a low income household into a 30 year mortgage with their home at risk based on a calculation that the SBA does to qualifies households with an annual income of \$18,090. This test for the SBA is simple, can a person repay the SBA Loan. According to policy if the homeowner has \$50.00 after paying the monthly loan amount the SBA feels they have the ability to repay the loan.

If the homeowner today does not make enough money the SBA will calculate using their own formula the next 3 years income increases. This we know is in the government world and other worlds but not in the USA. When did you hear of timely pay increases at the local discount box store? The SBA counts on you just smiling and signing your home up for collateral.

But don't believe me, read and listen as I share with you real people's stories and our real task force that seems to focus more on those that have SBA loan problems than those still sleeping in trailers, campers and in homes without interior walls and doors.

Resources

- [Louisiana State House of Representatives Video Archive Room 5 July 13, 2018 1.5Gb full video.](#)
- [View Online House of Representatives Channel 75.1 House Committee Room 5 Baton Rouge Louisiana](#)

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