

Homeowner with Zero Grant Award Calculation sent Zero Grant Award Letter with line, "Wait for SBA Bailout Fix"



CDBG-DR Program

Unmet & Unforeseen Costs

Reconstruction and Elevation

HUD CDBG-DR Grants

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Ms. Smith did everything right after the 2016 floods in Louisiana. Her family collected every dime they had, used insurance and took an SBA Disaster loan to rebuild their home. Their home was completed before they learned about HUD CDBG-DR grants.

This is why it's important to learn the Delivery Sequence for Federal Disaster Relief Assistance.

Homeowners did the right thing, but the Contractor IEM Inc. failed to train its call center hired help and lower management that having an SBA loan is not always a bad thing. Some with SBA loans don't mind paying the money back. Not all SBA Disaster Loan recipients are waiting for an SBA Disaster Loan Bailout Fix.

In the Case of Ms. Smith, her family home flooded in August of 2016. FEMA verified the loss as over 50% and deemed the home substantially damaged. The Smith family didn't waste time, they applied with FEMA then applied with the SBA for a Disaster Loan. They had Flood Insurance and also had coverage for the increased cost of compliance (ICC).

Using Flood insurance, ICC and taking the SBA Loan they were able to elevate their home and reconstruct a new home to replace the old home.

HUD offered Elevation Assistance to the family. Elevation was an unforeseen cost to the reconstruction, and in the HUD CDBG-DR Grant program unforeseen costs can be paid for by HUD.

Everything looked great until the Smith family made an inquiry as to how they should request their elevation allowance. The first 12 months program officials sent emails and letters stating because they took the SBA

disaster loan they did not qualify for any HUD CDBG-DR grant funds. This battle of the policy and procedural processes when on for over a year.

It took looking at the details of the process to see where the flaws and roadblocks were located. The SBA Disaster Loan issue of duplication of benefits that would zero out the homeowners eligible grant award overshadowed those that accepted the SBA Disaster loan and still had unforeseen unmet needs. Program officials grouped everyone with an SBA Disaster loan together so there was no way a homeowner like Ms. Smith was going to advance in the grant program in it's current form. In fact, if Ms. Smith didn't fight for her family's grant, they may have been deemed ineligible by management and dropped from the grant program.

The Smith family had to provide proof that the SBA Loan in the total amount was applied to the repairs of the home. Next, the Smith family had to prove square footage of the damaged home so the program reconstruction grant calculation would be accurate. Then, the Smith family had to repeat sending the same emails and the same information to many different people to find one person able to understand that Ms. Smith did everything correctly. The Smiths didn't want their SBA Disaster Loan paid off by HUD, they wanted HUD to assist them with the additional costs to make their home safe and to mitigate against future floods.

Our Findings:

The Processes that the Smith family followed have been on the books and approved since 2014.

Solution and Process correction:

To explain this issue so that others in the state of Louisiana can correct the problem and assist homeowners in other states facing similar issues, here's our math and our logic to the SBA DOB Zero Grant Award for Substantially Damaged homes forced to demolish, elevate and reconstruct.

Example case of Ms. Smith:

- Square Footage of old home 1,821
- Program Reconstruction Allowance: \$108 per sqft.
- Program Elevation Allowance: \$34.28 per sqft.
- Additional Allowance of 20% Licensed Contractor: \$28.46
- Total Square Foot Allowances: \$170.74
- Total Eligible Grant Award by Sqft: \$310,917.54
- Subtract all Duplication of Benefits: \$253,439.33
(SBA Loan, NFIP, ICC, FEMA)
- **Total remaining eligible grant award: \$57,478.21** (*unforeseen unmet needs*)

The Smith family home qualifies for \$57,478.21 in HUD CDBG-DR to help cover unforeseen costs which in this case was the elevation of a 1,821 sqft home. This is allowable program costs and set at the program cap limits. This is not additional HUD grants that will be recaptured by the SBA to pay off the SBA loan. No, not at all, this is the additional costs to the Smith Family to completely reconstruct their home.

What failed the Smith family is the bundling of every SBA Disaster loan recipient into a single group thinking all of the homeowners were in need of a SBA Disaster Loan Bailout grants. Not in the case of the Smiths.

We stand behind Ms. Smith and look forward to the day she and her family report that the elevation has been covered by the State of Louisiana's Restore Louisiana Homeowners Program.

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