

**SBA DOB refund checks not in jeopardy says Governor Edwards to public 7-13-2018.
APA 12 changes that promise.**



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Governor Edwards on July 13, 2018 gave a promise after giving 65 of all eligible flood victims enrolled in in the Louisiana Restore Program part of a 110 million program increase. He promised your SBA DOB loans would not be jeopardized.
Public Comment and Concern about Louisiana Leadership.

[Action Plan Amendment \(APA\) 12](#) appears to start by justifying [APA 11](#) by claiming APA 11 was based off of budgets and makes no impact on the APA 12. I totally disagree with how the state is attempting to justify spending \$173 million on any program prior to addressing all SBA DOB issues as Governor Edwards stated in his prepared opening announcement at the Task Force meeting July 13, 2018 regarding [APA 9](#). I want to direct the attention of HUD and our state and federal representatives in this matter. Governor Edwards made a promise to the people of Louisiana. Governor Edwards promised on July 13, 2018 that his budget changes to allow Reimbursement (Solution 3) to go from 50% to 100% would not and I'll quote his words

"And I want to stress to everyone here today, and those watching online, again, the expansion of reimbursement funds will not jeopardize any potential grant funds available in the future to homeowners affected by Small Business Administration loan duplication of benefits. Should HUD tell us that the program no longer needs to consider declined SBA loans as a duplication of benefits, either because their interpretation of federal law changes, or because the law itself changes."

Governor Edwards team / staff reported to the director of OCD-DRU Patrick Forbes on July 12, 2018 the day before his announcement of the expansion for reimbursements.

"We are projecting 10,230 will receive an additional grant through this program change, which will result in

around \$110 million in additional awards."
[Full copy linked here.](#)

The day before the increase the Governors office made everyone responsible for a balanced budget aware of the \$110 million. It was also discussed in that same day about the governors office giving to much money to homeowners by a task force member.

"What encouraged the Governor's team to put the \$110 million into additional awards for homeowners as opposed to infrastructure or economic development?"
[Full copy linked here.](#)

During the meeting on July 13, 2018 Director Patrick Forbes address the Louisiana task force about having \$682 million available to assist all those with SBA DOB issues. He added that he would place a hold on this money until HUD provided guidance on how to address the SBA DOB issues we all faced.

Here is a copy of what was entered into APA 9 and stated by the OCD-DRU director Patrick Forbes.

"By increasing the reimbursement percentage from 50% to 100% for households eligible under Phases III - VI, the state anticipates spending \$649 million on the Homeowner Program, leaving an estimated \$682 million. In the context of the different pieces of legislation going through Congress related to how to account for SBA loans as a duplication of benefit, the state may hold the balance until Congress and HUD issue updated and definitive guidance on how to treat SBA loans when calculating eligible award amounts to serve that potential unmet need."
[Copy of APA 9 prior to edit](#) by Kim Jupiter from the Governors office.

The above was submitted to HUD as Action Plan Amendment 9 via email addressed as follows:

From: Kim Jupiter
Sent: Friday, July 20, 2018 2:13 PM
To: Disaster_Recovery
Cc: Pat Forbes Stacy Bonnaffons Flanery, Ryan D Parker, Tennille S Martin, Erinn M Burgess, Adriane T Brister, Sonya M

The state still claimed to have \$682 million available at that time even with the additional costs of \$110 million for the Reimbursement program that may or may not have contributed to the imbalance of funds to the low- to moderate-income community which was published to remain at 55% or greater. I do believe your semiannual audit and / or a HUD OIG audit reported the state was at 55.67% and it was worded as "dangerously" close to the required 55%.

With the issue of the SBA DOB as the main political battle ground for all of us in Louisiana and you all in NOLA and in Washington D.C. HUD we understand that numbers can get mixed up in the media and some that don't carry their tablets may not state the correct numbers. But what is clear to me is the state of Louisiana did not properly balanced the books as directed by the Governor of the state of Louisiana and from what the Office of Community Development Disaster Recovery Unit stated. Both departments which are of the executive branch of our state government used the same numbers as what they had remaining in the program and that was \$682 million. In Oct. 2018 the \$682 changed to \$245.5 million during a period of time the state Task Force did not have public meetings. Records show that on Dec. 3, 2018 Action Plan Amendment 10 was submitted to HUD for Interim Mortgage assistance. Then in February 2019 a task force meeting was called which produced APA 11 and funding for new programs and projects for a total of \$172 million. Citizens became concerned about what happened to APA 10. We requested a copy of APA 10 and were told APA 10 was renamed to APA 11. But later when WBRZ news requested the same information APA 10 surfaced as it was published in Dec. 2018 with a Feb. 2019 date.

The point I am making is it's nearly impossible to believe that a federally funded program could have so many errors and omissions related to transparency to what the HUD CDBG-DR grant funds are being used for and following how the state is addressing the 55% low- to moderate-income community funding. If from July 2018 to Feb. 2019 we have moved hundreds of millions without public knowledge, we have seen cancelled and replaced action plans to remove wording that could have triggered an internal budgeting audit simply by promising to hold \$682 million and wait for HUD Guidance on SBA DOB. The state made the assumption that it needed \$682 million to specifically cover SBA DOB issues.

When all the numbers are placed in a simple timeline it appears the state has bankrupted the program close to the amount of \$128 million. The state during a town hall meeting blamed HUD policy for addressing a fixed percentage point for those in low income to moderate income households. The state in APA 11 ignored the Governors promise to wait for HUD Guidance. in APA 11 only a fraction of the \$172 million was to serve the Low to Moderate income communities. It's clear the state is back peddling in APA 12 by attempting to justify the budgeting of APA 11.

Simple by reading the state can only offer a multiplier of 0.50 to SBA victims with incomes greater than 120% AMI shows the state did not follow the original published allocations and waivers to budget 55% for the LMI community. If the Governor of Louisiana had kept his promise has published to HUD in the first official APA 9 and if the state would have held a public task force meeting before APA 10 drafted \$5 million from the homeowners program we may have spotted this discrepancy and would have had time to correct the issue so today all of those with SBA issues would be offered the equal opportunity and access to an equal share of our HUD CDBG-DR Grant program funds.

As it stands now, the state has mismanaged the budget, lied to the people and is penalizing the households that earn more than 120% AMI. This is not equal housing, this is now how HUD approaches issues. We have to allow these homeowners in the >120% AMI community access to our funds.

I request that HUD repeal APA 11 for the \$172 million and assist the state of Louisiana in budgeting for all SBA DOB issues before funding any further programs.

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