

**Disaster Recovery Initiative
U.S. Department of Housing and Urban Development (HUD)**

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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Proposed Action Plan Amendment 28 (First Allocation) –
Changes to *The Road Home* Appraisal Determinations**

August 8th, 2008



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1. Introduction

This Action Plan Amendment describes *The Road Home* Homeowner Assistance Program. The purpose of this Action Plan Amendment is to clarify and implement the most recent policy guidance as directed by the Louisiana State Legislature. This Amendment replaces program descriptions previously published in Action Plan Amendment 1, the Action Plan Amendment titled ‘Substantial Clarifications to the Road Home’, Action Plan Amendment 7 entitled ‘Further Road Home Clarifications’ and Action Plan Amendment 14. This Amendment replaces Sections 1.1 through Section 2 of the *Road Home* Housing Plan and is to be considered current policy upon its approval by HUD.

1.1 Goals of *The Road Home* Housing Programs

The Road Home Housing Programs have several goals. They will:

- Provide compensation to homeowners for damages to their homes related to Hurricane Katrina and Hurricane Rita;
- Help restore pre-storm value to homeowners who want to return to Louisiana;
- Provide affordable rental housing opportunities for displaced residents; and
- Provide housing for the return of critical workforce.

The Road Home Housing Programs will achieve their goals by encouraging, among other things, that:

- Neighborhoods are rebuilt pursuant to locally driven plans that emphasize safety and reduce risks in rebuilding;
- Homes are rebuilt in ways that ensure safer and smarter construction and meet the State’s codes and the latest available flood elevation guidance from FEMA
- Neighborhoods are rebuilt in a manner that promotes mixed income communities; and
- Households with special needs such as the elderly and those with disabilities are provided housing opportunities

1.2 Basis for Recommendations

The Road Home Housing Programs have been designed based on the best available information on housing needs, housing costs, potential public funding and the ability of the programs to leverage private resources. This Action Plan Amendment describes *The Road Home* Housing Programs to be supported with Community Development Block Grant funds appropriated under PL 109-148. A separate Action Plan Amendment will be prepared to describe the programs to be supported with funds appropriated under PL 109-234

The CDBG funds directed to workforce and affordable rental housing will supplement an estimated \$1.7 billion in private equity investments derived from Low Income Housing Tax Credits allotted to Louisiana through the federal Gulf Opportunity Zone legislation. In addition, the State will supplement assistance to owner-occupants with an estimated \$1.147 billion in housing-related Hazard Mitigation Grant Program funds to the extent feasible according FEMA rules and regulations.

The damage from Hurricanes Katrina and Rita disproportionately impacted families with low to moderate incomes. HUD therefore requires that at least fifty percent of the supplemental CDBG funds allocated to Louisiana for recovery be invested in programs that directly support those families. It is anticipated that the majority of funds will go to low- and moderate-income families.

If federal agencies require changes to the proposed Action Plan Amendment or program costs exceed projections and available funding, Louisiana will be required to modify this proposed Action Plan Amendment.

2. Assistance to Homeowners¹

2.1 Overview of the Homeowner Assistance Program

In the aftermath of Hurricanes Katrina and Rita, an estimated 123,000 owner-occupied homes were destroyed or suffered major damage, according to FEMA. In response to this unprecedented disaster, Louisiana will use \$8,080,000,000 of the supplemental CDBG funds and an additional \$1.147 billion of funds from the FEMA Hazard Mitigation Grant program for the *The Road Home* programs to the extent feasible according FEMA rules and regulations.

The overarching purpose of *The Road Home* is to restore Louisiana's impacted communities. Devastated communities will be blighted by abandoned homes, clouded land titles, and disinvestments if a large portion of the financial assistance is not provided to homeowners as compensation for their losses and as incentives for homeowners to remain in the affected areas. Therefore, the most comprehensive financial and technical assistance packages will be made available to those pre-Katrina and Rita homeowners who make the effort and take the risks to move back and re-occupy housing in Louisiana. The homeowner assistance activities consist of the following:

- Funds provided to homeowners as (i) compensation grants for hurricane damage to their home, without limitations with respect to income, and additional compensation in the form of compensation grants for eligible homeowners (i.e., those whose household income are less than or equal to 80% of median income for the affected area); or (ii) payment for the acquisition of their homes by the

¹ For the purpose of this Action Plan amendment homeowner and owner occupant are used interchangeably.

State (“Buyout/Relocate” or “Sell” Programs). Homeowners can elect how to receive their assistance (i.e., as compensation for losses if they elect to retain their home or as payment for the sale of their homes to the State). After certain deductions, the homeowner has complete discretion as to the use of compensation grant funds received, as allowable by State and Federal law, as they work through their personal disaster recovery situation.

- The State will require that a homeowner who elects to keep his/her home will sign a grant agreement and accompanying covenants that promote the homeowner’s return to the neighborhood and help to re-occupy housing in Louisiana by requiring that the home be owner-occupied within three years of receiving their compensation. The covenants also help ensure that the home is insured against hazards. The covenants do not require program funds to be used to meet these conditions. The covenants will be signed by the persons disclosed by the grant applicant and through confirmation process described below as having an ownership interest.
- A homeowner may elect to sell their damaged home to the State and relocate as an owner-occupant to another home within the State. Alternatively, an owner may choose to no longer remain a homeowner within the State by either moving outside of the State or remaining in the State and becoming a renter. The payment provided in the latter situation will be less than the payment available if the owner elects to remain and reinvest in a home within the State.
- An elderly homeowner (persons 65 or older as of December 31, 2005) and military personnel, including the Coast Guard, who have been required to move out of state through Permanent Change of Station (PCS) orders will not be penalized for electing to no longer remain a homeowner within the State.

2.2 Eligibility for Homeowner Assistance

To be eligible for the Homeowner Assistance Program:

- The homeowner must be able to prove that he or she owned and occupied the property as a primary residence at the time of the Katrina/Rita disasters, prior to August 29, 2005. The homeowner must be able to prove that he/she had an ownership interest, direct or indirect², in whole or indivision, in the property at that time. Evidence of a homestead exemption for the property indicating the homeowner’s ownership interest and the parish property tax rolls, combined with the affidavit of the grant recipient attesting to his/her interest, may be acceptable forms of proof for homeowners choosing Option 1. Other proof will be used when

² “Indirect” ownership includes the rights of (i) an heir/legatee of a deceased ancestor in title in the absence of a judgment of possession, (ii) a beneficiary of an estate planning trust or similar instrument, and (iii) other categories as determined by the Office of Community Development.

a homestead exemption/tax rolls are not available or do not satisfy the requirements;

- The owner must have registered for FEMA Individual Assistance and FEMA must have categorized the home as having been “destroyed” or having suffered “major” damage. In certain cases, owners may not have been able to register with FEMA or an owner may have registered with FEMA but the FEMA records do not reflect their registration. These homeowners may still be eligible for assistance if the damage to their home meets the FEMA damage classification as destroyed or suffering major damage as a result of the storm and verified by the State through alternative means. Owners with properties who are not eligible based on their FEMA inspection, but whose damage is found by *The Road Home* to meet the FEMA criteria of “destroyed” or having suffered “major” damage, will be eligible for the program..
- The home must be in a single-unit or double-unit structure to apply to the Homeowner Assistance Program for compensation. If an owner-occupant of a double-unit structure applies through the Homeowner Assistance Program, the full double-unit structure will serve as the basis for calculation of assistance up to the program cap of \$150,000.
- Owner-occupant landlords of a double-unit structure may choose to apply for a competitive award through the Small Rental Property Program, but in that case, that owner would not be eligible to receive any assistance through the Homeowners Program. i.e. These owners must choose which of the two programs they will participate in and will be required to give up any claims to assistance in one program before they can receive assistance in the one they choose. If they elect to participate in the Small Rental property program, they will be limited to receiving awards on their eligible rental unit(s) based on the affordable rents they are committing to provide. Note: For the Rental Program they may elect not to resettle in the property and instead apply for rental awards on both units.
- Owner- occupants of a three- or four-unit property are not eligible for assistance through the Homeowner Program but they are eligible to apply for an award through the Small Rental Property Program. These applicants will receive the highest priority for the competitive funding that is being offered through the SRPP. Through this program, they will be eligible to receive a separate award on the unit they live in as well as a rental award for all of the eligible rental units on their property – based on the affordable rents they are committing to provide. The award from the Small Rental Property Program for their owner-occupied unit will be a pro-rated amount of the total property, with assistance available up to \$150,000 for that unit.

Applicants must meet all of the applicable requirements above to receive assistance. Homeowners who believe they will be eligible for the program are encouraged to apply with *The Road Home* program at www.road2la.org or by calling 1-888-ROAD-2-LA.

During the process of reviewing applications to *The Road Home*, the LRA in collaboration with OCD will make available information about the preferences of homeowners to retain their homes or relocate so the choices can inform local planning processes. In areas where a high proportion of homeowners are choosing not to remain in an area, state or local authorities may limit the use of assistance only to purchase of properties.

2.3 Requirements for Receiving *Road Home* Homeowner Assistance

To accomplish the State's goal to restore damaged communities, the State proposes to encourage investment in Louisiana. The homeowner will be required to demonstrate his or her commitment to the State by signing legally binding agreements and/or covenants to ensure that the *Road Home* Housing Program goals are met. The program agreements and commitments along with local requirements include, but are not limited to, assurances that:

- If choosing Option 1, a home will become owner-occupied within three years of receipt of funds from *Road Home* (original owner can sell to a buyer who assumes this responsibility);
- If choosing Option 1, an occupied home will be covered by residential hazard insurance throughout the period of the covenant ;
- The home will be covered by obtainable flood insurance if the home is located in a Special Hazard Flood Zone;
- Any new construction or repair on the property must comply with State and local building codes;
- Claims for unpaid and outstanding insurance payments and other reimbursements that may duplicate program benefits will be subrogated back to the *Road Home*.

Homeowners making application to the program must be willing to:

- Sign a release so that information required to approve the application can be verified by *Road Home*;
- Agree to verification of their ownership status, the amount of disaster related damage to the home, and its pre-storm value;
- Swear to the accuracy and completeness of all information provided to the Program under penalty of law.

While homeowners are not required by the *Road Home* to clear their properties prior to a sale to the program, they may contact their local government to obtain clearance assistance from the Army Corp of Engineers. Similarly, homeowners whose homes were flood damaged and who carried flood insurance are urged to contact their insurance agent to obtain information about eligibility for clearance and/or elevation through the Increased Cost of Compliance (ICC) benefits available under their insurance policy.

Homeowners that fail to meet all of the program's requirements may not receive benefits or may be required to repay all or some compensation received back to the *Road Home* program.

2.4 Amounts and Forms of Homeowner Assistance

2.4.1 Maximum Assistance

The maximum financial assistance from all Program resources for owner occupants is up to \$150,000. The \$150,000 ceiling assumes that estimates of likely demand for assistance derived from HUD, FEMA and SBA data are accurate.

Though it is the intent of the program that homeowners have sufficient resources to get back in to a home, not every homeowner is necessarily entitled to the maximum amount of financial assistance. In many cases the *Road Home* will not provide 100% of the resources the homeowner needs to recover from the losses suffered as result of Hurricane Rita or Hurricane Katrina. This is true for many reasons, such as the fact that assistance is capped at \$150,000, labor and material costs in Louisiana are very high, and assistance is reduced by any hazard insurance, flood insurance, FEMA benefits and other compensation payments received by the homeowner for the losses due to Hurricane Katrina and Hurricane Rita.³

Note that *Road Home* is not an annually funded entitlement program and cannot go over budget. If costs exceed budgeted projections, grant assistance to homeowners may have to be reduced and the Program may be required to pro-rate remaining benefits for homeowners who have not received funds from the Program.

2.4.2 Financial Assistance for Homeowners – Overview

The Program will provide compensation for three types of homeowners:

- Homeowners that want to stay in their homes (referred to as “Option 1: Stay”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, but remain homeowners in Louisiana (referred to as “Option 2: Relocate”)
- Homeowners that want to sell the home they occupied as of the date of the storms to the state, and either move out of the state or remain in the state but as a renter (referred to as “Option 3: Sell”).

Compensation is provided in exchange for acceptance of legal agreements described in Section 2.3. Homeowners that want to stay in their home or relocate will be eligible for four types of benefits:

³ The reduction of *Road Home* benefits by the amount of compensation received from other sources is a requirement imposed by federal regulations to eliminate duplication of benefits.

1. Compensation grants - To cover uninsured, uncompensated damages incurred by the homeowner as a result of Hurricane Katrina or Hurricane Rita.
2. Elevation Assistance
 - Elevation Compensation for those homeowners who select Option 1 and whose property is subject to the latest available FEMA guidance for base flood elevations⁴;
 - Elevation Grants for those homeowners who select Option 2 and whose replacement homes require elevation to meet the latest available FEMA guidance for base flood elevations when mandated to be elevated by the local parish or governing local jurisdiction. This program will be a traditional rehabilitation program and is subject to Environmental and other federal regulations and documentation of receipts⁵.
3. Additional Compensation Grant – Funding of up to \$50,000 for homeowners with income at or below 80% of area median income.
4. Mitigation Grants of up to \$7,500 may be available to complete other mitigation measures. Funding of this program is dependent on available funding⁶.

The calculation of compensation payments takes into account the cost of replacement housing, whether or not the home was more than 51% damaged, the value of a home before the storm, and other payments received by the homeowner as compensation for losses. The compensation grant for homeowners who did not carry hazard insurance and/or homeowners who were living in the flood zone and did not carry flood insurance will be reduced by thirty percent.

2.4.3. Factors Used to Calculate Benefits

Estimated Cost of Damage or Estimated Cost to Replace Home

It is the State's policy that participants in the *Road Home* Homeowner Assistance Program deserve a fair and independent estimate of the cost of damages from the

⁴ Elevation Compensation up to a maximum of \$30,000 may be awarded to compensate a homeowner for the loss of equity caused by the higher flood elevation standards for new construction and rebuilding. Funding of this program is dependent on available funding.

⁵ Elevation Grants up to a maximum of \$30,000 may be awarded in the form of a rehabilitation grant to homeowners who choose Option 2 to elevate their replacement home. Environmental regulations and all other HUD regulations that apply to a traditional rehabilitation construction program will apply to this program. A homeowner's replacement home must have a cleared Environmental Review before the homeowner is awarded funds. Funding of this program is dependent on available funding.

⁶ Up to \$7,500.00 may be available to complete the mitigation measures. Funding of this program is dependent on available funding.

storms. Therefore, the *Road Home* program staff will provide evaluations that identify the costs of damage to the home or the estimated cost to replace the home. The *Road Home* Program reserves the right to use damage estimates prepared by others such as FEMA, the Small Business Administration, and insurance companies where those estimates are deemed reliable.

- If the home is less than 51% damaged, the *Estimated Cost of Damage* will be used in determining homeowner compensation.
- If the home is more than 51% damaged, the *Estimated Cost to Replace the home* will be used in determining the homeowner compensation.
- A determination of the percentage damage will be calculated using the following calculation:

[Estimated Cost of Damage (divided by) Estimated Cost to Replace] * 100 = % Damage

Pre-Storm Value

To accurately calculate compensation, the *Road Home* Program must base assistance on a fair and equitable pre-storm value of the home. The pre-storm value is based on one of four methods listed below. **If more than one method of determining pre-storm value is available, the pre-storm value used in the *Road Home* calculation will be based on the method with the highest value, regardless of any difference between the values determined by different methods.**

- Homeowner-provided appraisal of pre-storm value performed by a Louisiana certified and licensed appraiser that was completed since January 1, 2000 (including appraisals completed post-storm). These appraisals will be adjusted, if necessary, to reflect the market rate as of the 2nd quarter of 2005 using figures released by Office of Federal Housing Enterprise Oversight (www.ofheo.gov). If the appraisal provided by the homeowner is a post-storm appraisal of pre-storm value the valuation will be verified by the Road Home.
- FNMA (Fannie Mae), Freddie Mac, FHA, VA, USDA, or SBA Appraisal that was completed since January 1, 2000. If there is more than one source available, the *Road Home* will use the most recent appraisal available. These appraisals will be adjusted to reflect the market rate as of the 2nd quarter of 2005 using figures released by Office of Federal Housing Enterprise Oversight (www.ofheo.gov).
- A pre-storm market analysis that is obtained by *The Road Home* program from a Louisiana certified and licensed appraiser
- A BPO of pre-storm value that is obtained by *The Road Home* program from a Louisiana licensed Realtor. *The Road Home* program will coordinate with home evaluation team to obtain square footage of home and any other information about the home necessary for the Realtor to prepare a valid BPO. The BPO will involve a drive-by of the property to view the neighborhood and the subject property's land and structures.

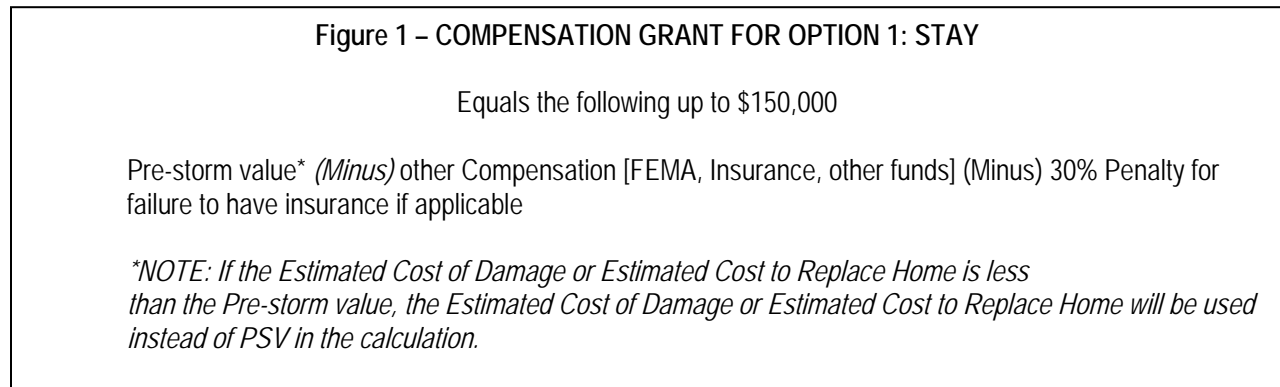
Duplication of Benefits

Pursuant to federal statute and HUD requirement for the CDBG program, homeowner assistance may not duplicate any benefits from any source, received by the homeowner as a result of damages incurred during Hurricanes Katrina and Rita. Therefore, compensation from other sources such as FEMA and insurance payments for damages must be deducted from *Road Home* compensation. Legal fees associated with

obtaining insurance benefits will not be deducted as duplication of benefits. Homeowner must be able to adequately document these costs.

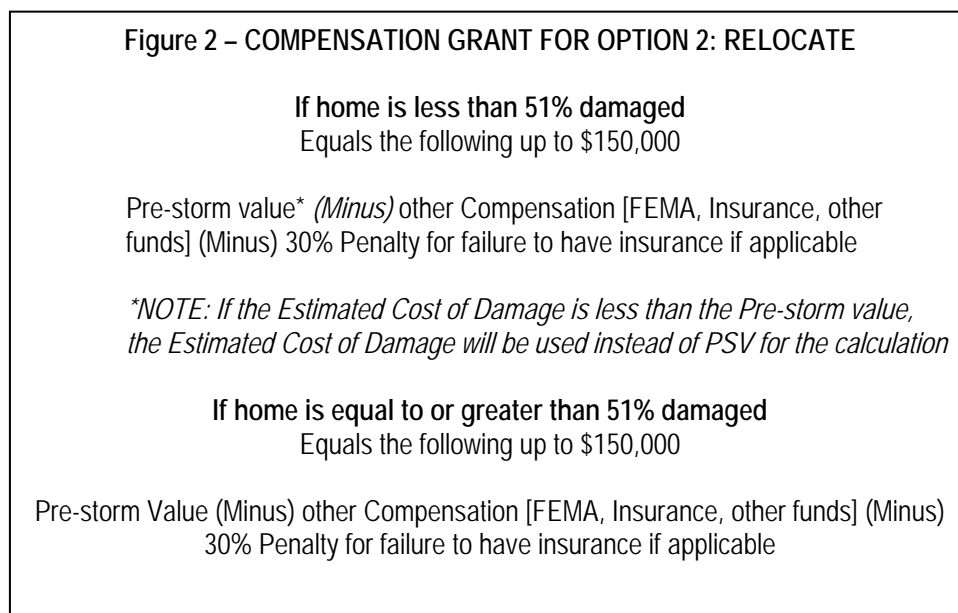
2.4.4 Option 1: Homeowner Staying in Home

Figure 1 provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits.



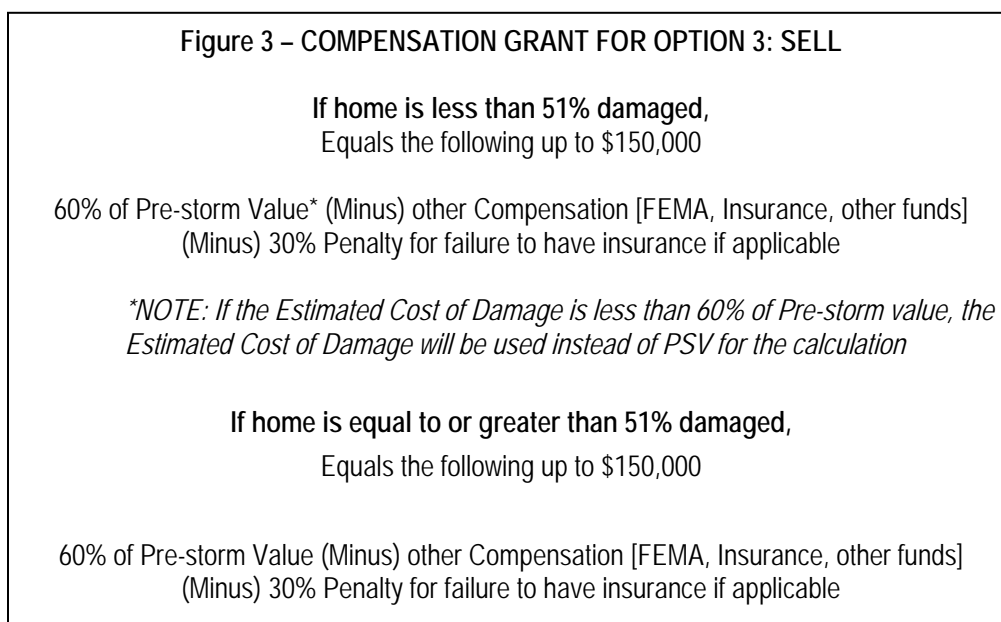
2.4.5 Option 2: Relocate

A homeowner who elects to stay in Louisiana as an owner, but not in the same home will be able to sell their property to the State. **Figure 2** provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits. Depending on the percentage damage to the home, the State will compensate the homeowner based on the home’s pre-storm value or the Estimated Cost of Damage.



2.4.6 Option 3: Sell

Homeowners may elect to forego homeownership in the State. They may choose to sell their property to the State and relocate outside of Louisiana or remain in the State but choose not to purchase a home. Depending on the percentage damage to the home, the State will compensate the homeowner based on 60% of the home's pre-storm value or the Estimated Cost of Damage. For elderly households and military personnel called to duty, calculations for compensation will be based on **100%** Pre-storm Value and will follow the calculations in Figure 2 above. **Figure 3** provides a summary of the basic calculations that the *Road Home* program will use to determine compensation benefits.



2.5 Redevelopment of Purchased Property

The publicly chartered nonprofit The *Road Home* Corporation will take title to properties purchased by the *Road Home* Homeowner Assistance Program. Properties purchased by the program and held by The *Road Home* Corporation will be redeveloped and returned to commerce or preserved as green space, in a manner which is consistent with local land use plans and direction. Pursuant to a primary goal of the Homeowner Assistance Program, purchased land will not be left to blight and disrepair⁷.

⁷ Any required environmental compliance review will be conducted on the proposed redevelopment/re-use, once the re-use has been established and prior to any commitment to redevelop or preserve as permanent open space.

The *Road Home* Corporation will work with local and parish governments to decide on the disposition of purchased properties. Working with local and parish governments, The *Road Home* Corporation may among other things:

- *Develop* properties by packaging the properties for redevelopment, offering them for redevelopment through competitive bids, and overseeing the redevelopment of the property consistent with local and regional plans that have been approved by the LRA and in adherence to the policy guidelines for rebuilding, recovery, and land use management set forth by the LRA. Any proceeds derived through the sale of these properties would be program income and would be used to fund eligible CDBG Disaster activities.
- *Transferring* properties from the state to a local redevelopment agency upon approval by the LRA of redevelopment plans that takes into account local land use guidelines. The local agency would package the properties, offer them up for redevelopment through competitive bids, and oversee the redevelopment of the property. Any proceeds derived through the sale of these properties would be considered as program income and will be used for eligible CDBG Disaster activities.
- *Maintaining* properties as permanent green space as a result of a decision by local authorities by transferring the properties to an appropriate local land management agency which will maintain them.

The LRA has endorsed the findings and recommendations of the American Institute of Architects and the American Planning Association planning conference held on behalf of the LRA in November 2005. Consistent with those recommendations, for properties that are acquired by the *Road Home* Homeowner Assistance Program or other land assembled by the State for redevelopment, the State will insure that 25% of the properties are used for affordable housing according to HUD guidelines for the HOME program.

Whether properties are managed by a state agency or local redevelopment authority, the properties acquired by the *Road Home* Program or other land assembly programs must retain affordability requirements to be defined by the *Road Home* Corporation after their transfer. The State will monitor the property to assure the requirements are met and maintained.

The LRA recognizes the potential for a significant return on investment in property redevelopment, a scenario demonstrated with research in a report of the Gerson Lehrman Group. The LRA is committed to reinvesting these proceeds in the comprehensive community redevelopment activities already supported by supplemental CDBG funds allocated through state programs, including *The Road Home*. The priorities of recycled funds shall include housing restoration, affordable housing for homeowners and renters, infrastructure and economic development activities designed

to help recreate strong communities which are closely tied to transit, jobs, and public services.

2.6 Treatment of Homeowners with Special Circumstances

Assignability: The State has prepared policies that allow a homeowner to sell his or her home on the open market and to assign rights to Program assistance to the new buyer. Assigned grants will require the new buyer to meet the same requirements the original homeowner would have been required to meet to qualify and receive assistance under the Program.

Death or Infirmity of Eligible Owner: Some homeowners have died since the time of the storms. In such event, an heir who has been placed into legal possession of the property under applicable law will be eligible for homeowner assistance in place of the deceased owner. If a homeowner is incapacitated due to illness or other infirmity, any person legally authorized to act on behalf of such a person, such as is provided by a power of attorney, is eligible to apply for assistance on behalf of the homeowner.

If a homeowner who has received assistance from *The Road Home* dies after receiving assistance and signing the required legally binding agreements to ensure compliance with the Program requirements, the agreements will continue to apply to the property.

Owner-Occupants Who Have Already Sold Their Principal Residence: Some homeowners may have chosen to sell their homes prior to launch of the *Road Home* Homeowner Assistance Program on August 29, 2006. It is the goal of *The Road Home* to ensure that damaged properties qualifying under the Homeowner Assistance Program do not remain blighted and undeveloped. If the goals of the Program are met, and a homeowner can demonstrate that he or she remains in a loss situation after selling the damaged property to another party, such homeowner may receive assistance under the Program to compensate for remaining losses in accordance with the Program requirements. Assistance for these homeowners is subject to the availability of funds.

Owners Who Have Received Other Assistance: Policies will be set for discounting compensation amounts for any grants or below-market interest rate loans from government agencies that may have been received by an owner for these purposes. Pursuant to federal statute, assistance from *The Road Home* must be used to repay any loans from the Small Business Administration (SBA) that a homeowner has received in compensation for the same losses.

Owners of Homes Located on Leased Land: Owners of a site built home, manufactured home or mobile homes may also be eligible for assistance regardless of whether they own the land on which the damaged home was located, to be determined by criteria developed in order to ensure ownership and immobilization of the structure.

Appeals: Any homeowner has the right to appeal decisions made by the *Road Home* program including eligibility decisions and calculation amounts used to determine funding assistance awards.

2.7 Accounts for Receipt of Funds

The state will employ a closing agent to disburse compensation to homeowners who elect to stay in their storm damaged home. The closing agent will ensure that legal agreements are signed and covenants recorded. The homeowner will receive their compensation in the form of a check or electronic funds transfer, shortly after closing.

If the homeowner elects to sell his or her property to the State, the funds may be paid to a closing agent (i.e., such as a title insurance company or a licensed Louisiana attorney acting as title agent or closing agent for the transaction), who will disburse the funds under separate instruction from the State and in accordance with a closing statement or other disbursement statement approved by the State, to ensure that existing mortgage and other liens are paid and satisfied at or after closing with respect to the property purchased by the State, and to ensure that Program requirements are satisfied with respect to such homeowner.

2.8 Homeowner Assistance Centers – Process for Receiving Assistance

The Road Home's Call Center is available to assist anyone with questions regarding *The Road Home* program, including general questions about the program as well as specific questions on the application process.

Homeowners interested in participating in *The Road Home* program must complete an application online, submit a hard copy to a housing assistance center, or complete an application over the phone by calling 1-888-Road 2 LA (1-888-762-3252). To apply online, visit www.road2LA.org. TTY callers use 711 relay or 800.846.5277.

Once an application has been received, *The Road Home* team will review the application. The homeowner will then receive a letter in the mail with detailed instructions on how to call to schedule an appointment.

Appointments held at *The Road Home's* Housing Assistance Centers will help homeowners navigate through a maze of obstacles such as negotiating insurance settlements, dealing with mortgage issues, understanding the implications of new flood maps, and dealing with building contractors if they rebuild. An owner will have to make decisions on whether to stay in their homes, buyout and relocate in Louisiana, or to sell their home and move out of State. While some homeowners can overcome these barriers themselves, many homeowners will need assistance from advisors, in addition to receiving financial assistance.

The Road Home program's Housing Assistance Centers are designed to respond to these needs. These Centers serve as the places where eligible homeowners with scheduled appointments can speak one-on-one with trained housing advisors who will guide homeowners through the process and help them make informed decisions about their options. During a homeowner's initial appointment, housing advisors will collect records about ownership, flood and homeowners' insurance, and recovery estimates. This information and any other personal information will be stored at a secured data center and will be protected for privacy.

Advisors will provide information that helps a homeowner:

- Evaluate his or her personal disaster recovery situation;
- Deal with mortgage and refinancing issues;
- Select professional services providers such as home inspectors, architects, surveyors (for replacement homes) to design and prepare for repairing or replacing homes;
- Make informed decisions about selection of repair contractors, homebuilders and manufactured housing companies; and
- Obtain advice about fair housing and protections against housing discrimination.

The Housing Assistance Centers will help mitigate the potential for misunderstanding and abuse by providing standardized, structured, and guided relationships between homeowners and service providers. In addition, *The Road Home* program will provide a Professional Rebuild Registry that connects homeowners with professional service providers and building contractors.

**APPENDIX 1
SAMPLE BENEFIT CALCULATIONS**

Example 1

A couple owns a home with a pre-storm value of \$100,000. Their home was severely damaged and the *Road Home* evaluation determined that the percent damage was equal to or greater than 51%. The *Road Home* determined that the estimated cost to replace their home is \$140,000. The damaged residence is located in an area subject to Advisory Base Flood Elevations (ABFEs). They received \$30,000 from their insurance company and \$10,000 in FEMA Assistance. Their mortgage runs for another 8 years and the monthly payments are modest. What are their options under the *Road Home* housing plan?

Homeowner Summary

| | |
|---------------------------------------|-----------|
| Pre-storm Value (PSV): | \$100,000 |
| Estimated Cost to Replace Home (ECR): | \$140,000 |

Prior Compensation (PC)

| | |
|------------------|-----------------|
| Insurance: | \$30,000 |
| FEMA Assistance: | <u>\$10,000</u> |
| | \$40,000 |

| | |
|--|----------|
| Estimated elevation cost based on <i>Road Home</i> evaluation (ECE): | \$60,000 |
| NFIP Increased Cost of Compliance (ICC) Funding to elevate (ICC): | \$30,000 |

What if the couple wants to stay in their house and accept elevation compensation?

Option 1: Stay:

| | |
|---|-------------------|
| Uncompensated replacement costs: (ECR-PC) | = \$100,000 |
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| | |
| Uncompensated elevation loss due to new elevation standards (ECE-ICC) | = \$30,000 |
| Elevation compensation for loss is above up to \$30,000 cap | = \$30,000 |
| TOTAL ASSISTANCE | = \$90,000 |

What if the couple wants to stay in their house and do not accept elevation compensation?

Option 1: Stay:

| | |
|--|-------------------|
| Uncompensated replacement costs: (ECR-PC) | = \$100,000 |
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| TOTAL ASSISTANCE | = \$60,000 |

What if the couple wants to sell their home and buy another in the State?

Option 2: Relocate

| | |
|------------------------------|------------|
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant | |

| | |
|---|-------------------|
| (damaged home is greater than 51% damaged) | = \$60,000 |
| TOTAL ASSISTANCE | = \$60,000 |

The couple may be eligible for an elevation grant up to \$30,000 if their replacement home is mandated to be elevated by the local parish. The elevation grant program is a traditional rehabilitation program and subject to environmental and other federal regulations. Receipts will be required for reimbursement.

What if the couple wants to sell their home and move outside of Louisiana?

Option 3: Sell

| | |
|--|-------------------|
| 60% of Pre-Storm Value: (PSV X .60) | = \$60,000 |
| Minus Other Compensation | = \$40,000 |
| Uncompensated loss: (60% of PSV--PC) | = \$20,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |
| TOTAL ASSISTANCE | = \$20,000 |

What if the couple is in their seventies and chooses Option 3: Sell?

Option 3: Sell

Since the couple was 65 years of age or older as of December 31, 2005, the couple is exempt from the penalty associated with **Option 3: Sell**.

| | |
|--|-------------------|
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| TOTAL ASSISTANCE | = \$60,000 |

What if the couple did not carry hazard or flood insurance?

If the couple choose **Option 1: Stay** and accept Elevation Compensation:

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$60,000 |
| Minus 30% insurance penalty | = (\$18,000) |
| Compensation grant | = \$42,000 |
| Elevation compensation | = \$30,000 |
| TOTAL ASSISTANCE | = \$72,000 |

Option 2: Relocate

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$60,000 |
| Minus 30% insurance penalty | = (\$18,000) |
| Compensation grant | = \$42,000 |
| TOTAL ASSISTANCE | = \$42,000 |

The couple may be eligible for an elevation grant up to \$30,000 if their replacement home is mandated to be elevated by the local parish. The elevation grant program is a

traditional rehabilitation program and subject to environmental and other federal regulations. Receipts will be required for reimbursement.

Option 3: Sell

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |
| TOTAL ASSISTANCE | = \$14,000 |

What if the couple was insured and their household income is at or below 80% Area Median Income (AMI)?

If the couple choose **Option 1: Stay** and accept Elevation Compensation:

| | |
|--|-------------------|
| Uncompensated replacement costs: (ECR-PC) | = \$100,000 |
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |

| | |
|--|-------------------|
| Uncompensated loss due to new elevation standards (ECE-ICC) | =\$30,000 |
| Elevation compensation is above up to \$30,000 cap | = \$30,000 |

| | |
|---|-------------------|
| Estimated Cost to Replace Home | = \$140,000 |
| Minus Compensation Grant | = (\$60,000) |
| Minus Other Compensation | = (\$40,000) |
| Additional Compensation Grant up to \$50,000 cap | = \$40,000 |

| | |
|-------------------------|--------------------|
| TOTAL ASSISTANCE | = \$130,000 |
|-------------------------|--------------------|

Option 2: Relocate

| | |
|--|-------------------|
| Uncompensated loss: (PSV-PC) | = \$60,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$60,000 |
| Estimated Cost to Replace Home | = \$140,000 |
| Minus Compensation Grant | = (\$60,000) |
| Minus Other Compensation | = (\$40,000) |
| Additional Compensation Grant (up to \$50,000 cap) | = \$40,000 |

| | |
|-------------------------|--------------------|
| TOTAL ASSISTANCE | = \$100,000 |
|-------------------------|--------------------|

The couple may be eligible for an elevation grant up to \$30,000 if their replacement home is mandated to be elevated by the local parish. The elevation grant program is a traditional rehabilitation program and subject to environmental and other federal regulations. Receipts will be required for reimbursement.

Option 3: Sell

| | |
|--|-------------------|
| 60% of Pre-Storm Value: (PSV X .60) | = \$60,000 |
| Minus Other Compensation | = \$40,000 |
| Uncompensated loss: (60% of PSV-PC) | = \$20,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

TOTAL ASSISTANCE

= \$20,000

Example 2

A family bought their home 15 years ago. The home has appreciated in value and the family has upgraded their insurance policy over the years though not enough to pay for all the replacement costs from the damages that were incurred. The *Road Home* evaluation determined that the estimated cost to replace the home is \$110,000 and the estimated cost of damage is \$40,000. Based on the following calculation, the *Road Home* determined that the percent damage was less than 51%:

$$(\$40,000/\$110,000) * 100 = 36\% \text{ damage}$$

The pre-storm value is \$100,000. The family's insurance policy paid for \$20,000 in repair costs. The home is not in the ABFE area and therefore is not eligible for elevation compensation.

Homeowner Summary

| | |
|---------------------------------------|-----------|
| Pre-storm Value (PSV): | \$100,000 |
| Estimated Cost of Damage (ECD): | \$40,000 |
| Estimated Cost to Replace Home (ECH): | \$110,000 |

Prior Compensation (PC)

| | |
|-----------------|-------------|
| Insurance: | \$20,000 |
| FEMA Assistance | <u>\$ 0</u> |
| | \$20,000 |

Elevation

compensation for loss due to new elevation standards: = \$0 (home not in ABFE)

What if the family wants to stay in their house?

Option 1: Stay

| | |
|--|-------------------|
| Uncompensated damage costs: (ECD-PC) | = \$20,000 |
| Uncompensated loss: (PSV-PC) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

| | |
|---|--------------------------------------|
| Elevation compensation for loss due to new elevation standards (\$30,000 cap) | = Not eligible (home not in ABFE) |
|---|--------------------------------------|

TOTAL ASSISTANCE

= \$20,000

What if the family wants to sell their home and buy another in the State?

Option 2: Relocate

| | |
|--|-------------------|
| Uncompensated damage costs: (ECD-PC) | = \$20,000 |
| Uncompensated loss: (PSV-PC) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

Elevation Grant (\$30,000 cap) = Not eligible (new home not in ABFE)

TOTAL ASSISTANCE = \$20,000

Couple 2 may be eligible for an additional mitigation or elevation grant. The couple may be eligible for an elevation grant up to \$30,000 if their replacement home is mandated to be elevated by the local parish. The elevation grant program is a traditional rehabilitation program and subject to environmental and other federal regulations. Receipts will be required for reimbursement.

What if the family wants to sell their home and move outside of Louisiana?

Option 3: Sell

Uncompensated damage costs:
(ECD-PC) = \$20,000
60% of Pre-Storm Value: (PSV X .60) = \$60,000
Minus Other Compensation = (\$20,000)
Uncompensated loss: (60% of PSV-PC) = \$40,000
Compensation grant is lesser of above up to \$150,000 = \$20,000

TOTAL ASSISTANCE = \$20,000

What if a member of the family is elderly and the family chooses Option 3: Sell?

Option 3: Sell

Since one of the owner-occupants was 65 years of age or older as of December 31, 2005, the family is exempt from the penalty associated with **Option 3: Sell**.

Uncompensated damage costs:
(ECD-PC) = \$20,000
Uncompensated loss: (PSV-PC) = \$80,000
Compensation grant is lesser of above up to \$150,000 = \$20,000

TOTAL ASSISTANCE = \$20,000

What if the family did not carry hazard insurance?

Option 1: Stay

Compensation grant without penalty = \$20,000
Minus 30% insurance penalty = (\$6,000)
Compensation grant = \$14,000

TOTAL ASSISTANCE = \$14,000

Option 2: Relocate

Compensation grant without penalty = \$20,000
Minus 30% insurance penalty = (\$6,000)
Compensation grant = \$14,000

TOTAL ASSISTANCE = \$14,000

Option 3: Sell

| | |
|------------------------------------|-------------------|
| Compensation grant without penalty | = \$20,000 |
| Minus 30% insurance penalty | = (\$6,000) |
| Compensation grant | = \$14,000 |

TOTAL ASSISTANCE = \$14,000

What if the family is insured and their household income is at or below 80% Area Median Income (AMI)?

Option 1: Stay

| | |
|--|-------------------|
| Uncompensated damage costs: (ECD-PC) | = \$20,000 |
| Uncompensated loss: (PSV-PC) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

Elevation compensation for loss due to new elevation standards (\$30,000 cap) = Not eligible

| | |
|---|--------------|
| Estimated Cost of Damage | = \$40,000 |
| Minus Compensation Grant | = (\$20,000) |
| Minus Other Compensation | = (\$20,000) |
| Additional Compensation Grant (up to \$50,000 cap) | = \$0 |

TOTAL ASSISTANCE = \$20,000

Option 2: Relocate

| | |
|--|-------------------|
| Uncompensated damage costs: (ECD-PC) | = \$20,000 |
| Uncompensated loss: (PSV-PC) | = \$80,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |

Elevation Grant (\$30,000 cap) = Not eligible (new home not in ABFE)

| | |
|---|-------------------|
| Estimated Cost to Replace Home* | = \$110,000 |
| Minus Compensation Grant | = (\$20,000) |
| Minus Other Compensation | = (\$20,000) |
| Additional Compensation Grant (up to \$50,000 cap) | = \$50,000 |

TOTAL ASSISTANCE = \$70,000

*Note: The Additional Compensation Grant calculation for homeowners choosing Option 2: Relocate is based on the Estimated Cost to Replace Home.

Option 3: Sell

| | |
|--|-------------------|
| Uncompensated damage costs: (\$40,000-\$20,000) | = \$20,000 |
| 60% of Pre-Storm Value: (\$100,000 X .60) | = \$60,000 |
| Minus Other Compensation | = (\$20,000) |
| Uncompensated loss: (\$60,000-\$20,000) | = \$40,000 |
| Compensation grant is lesser of above up to \$150,000 | = \$20,000 |
| TOTAL ASSISTANCE | = \$20,000 |