

Statement of Monika Gerhart, Senior Policy Analyst, to the Select Committee on Hurricane Recovery on May 14, 2012:

Chairman Brossett, Members of the Committee, thank you for the opportunity to speak today.

My name is Monika Gerhart, and I serve as Senior Policy Analyst for the Greater New Orleans Fair Housing Action Center.

Yesterday members of this committee and the Office of Community Development, together with our Congressional delegation, received a meeting request. The Fair Housing Center and its partners in this work, including the Greater New Orleans Housing Alliance and the Louisiana Housing Alliance, would welcome the opportunity to sit down together and work to solution some of the challenges our clients and community members are facing.

That is, we collectively serve property owners wishing to rebuild. We believe that between FEMA and d-CDBG HUD funds, the resources are available. This may be the last pot of recovery funds our state will see, and we'd like to serve our clients, community members, and federal taxpayers in a responsible manner by ensuring that funds are best used to make people whole, address blight, and bring properties back into commerce.

I brought a few client stories that I think demonstrate both the challenges some property owners have faced as well as the solutions available. These solutions range from implementation of new HUD duplication of benefits policies, addressing pilot reconstruction applicants that are enrolled in or think they are enrolled in the HMGP program, to thinking holistically about how to bring Road Home Option 1 applicants into compliance. The Louisiana Land Trust is already in possession of over 17,000 properties, and we would argue that homeowners wishing to rebuild, rather than State or City government, are probably the best stewards of their own land. That is, I think everyone in this room can agree that getting homes back on-line serves both individuals and local communities better than increasing the stock of government owned empty or blighted land.

### **GNOFHAC Clients: Duplication of Benefits and Blight**

#### Mr. Frances

The homeowners are working to rebuild their demolished Lakeview property. They had received a flood insurance settlement of \$81,000, all of which was used for a forced mortgage payoff. They then took out a SBA loan to buy another house to live in while they figured out what to do with their pre-Katrina residence. They applied for a Road Home grant and were awarded \$120,000. The entire Road Home grant was taken by the SBA as a duplication of benefits. They applied for a HMGP Pilot Reconstruction grant to build a new home. They were stuck in FEMA clearance for over 3 years, and were finally told they were not in the active pipeline to receive a grant. The client is currently seeking private financing to rebuild their home, but have no other resources available.

Ms. Jane

The homeowner has been unable to complete repairs to her storm-damaged home in the 7<sup>th</sup> Ward of New Orleans. She received \$150,000 from the Road Home, but the entire grant was stolen by a fraudulent contractor. She applied for Pilot Reconstruction and was waiting to receive an award. GNOFHAC contacted OCD and was told that the client's HMGP application was not in the active pipeline, but that OCD was working with the City of New Orleans through their blight partnership to stall any action against the property. The house had previously been up for auction by the City through its blight foreclosure process. The application is now on the waiting list for HMGP Pilot Reconstruction but the client has no other resources available to fix the house.

Ms. Patrice

The homeowner has been unable to repair her Gentilly home. Her home was completely destroyed, but because insurance proceeds were greater than the cost of damage, she was not eligible for a Road Home grant. Her entire flood insurance settlement was taken as a forced mortgage payoff, and she took out a SBA loan to help finance repairs. She was in line to receive a HMGP elevation award, but HMGP determined that the elevation cost for a 2<sup>nd</sup> story conversion was not feasible and advised her to apply for Pilot Reconstruction. After she withdrew from elevation and applied for reconstruction, HMGP then determined that she would not be eligible for any funds for Pilot Reconstruction due to duplication of benefits calculations. She has appealed HMGP's decision.

Mr. William and Ms. Marilyn

The homeowners are working to rebuild their demolished home in the Gentilly neighborhood of New Orleans. They received a Road Home grant of \$80,000, including elevation, but the grant was significantly constrained by the pre-storm value. Unable to rebuild for that amount, the couple continues to live in New York. The couple never received any notice from OCD about HMGP, but learned about the Pilot Reconstruction program on a trip home in April 2011 and immediately contacted OCD. HMGP put them on the late interest hold list. GNOFHAC contacted OCD and asked that they be put in the active pipeline to be considered for Pilot Reconstruction, but OCD refused. In July 2011, OCD advised GNOFHAC that the applicant would be eligible for Blight Reduction Grant Adjustment if they withdrew from Pilot Reconstruction. GNOFHAC worked with the clients to drop out of HMGP and apply for BRGA. The applicants received an additional BRGA grant of \$68,000. This is still not sufficient to build a new home, and the applicants are seeking private financing to fill the gap.

Mr. Ellis

The homeowner has been unable to complete repairs to his storm-damaged home in New Orleans East. He received a Road Home grant of \$138,500 and had used all of it to try to fix his house. GNOFHAC contacted OCD to determine if the applicant was eligible for any additional funds, and found out that he should have received an additional \$11,500 in 2009 when the ACG cap was lifted, but that he was never notified. GNOFHAC assisted the applicant that was

finally approved for an additional ACG grant. The homeowner has significant additional home repair needs and it is unclear if this additional grant will be enough to get his home finished. He would likely be able to benefit from an affordable construction loan program.

I think that what these stories demonstrate- and those are just five out of an active client caseload of over 100- is that while the City's code compliance and blight eradication efforts are in many ways aligned with homeowners' individual struggles to get their properties back on line, we need to be able to work together with the State's Office of Community Development to solution these issues.