

Testimony to the Ad Hoc Subcommittee on Disaster Recovery on May 20, 2009
by Melanie Ehrlich, Ph.D., Member of the Louisiana Recovery Authority Housing Task Force

Sen. Landrieu, members of the Subcommittee, thank you for this chance to participate in the hearing. I am Melanie Ehrlich, the founder of the grass roots group Citizens' Road Home Action Team.

Thank goodness for Congressional funding for the Road Home Program for South Louisiana for the tens of thousands of fortunate applicants.

However, for tens of thousands of unlucky applicants, this was a Kafka-esque ordeal for 2 or almost 3 years.

Thousands of applicants have not received the promised help because this program often did not follow its own rules, withheld information about its rules; made the rules extraordinarily and unnecessarily complicated, and used ever-changing rules to downsize grants or to leave hurricane victims still waiting for grants.

From interactions with more than 1400 applicants and many meetings and emails with Road Home officials, I saw that the underlying policies and implementation of the program put the needs of ICF International and the State above the needs of hurricane victims.

Louisiana's recovery and its people have suffered because of:

- gross unfairness, especially, but not exclusively, for low-to-moderate income applicants, whom CDBG is supposed to help;
- a lack of transparency concerning the Program's rules and regulations;
- double standards and inconsistent treatment;
- ignoring phone calls, faxes, and certified letters from desperate applicants for many months or more than a year;
- systematic downsizing of grants by redundant, poor-quality assessments of damage or house valuation that wasted taxpayer money which was needed by applicants to rebuild their homes;
- an appeals system that often rubber-stamped the mistakes of the Contractor apparently with no written standards;
- an obligatory pre-appeals process that was fraudulent and kept applicants out of appeals, often permanently;
- and refusal to give applicants important notices in writing and data from their file to understand their grant and any errors.

Here are just two quotes from editors of New Orleans' Times-Picayune in Oct. & Dec. 2008

The Road Home Program has messed over so many people in so many ways over such a long period of time that, at this point, it takes a particularly egregious error to attract attention ..."

"ICF International's incompetence was well-established." "There is public anger over its ..failures."

The Program is not yet over although the State is trying to spend the much of the remaining, unobligated money (>\$1 billion) on \$7,500 grants for things like raising air-conditioners instead of fixing shortchanging mistakes. LRA promised to reopen appeals and recently broke that promise without notice or explanation.

HUD should insist on LRA using this money for reform of appeals for all applicants who tried unsuccessfully to get a fair appeal or are otherwise still unfairly left in limbo.

HUD should insist that applicants who made no intentional mistake not be asked to repay money resulting from program error that was not obvious to the applicant.

Our 39-page complaint to the HUD Office of the Inspector General should be put back on the fast track instead of delayed for 6 months when almost all the money will probably be spent.

Our allegations of serious mismanagement, waste and abuse, and evidence of contractor fraud should be evaluated fairly, notwithstanding HUD's involvement in oversight of the Program and the addition of a former Road Home contractor to HUD's Disaster Recovery staff.

I hope that you will read my summary of pleas from applicants asking for justice and fairness.
Thank you for your consideration and we thank the American people for their generosity!

**Summaries of Pleas from Applicants and References
for the Testimony by Melanie Ehrlich
to the Ad Hoc Senate Subcommittee on Disaster Recovery on May 20, 2009**

Melanie Ehrlich, Founder, Citizens' Road Home Action Team (CHAT), <http://chatushome.com>, mehrlich8@yahoo.com

I. Types of Referenced Information

A. CHAT's Third Survey, which has 352 responses from 326 applicants, all of whom provided names, addresses and contact information. Duplicates were removed, and it has been made anonymous is provided as a PDF. The 26 duplicate responses have been deleted from this PDF. There are a total of 1529 responses to our three surveys to date.

Upon request of Congressmen or HUD, we can make available the non-anonymous version of these data with contact information for 212 respondents who indicated that we could send these data with identifying information to Road Home officials.

Survey Title [sort]	Created [sort]	Modified [sort]	Design	Collect	Analyze [sort]	Clear	Delete
CHAT Survey: Road Home Problems with Grant Calculations and Elevation Grants	Mon, 7/28/08 3:10 PM	3 days ago				352	 
Road Home Program Statement of Principles	Fri, 6/8/07 7:54 AM	104 days ago				679	 
Survey – Bill of Road Home Rights	Fri, 3/2/07 2:39 PM	1 year ago				498	 

B. Stalled HUD OIG complaint about the Road Home Program that was accepted for investigation is provided as a PDF.

A complaint about the Road Home Program was accepted for investigation by the Office of the HUD Inspector General. The complaint was co-signed by leaders of the all-volunteer Citizens' Road Home Action Team (CHAT), Loyola Law Clinic in New Orleans, and Terrebonne Readiness and Assistance Coalition in Houma.

The complaint is entitled "Waste, Mismanagement & Abuse Complaint- LA Road Home Program" was filed on Feb. 2, 2009 and accepted for investigation on February 19, 2009.

A HUD inspector was supposed to start the investigation on Apr. 2 by meeting with me. Suddenly, the meeting was cancelled, and I was told that the investigation would be postponed for 6 months.

C. An anonymous version of some of the 60 emails sent by applicants since May 15 urging that our HUD OIG complaint be promptly and fairly investigated. The complete set with contact and identification information is being given to Sen. Landrieu at the hearing.

D. Two briefs filed in East Baton Rouge civil court about unfilled or partially public record requests by Melanie Ehrlich for Road Home Program public documents from LRA. These are provided as a PDF.

E. The need for using remaining funds from the Road Home Program to help applicants who most need and deserve the funding is illustrated by my immediate neighborhood in Gentilly, the section of New Orleans with the most Road Home applicants.

Please see that file of photos provided as a PDF entitled "Stalled Repair..." All these homes were blighted only as a result of Hurricane Katrina. Our area had 5 feet of salt water/sewerage water/flood water for 3 weeks and was off limits for about 6 weeks but many homeowners, like I and my husband, were unable to return for months.

F. A scholarly treatise on the Road Home Program highlighting failures and inequitable treatment, especially for low-income applicants, "Stranded and Squandered: Lost on the Road Home," by Davida Finger, Esq., cosigner of the HUD OIG complaint mentioned above.

http://www.law.seattleu.edu/Documents/sjsj/2008fall/7_1_9_Finger_01.pdf

G. Four articles from the Times-Picayune, New Orleans' major newspaper

"Lose the attitude, not the paperwork," Commentary by a Times-Picayune editor, Oct. 28, 2008, <http://www.nola.com/timespic/stories/index.ssf?/base/News/1225171260189970.xml&coll=1>

"Missing the point on ICF," editorial, Dec. 14, 2008, http://blog.nola.com/editorials/2008/12/missing_the_point_on_icf.html

"LRA is sued for its records: Watchdog seeking Road Home data," Article in the Times-Picayune, May 18, 2009, <http://www.nola.com/news/t-p/metro/index.ssf?/base/news-34/1242624008109530.xml&coll=1>

<http://www.nola.com/news/t-p/frontpage/index.ssf?/base/news-7/116486955266140.xml&coll=1>

H. A small sample of positive and constructive interactions between leaders of the Citizens' Road Home Action Team and program or federal officials. A PDF is provided.

II. References for my testimony

1. Louisiana's recovery and its people have suffered because of gross unfairness, especially, but not exclusively, for low-to-moderate income applicants, whom CDBG is supposed to help.

a. Question 24 from CHAT's third online survey (provided as a PDF)

Are you in financial trouble or living under poor conditions because you are still waiting for your appeal to be decided or for a chance to appeal with a full copy of your file?

197 out of 326 respondents (60%) replied "yes."

Please see pages 78-85 of the PDF with results of this survey for many detailed answers.

Here is a sample of four of the comments from applicants in answer to this question with the date of the response.

04/11/2009 LOST HOME TO FORECLOSURE. FEMA PICKED UP THE TRAILER.

04/14/2009 haven't finished my home repairs and depleted my savings we are both retired and live on a fixed income we were counting on that money to help us finish our home and replace our savings

04/26/2009 I am living in post-katrina, flooded, moldy, untouched-since-Katrina condition. My respiratory condition and allergies are being exacerbated by living in these conditions and I am experiencing several other medical issues as well waiting for the Road Home to come through.

05/07/2009 Living in an empty house.

05/08/2009 Living(almost 4 years)without heating or air conditioning. Siding and insulation still gone. Mold getting worse everyday! Slab shifting causing floors to buckle and doors and windows don't close properly.

b. Question 21 from CHAT's third online survey

Was the amount of your award decreased just before or at closing?

(CHAT note, decreasing the grant just before or at closing is against Road Home rules but is done routinely anyway, as we learnt from a public records request in 2007 for change policy/CCB documents.)

Here are a few detailed answers.

12/30/2008 The amount always changes without notice. The way they solve this is to arbitrarily put the application in an inactive file without notice.

01/03/2009 I was to get 111,000 at closing I got 101,000. They told me to appeal and would get the rest.

01/06/2009 I appealed the \$50,000 grant. I was awarded to me in the yellow letter dated April 2007; but at closing they said I had too much household income to be awarded the \$50,000 grant. I am on disability and my mother is on social security income. I think it was unfair to penalize me for my mother's income. My mother's income is solely for her medical expenses and upkeep.

01/25/2009 I was told in writing \$76,000, then was told to fill out another application with no explanation. Was told by phone 11,415.00.

02/02/2009 The amount was decreased more than once before the closing I was told of three different award amounts, before I received the final amount at the closing.

02/10/2009 As afore mentioned, I was told 23 hours before closing that the grant amount would change with no explanation given to me.

Please see pages 70 - 73 of the third CHAT survey for more answers.

c. Question 20 from CHAT's third online survey.

Were you told that you were eligible for an additional compensation grant but later told that you weren't?

{Additional compensation grants for low-income applicants to help bridge the gap of low land values making their grants insufficient to rebuild or repair their homes. The rules for qualifying for these additional funds were made more disadvantageous several times during the course of the Road Home Program.}

96 respondents answered "yes" out of a total of 326 respondents (29%).

d. A recent representative email from an applicant

xxx <xxx@yahoo.com>

Add sender to Contacts

To: mehrlich8@yahoo.com

Thank you for giving me a glimmer of hope. Road Home/LRA wont return my phone calls, letters, faxes or e-mails. I've lost my home, life savings and my health since Katrina. They even took my FEMA trailer (along with my personal belongings and crucial documents) while I was in the hospital in a coma in 2007. I had an extension from both FEMA & St. Tammany Parish. However, FEMA cut me off without any further assistance. I had no health insurance & I became homeless after being a police officer since 1980. I appreciate the things you have done to help those of us that have "fallen through cracks".

Respectfully, xxx

e. **"Stranded and Squandered: Lost on the Road Home,"** by Davida Finger, Esq. This document is provided as a PDF and is available online in the Seattle Journal for Social Justice, Vol. 7, p. 58 – 100, Fall, 2008. http://www.law.seattleu.edu/Documents/sisi/2008fall/7_1_9_Finger_01.pdf

2. Louisiana's recovery and its people have suffered because of a lack of transparency concerning the Program's rules and regulations.

a. Question 18 from CHAT's third survey: **Did you want to appeal but did not because you were confused about the rules? 90 out of 326 respondents (28%) said "yes."**

Here are some of their comments about this response.

08/09/2008 I understood the rules but it was extremely difficult. Many times I wanted to give up. I have never spoken to so many incompetent people as I have dealt with in the road home program. I had 12 certified mail receipts but they denied my appeal originally because they did not get feedback from me.

08/07/2008 I'm in the process of filing an appeal. Several of my neighbors have tried filing an appeal, but were unsuccessful, or have given up on the Road Home program altogether. I am more interested in having another damage estimate done on my house, since the first one had many omissions.

08/07/2008 Do not know the first thing about making an appeal or how to go about it.

08/06/2008 I did appeal but never heard from them .

08/06/2008 I actually thought I appealed but was told I didnt.

08/06/2008 road home told me I couldn't appeal yet.

08/06/2008 I was not aware that there was an appeal process

10/02/2008 Yes, I was told before I went o closing that if I did not go to closing and accept what was offered I'd get nothing, by Cameron G., who said he was hired to get people to go to closing. And at closing I was told there wasn't anything to do but to accept it. The web site is not user friendly for novice computer users, so I was confused. # 21 I wanted to appeal but was told I couldn't. # 23 I do not know. I never ever got anything in writing

09/23/2008 I started my appeal after my PAL refused to return my calls and return my documents I requested months ago. She disappeared after I went to my elevation closing. Also the application for the elevation grant had some confusing info if I got the money , I couldn't appeal after that.

03/26/2009 Although I am a lawyer and a CPA, the rules were incomprehensible and the application of them was arbitrary, capricious, inconsistent and inequitable. At some point, I think I chose my mental health over continued, futile pursuit.

04/14/2009 i did appeal but did not understand the rules

Please see pages 62 - 68 of the third survey for more comments about this from applicants.

b. HUD OIG complaint

Page 9 about the lack of access of low-income applicants to the rules:

“Frequent changes of rules of the program contrary to goals of the CDBG program and failing to provide low and moderate income applicants with explanations of these complicated rules despite about 40% of the applicants (disproportionately low-income applicants) not having internet access to the Program’s website;”

Page 15: “arbitrary and inadequately publicized or unpublicized rule changes ⁵⁹that are designed to unfavorably impact grant amounts, and noncompliance with CDBG rules and posted rules;”

c. To get information to help applicants, including the latest versions of changed rules and some rule changes that are not made public by LRA, I have had to get a lawyer and file a writ of mandamus. I am still waiting for most of these documents requested in July, Oct., or Dec., 2008. Please see the provided file about public record requests.

3. Louisiana’s recovery and its people have suffered because of double standards, arbitrary, and inconsistent treatment.

a. Here are some examples from the answers to a question on CHAT’s third survey about Road Home’s estimation of damage used in grant calculation. If a house is considered <51% damaged, applicants the grant calculations give applicants very much less grant money. Please see the PDF with responses to CHAT’s third survey, pages 25 - 34, for more answers to this question.

08/14/2008 I fought over the est. of damage for 1.5 years and they finally adjusted it but then lowered my pre-storm value.

08/18/2008 my house is the only house in my neighborhood that is considered <50% damaged. All others are >51%. Not logical at all especially being located 4 blocks from the 17th St. canal breach.

08/20/2008 Neighbors had the same amount of damage but didn't have to have a CAD report. Road Home insisted that was the way we had to go. Not fair.

08/21/2008 We were 16 feet above sea level. Our damage came from water from river, MRGO, and swamp areas in St. Bernard and Plaquemines Parish, thus not in the usual flood area. A large tree fell on the roof, which had just been replaced, so no insurance covered the flooding. We had just completed three years of internal home improvement. Age and physical conditions prevented our following up, as needed. We gutted the home, lost

everything, and moved to our daughter's home in Knoxville. We are approaching 80, with three years of psychological counseling completed. What do we do now? We have received no written explanations from LRH.

08/22/2008 was not given a CAD (*CHAT comment: this is against Road Home rules, as I found out from a 2007 public records request*)

08/22/2008 Most of my neighbors were classified as a Type 1 and did not have to do the Estimated Cost of Damage

08/22/2008 My home is at least twice if not three times the size and square footage of other homes adjacent to mine.

08/22/2008 My neighbor who lives directly across the street and several of my neighbor cost of damage was much higher than my with same amount of damage.

b. Please see pages 5 - 8, 18 - 21, 27 - 28, and 31 - 32 of the HUD OIG complaint, which includes statements from a very knowledgeable former Road Home staff person, who is willing to be interviewed.

4. Louisiana's recovery and its people have suffered because of ignoring phone calls, faxes, and certified letters from desperate applicants for many months or more than a year.

a. Please see results of CHAT's third online Survey,

Here are some of the comments in the survey about ignored phone calls, faxes, and letters from applicants

Page 16: 08/07/2008 I sold my \$90,000 house for \$40,000. I sent a copy of the Settlement Statement to The Road Home three times showing these figures. I discovered today that my application is "ineligible" because according to THEIR records I received \$89,000 when I sold the house. I have no idea where they got this ridiculous inflated figure. They will not return phone calls I make to discuss the inaccuracy.

Page 45: 08/06/2008 April of 2007 at our closing we advised that we would like to appeal. We had to sign a paper saying we were appealing at the closing. We have attempted to contact them via e-mail, telephone call, facsimile and regular mail. All to no avail.

Page 46: 08/06/2008 We started an appeal by writing a certified letter earlier this year possibly in February or March of '08. We have heard nothing from that. I met a Lara Robertson at a LRA meeting in May and e:mailed her and mailed her pictures of our home. She is supposed to have forwarded this to some one but I have not heard back from anyone.

Page 47: 08/08/2008 Unable to get a response by snail mail, e-mail or phone.

Page 51: 08/22/2008 Hello, I submitted my appeal March 13, 2008. ... Numerous attempts to contact RH by phone resulted in no return phone calls/e-mails... 11/5/2007: Again wrote to RH after numerous attempts to call them were unsuccessful. Their response was as follows: "Thank you for your inquiry. Due to the volume of e-mails received, it has taken us somewhat longer to respond. Your concern is important to us and we will do our best to assist you. If you received a letter stating that you are ineligible and you feel that the reason given is not accurate, you must go through the process of appeal by following the instructions given to you in the letter. Scheduling an appointment is not an option." 10/20/2007

c. A recent representative email

From xxx@cox.net <rgallo2@cox.net>
Subject: "Road Home Appeal"
To: info@louisianarecoveryauthority.org

- My address is xxx, Chalmette, Louisiana 70043.

Our closing was held April 2, 2007, at First American Title. At that time we were told if we took the grant offered that we could still appeal it and we signed a paper in the pack of papers to that effect. We are appealing the "Estimated Pre-Storm Value" of our home. It was appraised at the same amount that we bought it for in 1999. Also, we had insurance money for outside structures and fences deducted from our grant. I understand now, thanks to CHAT, that this should not have been deducted from our grant.

I have called and called and e-mailed and faxed requests for assistance with this since April of 2007. No one has ever returned our calls.

The only thing we've received from the Road Home was another request for our "Homeowners Insurance Claim line item Estimate or Worksheet" which Road Home said they did not have. Of course, this was turned in to Road Home in the very beginning, but I went ahead and sent it again on February 11, 2009, and again called Ms. Tonya Roberts (who sent us the request for information) to see if she could advise me as to what was going on with our appeal. I still have not heard from Ms. Roberts or any one else from Road Home about this.

Additionally, on February 9, 2009, a certified letter, (directed to the attention of Brad D. Bradford) requesting a copy of our file was received in your office in Baton Rouge. We have not heard anything about this request either.

I could probably go on and on about all of our attempts to get information on our appeal, but I will leave it at this for now.

d. HUD OIG complaint

Page 35

Excerpts from a Dec. 7, 2007 Report by KPMG, LLC are given below

http://chatushome.com/chatusfiles/KPMG_Program_Review_Highlights_1_20_07.pdf

http://chatushome.com/chatusfiles/KPMG_Homeowner%20LA%20Assessment%20Task%20Final%20Report_Task%20Order%201A%20FINAL_12-07-07.pdf

P. 13 "2. Providing applicants with proactive application status information in order to facilitate more accurate grant calculations in a timelier manner.

o ICF should focus efforts toward proactively analyzing current applications, identifying a more specific common group of issues, and then communicating a meaningful application status to applicants, prioritizing by date of original application to address the earliest applicants first. The communication should be by phone and letter. The letter should include as much known information as possible, including the current status of the application, pending issues, missing documents or information, and an outline of the remaining steps to closing. Consideration should also be given to developing a monthly newsletter to the current application base to provide updates to the grant customer consistently, accurately, and timely for Program changes and other general updates."

5. Louisiana's recovery and its people have suffered because of systematic downsizing of grants by redundant poor assessments of damage or house valuation that wasted taxpayer money which was and is still needed by applicants to rebuild their homes.

a. References for the redundancy of the assessments

i. HUD OIG complaint

Repetitive and otherwise unnecessary tasks have been done by the contractor that increased its costs beyond necessary and reasonable requirements and incurred to the disadvantage of applicants, a waste of taxpayers' money. Please see page 11 - top of page 12 of the supplied copy of the HUD OIG complaint for the rest of this section.

ii. A representative email from an applicant made anonymous

Monday, May 4, 2009 3:46 PM

From:

"Geneva " <@bellsouth.net>

[Add sender to Contacts](#)

To:

"Melanie Ehrlich" <mehrlich8@yahoo.com>

My name is and I have spoken to you by cell phone. You were referred to me through my brother, xxx, in Chicago, IL. Just to up date you on our situation, We are selling our parent's property in New Orleans, LA to the state. I have been working with the LRH authority almost 2 Years. I have prepared and submitted all documents to the LRH and as of April 2, 2009, I called the title company to find out if the file had been received by them. It had been received but they had to send it back to LRH because, I'm told by representatives of the LRH that the file has to be resubmitted because a new company has taken over the operations of the LRH and needs to be transmitted under the new company's name. Today is May 4, 2009, and they still have not passed out our files to the new advisors and don't know when it will take place. The files will not be resubmitted to the title company until they have been assigned to a new Road Home advisor. The system is broken and the poor homeowners a stuck in the middle. We have no representation to help us, no guidelines and no one is advocating for the homeowners. THIS IS TRULY A SAD TIME IN AMERICA when people can't get their needs met without dealing with incompetence at all levels of this program. PLEASE HELP US IF YOU CAN!

iii. An email addressing the same problem from the standpoint of a lawyer who provides free help for low-income applicants through Loyola University's Katrina Clinic

Friday, May 1, 2009 6:19 AM

From:

[This sender is DomainKeys verified](#)

"Davida Finger" <davida.finger@gmail.com>

[View contact details](#)

To:

"David Hammer" <dhammer@timespicayune.com>

Cc:

"Melanie Ehrlich" <mehrlich8@yahoo.com>

David - many of our R.H. files haven't moved forward in over 3 weeks. Yesterday I got a note saying they need to be "activated" for the new contractor. The delay is maddening and debilitating for applicants - in the next story you do, I hope you can include this problem. I realize that it is "more of the same", however, it is so important to explain this as applicants are having their homes demolished & trailers removed. Thank you, DF

--

Davida Finger, Staff Attorney
Loyola University N.O. College of Law

b. Reference for the quality of the grant processing by ICF International

i. Please see results of CHAT's third online Survey about mistakes in application processing, pages 35-42.

ii. A representative Email to CHAT

Sunday, October 12, 2008 6:27 PM

They appraised my home for \$13,000 less than I paid for it only 6 weeks before the storm. Their appraisal was obviously worthless since it compared my home with 3 others on the same street that had NOT sold in the previous 12 months, and which were much smaller houses on much smaller lots. Then they said that MY house had "no record of prior sales in the previous 3 years" which was a flagrant error. I consulted an independent appraiser and she said she had worked for them briefly and it quickly became clear to her that they just made up figures after a drive-by and didn't bother getting the facts.

iii. Please see the HUD OIG complaint, p. 30 - top of 32, page 35

6. Louisiana's recovery and its people have suffered because of an appeals system that often rubber-stamped the mistakes of the Contractor and apparently no written standards.

a CHAT third survey: Pages 43 - 61. Here are just a few sample comments.

08/05/2008 I WAS TOLD BY MY LIAISON THAT MY APPEAL WAS DENIED AND THAT I COULD APPEAL WITHIN 30 DAYS AND THAT WAS JUNE 24 2008 I HAVE NOT RECEIVED ANY PAPERWORK FROM ROADHOME ABOUT MY APPEAL THAT WAS DENIED!!!!

08/07/2008 Approximate March-July, 2008. I never got anything but they had rejected my appeal, even though I requested many time(I sent them Picture, letters, Fax, and even the contractor talked to them and wanted to know why I was rejected because all the rest of his applicant was approved, stating he done know why even after he talked to them.

08/13/2008 We initiated the appeal process on July 31, 2007, I believe. With the treatment we got from Road Home thus far, without any helpful results, we are not sure if it is worth completing the appeal process, even though our house was severely damaged and we have had to go into debt to pay for repairs beyond what insurance covered.

08/13/2008 I filed an appeal in June 2007 (or so). After several iterations, I was granted an appeal award in December 2007. Since this letter I have been unable to get anyone to tell me how I can get the appeal amount. I continue to get a run around. Nobody seems to know. I just keep getting told that I will be contacted for another closing??

b. Third Road Home Survey, page 43-61

c. Denial of right to appeal any State Appeals decisions on Road Home grants in court contrary to Louisiana law

The State denies aggrieved victims any right of judicial review contrary to state law (The Louisiana Administrative Procedures Act allows any aggrieved person the right of review

of a final agency decision but the RHP and State Attorney General are fighting applicants who seek such reviews in court.

d. Not setting aside sufficient available funds for appeals

Please see these public comments which were also submitted to HUD about LRA Action Plan Amendments #27 and 28:

<http://www.chatushome.com/blog/?p=8#comments>

7. Louisiana's recovery and its people have suffered because of an obligatory pre-appeals process that was fraudulent and kept applicants out of appeals, often permanently.

CHAT third survey, Page 46: 08/07/2008 So long ago I can not truly remember, BUT it was definitely at least two years ago. I WAS IN RESOLUTION FOR 2 YEARS AND STATE APPEALS FOR ALMOST ONE YEAR.

Page 46 08/07/2008 I called on Monday, February 2, 2009 to ask why my online status indicated no status at all instead of in progress. I was given the name of the person who was assigned to my case. I left two voice mail messages. That person has never returned my calls. I have not received anything in writing yet.

Page 46 08/07/2008 I began complaining in November 2006 and was in limbo until July 2007 when I got Representative Lorusso to intervene on my behalf.

Page 50 08/18/2008 I submitted written appeal letters on May 2, 2007, November 24, 2007 and June 21, 2008. These appeals are still outstanding. 5 "Pal's {"Personal Assistance Liasons"} have been assigned with no positive results. Most disappear after a few days or hours.

Page 50 08/22/2008 March 12, 2007 I began calling Road Home to start the resolutions process. This was a nightmare. I spoke to so many people and was never assigned a "PAL", although I was told I would have one.

Page 51 08/22/2008 I dont know the the resort of the appeal, I have had several Personal Application Liaison, however, none have resolved the problem. I completed the CAD, they sent it in in 2007.

CHAT third survey QUESTION #17:

Did you ask for a dispute resolution or appeal?

Have you been able to find out what happened to your dispute resolution or appeal? - Yes, 65; No, 133

If you lost, did you get an explanation of why in writing? - Yes, 26; No, 66

b. HUD OIG complaint

Page 3 The Louisiana Legislative Auditor in a Jan. 9, 2009 audit report .. stated the following.

- If applicants dispute their pre-storm value, Road Home employees check the PSV dispute flag in eGrants. If this flag is checked, ICF uses the highest prestorm value in the award calculation.
- However, because the policy says that applicants disputing their pre-storm must go through the resolution process, all applicants with a PSV dispute flag should have a corresponding issue in JIRA which is the system used to record and track disputes.
- However, we analyzed 50 applicant files of a total of 22,650 that had the PSV

dispute flag as of March 2008 and found that 27 of the 50 (54%) did not have an issue related to PSV in either JIRA or JIRA archives.

Page 36 Excerpts from a Dec. 7, 2007 Report on ICF by KPMG, LLC :

http://chatushome.com/chatusfiles/KPMG_Program_Review_Highlights_1_20_07.pdf

http://chatushome.com/chatusfiles/KPMG_Homeowner%20LA%20Assessment%20Task%20Final%20Report_Task%20Order%201A%20FINAL_12-07-07.pdf

During the period of our assessment, over 140 resolution team members have the ability to override values in eGrants. Though some audit trail functionality exists for tracking changes, it is not robust enough. When Program operations employees override values or change applicant data, the system does not require the employee does to input a comment or reason for the change. ICF should incorporate additional checks to require that overrides made to applications, especially applications involving Road Home employees, receive an additional layer of approval. The system should generate daily reports to track changes that require additional supervisor approval or review.

There is currently software coding within the eGrants calculator that checks for owner occupancy, eligible parish, verified data, income status, FEMA verification, insurance verification, JIRA holds and open issues, the option selected by the applicant, and whether the application is a Road Home outlier. The eGrant calculator is part of the internal controls related to grant processing and should not be overridden without a specific audit trail and clear supporting documentation that the manual override is correct and calculates the proper grant amount. Early in the Program, ICF incorrectly input application ID's in the workorder database. The home evaluation team has since remedied this situation by running a series of tests to match eGrants application ID, address, and owner against data in eGrants. However, implementation dates for these tests and their results are not documented."

Page 36. Louisiana Legislative Auditor Performance Report on the Road Home Program's Data Warehouse Reliability, January 14, 2009

[http://app1.la.state.la.us/PublicReports.nsf/6F905AB4148A123C8625753D0066BD41/\\$FILE/00008378.pdf](http://app1.la.state.la.us/PublicReports.nsf/6F905AB4148A123C8625753D0066BD41/$FILE/00008378.pdf)

P. 3-4. **Overall Results:** Although we did not perform a comprehensive controls review, we did identify several control weaknesses in the course of our work that could affect data reliability. Some of these weaknesses were cited in previous internal ICF reports on data integrity and have not improved. The weaknesses we identified include the following:

_ Users have roles that should be segregated. For example, there have been over 1,300 individuals who have the ability to edit applicant data and delete attachments and 65 (5%) of these are Road Home applicants who are also ICF employees.

_ ICF has not enabled the audit features in its database that would help log the actions of users.

_ ICF did not review all tables when it loaded data into the warehouse to ensure that the data loaded accurately and completely.

_ The pre-storm value flag in eGrants indicating that an applicant disputed his or her pre-storm value was not always supported with documentation. In addition, ICF did not begin tracking which employee checked the flag until our review began.

_ ICF has not developed sufficient documentation that details its systems and data tables.

_ OCD has not effectively monitored ICF's IT functions in part because it does not have any staff with expertise in this area.

8. Louisiana's recovery and its people have suffered because of the refusal of ICF to give applicants important notices in writing and data from their file to understand their grant and any errors.

a. Please see results of CHAT's third online Survey, pages 3-12 about applicants having trouble getting copies of their files.

b. HUD OIG complaint:

Page 24: Failure to give applicants important notices in writing according to Program rules. This noncompliance by the Contractor has been brought to the attention of LRA and OCD at public meetings, in emails, and in meetings between LRA and OCD officials and advocacy groups to no avail.

c. Recent representative emails from applicants

i. Re: [FoCHAT] CHAT News: New appeals promise by LRA disappears

Tuesday, May 5, 2009 10:13 PM

From:

"Leslie xxx" <@att.net>

[Add sender to Contacts](#)

To:

"Melanie Ehrlich" <mehrlich8@yahoo.com>

Melanie,

I received a copy of my file after the time for an appeal was over. I was basically told that I was out of luck and I have given up due to the stress and torment.

Leslie xxx

ii. From: xxx <xxx@yahoo.com>

Subject: Fw: appeal

To: Ty.Larkins@La.gov

Date: Thursday, April 30, 2009, 5:18 PM

Response to Ty Larkins--LRA

Date: Thursday, April 30, 2009, 4:53 PM

Received your response in regards to my appeal being reconsidered. What you are telling me is that the Chat organization misinterpreted Mr. Rainwater's decision to allow people the opportunity to have their case reviewed unless they appealed within 30 days of their denial notification. My request to you was made due to the fact that I was unaware that there were two separate CAD evaluations done on my condominium, one for my interior and one for the common elements. When I requested my complete file under the public records request law L.A.R.S.44.1 I only received a copy of the CAD for my interior damage and not the one for common elements. . . Without having access to to the CAD report I was unable to dispute my share of the common elements... As a result of me being denied my complete file I feel that I was denied my proper grant award. Due to the failure of the RH

program violating state law in not furnishing me with all the records that was used in determining my grant award, I feel that my case should be reconsidered. How can anyone be afforded a fair appeal without having access to their records.

xxx

9. Times-Picayune articles from which quotes were taken

<http://www.nola.com/timespic/stories/index.ssf?/base/News/1225171260189970.xml&coll=1>

Lose the attitude, not the paperwork

Tuesday, October 28, 2008

Jarvis DeBerry

The Road Home Program has messed over so many people in so many ways over such a long period of time that, at this point, it takes a particularly egregious error to attract attention now.

Vance Joseph Nimtz showed me such an error last week at the kitchen table at his Slidell house. In response to an appeal he had filed with the bureaucracy regarding his house on Painters Street in New Orleans, Road Home officials sent back documents that included Nimtz's information and information for two more families who had also made application to the program.

The information mailed to Nimtz included those other applicants' Road Home identification numbers, the addresses of their damaged properties and, for one couple, a detailed accounting of their insurance claim information, their insurance claim representative and a cell phone number. Nimtz gave me the impression that all would have been forgiven if while sending him other applicants' information, Road Home officials had also granted him the extra money necessary to fix his Painters Street house. But the extra paper Road Home gave him wasn't the kind that folds up in Nimtz's wallet, but the kind that reminded him of the program's incompetence.

After the last envelope arrived, Nimtz, 50, said he called the program, only to listen to a woman who sounded young enough to be his daughter talk down to him. After he expressed dissatisfaction with the program's nonresponsiveness, he asked the woman to explain the extra information the program had sent him.

According to Nimtz she huffed and said, "If you can't bother reading it, I can't do anything for you."

Nothing annoys me more than stupid people talking down to me, so I had a sense of what Nimtz must have been feeling as he listened to the representative of a woefully inefficient and bumbling bureaucracy treat Nimtz as if he's some kind of mental deficient.

Nimtz explained that, in fact, he had read the documents before he asked the question and that what he saw disturbed him. "You sent me two other people's paperwork along with their ID numbers," he said.

There must be a cue card Road Home phone operators have that reads, "When confronted with Road Home's ineptitude, brazen it out." The list is long of idiotic things those operators have said when an applicant dares to speak truth to incompetence.

As if to excuse the program's carelessness, Nimtz said the woman told him, "I get my neighbor's mail all the time."

He said, "So do I, but it's usually addressed to my neighbor."

"Why don't you just shred it?" she asked him. He said he probably would have if she had spoken to him respectfully. "Her tone was getting more and more coarse," he told me. "I just didn't like it."

Instead, Nimtz called the newspaper. Apparently he's under the impression that Road Home officials can be shamed into doing the right thing.

I'm not sure that the extra information Nimtz was sent could have been used to apply for a credit card or otherwise co-opt another's identity. Even so, I'm sure there was a lot more information there than the other two applicants would want exposed.

"Someone really dropped the ball," Nimitz said.

Nimitz, a New Orleans street trumpeter, moved to Tampa, Fla., after Hurricane Katrina and has made it as far back as Slidell. But he hasn't made it home.

"My exile is not over yet," he said. He intends for his family to complete their odyssey, even if Road Home is against them. He points to their Slidell home as an example. "We bought this on our own."

As for Road Home, he said, "They're going out of their way to make this hard."

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Jarvis DeBerry is an editorial writer. He can be reached at 504.826.3355 or at jdeberry@timespicayune.com.

http://blog.nola.com/editorials/2008/12/missing_the_point_on_icf.html

Missing the point on ICF

Posted by Times-Picayune editorial staff December 14, 2008 4:06AM

Few Louisianians doubt they got the short end of the stick when former Gov. Kathleen Blanco granted the Road Home contractor a \$156 million pay raise just weeks before leaving office.

ICF International's incompetence was well-established by then, and public anger over its Road Home's failures had forced then-Gov. Blanco to forgo a re-election bid. She surely knew ICF's pay raise would cause an uproar, which explains why her team executed it in a way that left the public and many legislators in the dark for months.

So Louisianians are scratching their heads now that a report by state Inspector General Stephen Street has concluded that the Blanco administration did not try to conceal ICF's raise. Even more startling, the report deemed the 25 percent pay raise justified mostly because of higher-than-expected estimates on the number of grants to be paid -- even though that was never the parameter for payment in ICF's initial contract.

Louisianians were outraged when The Times-Picayune publicly revealed the contract increase in March, more than four months after it had been approved by Gov. Blanco's team and three months after her administration had left power. Neither her team nor the governor had announced the increase when they approved it. After it became public, prominent lawmakers said they had learned of it only after The Times-Picayune contacted them for comment.

Mr. Street, however, seems to have used a very narrow view in determining that there was no evidence that the Blanco administration tried to hide the contract increase from lawmakers and the public.

He cited a statement the state sent to The Advocate in Baton Rouge about 10 days before ICF's pay increase was approved, saying a contract increase "may be necessary" because of higher-than-expected grant applications. The statement, however, had no details on any proposed increase amount.

The inspector general also noted that administration officials had been prepared to testify about the pay raise to the Legislature's joint budget committee, but the officials were never called to testify.

Raising the possibility of a pay hike with only one state newspaper and without providing any details is hardly sufficient public disclosure. And having officials prepared to testify in the Legislature serves little

use if most lawmakers did not know about the pay raise and, therefore, had no idea they should ask for the information.

The Blanco administration's actions to "disclose" ICF's pay increase also were woefully insufficient compared to its trumpeting of most other Road Home developments -- the former governor even put her name on the program.

Just as surprising was the inspector general's acceptance of the Blanco administration's argument that ICF deserved the \$156 million pay increase. He cites that by December 2007 the firm expected to pay 150,000 grants rather than the 114,000 expected initially. But the original contract did not establish payments based on the number of grants.

Even under that rationale, ICF would not have deserved as much as it got. The firm has paid about 121,000 grants and fewer than 10,000 eligible Road Home recipients are pending. That means the increase in grants will be only half of what the state estimated when it approved ICF's pay hike. Paul Rainwater, Gov. Bobby Jindal's point man for the state's recovery, said that's a reason why the state should never have given ICF the full raise at once.

Mr. Street also said that ICF faced higher costs because of numerous policy changes to the Road Home by the state. That's surely the case with some policy changes. But many of those changes were needed to clean up after ICF's failure to meet its obligations. One change, for example, required the firm to inform homeowners in writing of changes to their grants -- as opposed to doing it just by phone as was ICF's practice. Written notices should have been routine from the beginning.

In addition, the state has now taken over some of the functions the firm was supposed to perform.

Gov. Blanco is touting the inspector general report as evidence that she and her team did the right thing when they approved ICF's increase. But even if there was no misconduct on her administration's part, that does not change the fact that her team negotiated a sloppy contract leaving taxpayers little recourse to recoup unjustified payments -- and then failed to properly inform the public about the terms.

That was a disservice Louisianians won't soon forget.

<http://www.nola.com/news/t-p/metro/index.ssf?base/news-34/1242624008109530.xml&coll=1>

"LRA is sued for its records: Watchdog seeking Road Home data"

Article in the Times-Picayune, May 18, 2009, By David Hammer, Staff writer,

A leading advocate for Road Home applicants is suing the Louisiana Recovery Authority for public records, some of which she requested nearly 11 months ago.

Melanie Ehrlich, co-founder of the Citizens Road Home Action Team, or CHAT, first sought information from the state on July 1, 2008, about key Road Home policy changes.

Ehrlich, who is scheduled to testify about continuing Road Home problems before a U.S. Senate committee in Washington on Wednesday, followed the July request with two more in October and December, seeking more information about appeals processes and applicant rights.

Last month, she filed suit in East Baton Rouge Parish, demanding the state comply fully with her requests. But a hearing scheduled before Judge Kay Bates on April 24 was canceled, and now each side blames further delays on difficulties contacting the other's lawyers.

The state is paying outside lawyers \$175 an hour to represent LRA Executive Director Paul Rainwater in the case, agency spokesman Christina Stephens said.

Bates could not be reached this week to explain the delays, and no further hearings have been set. The Road Home is a state-run, federally financed program designed to compensate Louisianans whose property was damaged by Hurricanes Katrina and Rita.

In court filings, Ehrlich cites e-mails from state officials promising to address her requests right away, but she alleges months passed with limited or no response.

State law gives the LRA three business days to turn over documents or to give a reasonable explanation for why the request can't be fulfilled.

Stephens said the state needed more time to address some of Ehrlich's far-reaching and occasionally vague requests, adding that since July, Ehrlich has expanded and complicated her requests.

"Had we had to take (LRA attorney) Dan Rees off what he was working on, such as insurance settlements for Road Home applicants and this contract transition (from one program administrator to another), key functions of the program would have stopped," Stephens said.

Rainwater has often said Gov. Bobby Jindal's administration is trying to streamline the convoluted Road Home processes it inherited from former Gov. Kathleen Blanco's administration.

But Ehrlich's lawsuit challenges Rainwater's leadership, naming him both in his official capacity and personally. It also demands specifics about his promised reforms and written proof for policy explanations. In July, Ehrlich asked for all rules, communications and other written documents concerning the Road Home's new appeals process and the new state appeals panel, including a list of who sits on it. She said she received just one name, Lara Robertson, and minimal information about the timing of appeals.

In October, she asked for several documents and received some of them. But the LRA didn't turn over written criteria for deciding state appeals cases, she said.

The December request, which focused on documents the state is supposed to produce whenever it changes Road Home policies in the middle of the process, went completely unfulfilled, the lawsuit says. Such changes have been common, often to applicants' detriment.

Ehrlich, a biochemist whose highly technical familiarity with the Road Home's fine print can make her lines of questioning hard to follow, has been one of the most consistent and strident critics of the program over the years. As a citizen member of the LRA's housing task force, she has been a constant thorn in Rainwater's side. But with the once-laggard program finally managing to pay most of its money, Ehrlich has gone from leading a choir of thousands of disaffected homeowners to being largely ignored. She remains convinced that the state is trying to low-ball applicants.

Her watchdog efforts were on display when she got Rainwater in February to agree to offer certain applicants a new chance to appeal if they had not done so in 30 days because they were stuck in a discarded process known as "dispute resolution."

As promised, the LRA posted this on its Web site: "For many months we have heard of people who . . . were never able to exercise their right to appeal because their case was stuck in the 'resolutions' process, which ended earlier this year."

The post promised further review of such cases. But the state was overrun with telephone calls and e-mails, and Ehrlich's initial victory came to naught.

Ehrlich produced an e-mail from the LRA's Ty Larkins that seemed to revise history: "Unfortunately, there are no exceptions to the 30-day rule, as Mr. Rainwater did not say he was opening appeals to applicants who have gone pass (sic) the deadline. His comments were directed at serving persons who were in appeals who 'fell through the cracks' and therefore, never had their matters resolved."

.....
David Hammer can be reached at dhammer@timespicayune.com or 504.826.3322.

<http://www.pmc5-icap.com/pdf/March%202009%20Practical%20Points%20Approved.2009%2003%2013.pdf>

Fred Tombar is back at HUD. He is serving as Secretary Donovan's Disaster Planning and Recovery specialist. Fred formerly worked with HUD in Contract Administration, and then moved to New Orleans to work with emergency housing after Hurricane Katrina.

<http://www.nola.com/news/t-p/frontpage/index.ssf7/base/news-7/116486955266140.xml&coll=1>

Blanco's letter goal met, LRA says: But many notices rely on unverified data, Thursday, November 30, 2006

By Coleman Warner
Staff writer

Louisiana's Road Home officials said Wednesday they have reached Gov. Kathleen Blanco's goal of sending out 10,000 final award notices to homeowners by the end of November, but acknowledged the financial information they used to calculate thousands of the awards has not been verified.

Road Home administrators are still working to eliminate delays in the flow of information from many insurance companies, whose role in the state grant program is to verify the amount of insurance proceeds homeowners received for their damaged properties. Because the verification process is so tedious, as many as 40 percent of the award letters may be based on unverified details, said Fred Tombar of Tombar Consulting Group, a company hired to help administer the \$7.5 billion grant program.

Tombar said care is being taken in preventing mistakes in the final letters, after a review of a batch of preliminary award letters sent recently to homeowners revealed a 25 percent error rate.

Officials couldn't offer current error-rate details. The accuracy of the award letter depends on the accuracy of the insurance claim information provided by residents when they applied for a Road Home grant, intended to reimburse homeowners for uninsured hurricane-related losses up to \$150,000.

Owners who provided correct information on their applications can bank on the award figures, and can even officially accept a grant – called a closing – although the information is not yet verified, Tombar said. That last-resort remedy, approved by Blanco's administration, requires the signing of an agreement that requires an adjustment of the grant terms if new information is turned up in the verification process, with the possibility that grant money issued in error would have to be paid back.

"This is it, the final letter, they're printed on gold paper," said Tombar, a New Orleans native. "The goal was to get 10,000 final letters to folks, and we've done that."

Thousands still waiting

While the 10,000 goal was reported topped Wednesday, the award letters still total less than 15 percent of roughly 83,000 people who applied for help through the federally financed program. The average award calculated so far is \$64,992, officials have reported....

10. References for the unfairness of demands for paybacks (“recapture of funds”) due to the program’s mistakes in grant processing or changing rules.

This complicated program almost never explained to the applicants exactly how their grant was calculated .

For example, it withheld information about estimated cost of damage calculations (against RH rules) as well as how the pre-storm value was calculated.

Nonetheless, payback demands for overpayments (due to Road Home mistakes or often changing rules) by this extremely untransparent program are being made.

Here is a response from an applicant in our third CHAT survey, who was caught in this unfair payback trap.

Sun, 5/10/09 4:48:33 PM

... when i called to check on elevation grant , which they said i was eligible for, they hee-hawed around until one person finally told me that they had paid me too much and i would probably be owing them money, i told them they had my initial application for almost a year and i am sure they went over it with a fine tooth comb. When they finally told me what i was getting, i asked them if it was the right amount ,because it seemed like a lot and i was told" yes maam" if thats what they say you are entitled to then that is what you are getting. when we went for closing i asked again if that was the right amount, because i told them i would not be able to pay it back if it was not the right amount, they assured me it was the right amount.Now after 2 years they say i will probably have to pay them back, I do not know how they calculated the original grants for the Road Home Program. They had sent me some papers with the yellow papers but unfortunately we lost them in IKE.They still tell me i am eligible for the elevation grant, but will probably keep that for back money they are claiming i owe them. My Husband and i are both on social security, i do not know how we will be able to pay them back, we live from check to check now.

Even scholars in Virginia found the program to be inscrutable for applicants.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1350519

The Road Home: Helping Homeowners in the Gulf After Katrina

P. 7-8

Road Home generates an applicant's preliminary grant figure by calculating the dollar value of damage incurred to the pre-storm value of the home. From this, Road Home subtracts any insurance payouts that the applicant has already received to yield the total. The grantee must then make one of four choices, detailed in figure 3, all of which affect the final amount of the Road Home grant.

The numerous penalties and adjustments to which the grant calculation may be subject make it difficult for an applicant to forecast the final payout. For example, though insurance payouts were subtracted from the initial calculation, an applicant without homeowner's insurance (or flood insurance if located in a flood plain) is assessed a 30 percent penalty against the final award.