

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!

Summary of CHAT Meeting Aired For Six Weeks on Public Access TV

Today is the May 27, 2009 meeting of the Citizens' Road Home Action Team (CHAT). We are a grass-roots zero-budget organization. I am Melanie Ehrlich, Co-Chairman and a scientist.

We are very grateful to COX10, UNO, over 900 CHAT members & 30 hardcore CHAT members.

Big picture: two historic hurricanes in 2005 wreaked historic damage on S. LA

Cities, suburbs, and rural areas were flooded. The largest and most famous of these is the NO metro area. Most of the catastrophic damage was due to known failures of poorly built US Army Corp of Engineers outflow canal levees, which had been concealed from the public.

One year later, S. LA hurricane victims who were homeowners were promised relief through the RHP.

Those who lost family members, possessions, their home, their neighborhood, and sometimes also their jobs were indeed traumatized.

But it is unconscionable that the government promised help in a compensation program but then caused further trauma by its error-filled, callous, and extraordinarily delayed administration.

So-called gold letters were issued from the Road Home Program to applicants with the promised grant amount less any additional insurance benefits for structural damage received by the applicant.

A top LRA spokesman said publicly that applicants could show these letters to their bank to get a loan.

NO built a loan program around this promise but that program, initially touted by the Mayor Nagin and Ed Blakely, was quietly discontinued when it became evident that those RH gold letters were useless because:

- there was rampant, unexplained downsizing of grant amounts and huge delays in payouts.
- One RH staffer unfeelingly laughed at an 80-year-old applicant for believing those letters and trying to fix her house assuming that the amount of money in her gold letter was her guaranteed amount.

In Sept. 2006, soon after the RHP began, I organized CHAT and asked Frank Silvestri to co-chair it with me because I could see that there was a major disconnect between the needs of the applicant storm-victims and the rules.

- Major rules of the Program made no sense and clearly would lead to needless delays

I had no idea at that time how the RHP would itself turn into an ordeal for tens of thousands of hurricane victims from failures of every aspect of running the Program which the State is now rushing to end. I couldn't guess what a big help CHAT would be by making the RHP much more accountable. But much more needs to be done to allow many homeowners the opportunity to rebuild their shattered homes and lives.

State officials and Gov. Jindal know that while many applicants have been helped by the program, they are leaving many others without enough funds to rebuild because of basic inequities in the RHP, which I will list shortly.

During this meeting, we will review a small selection of our data about how the RHP functioned.

Most of the information that you will hear about this evening comes from:

- a sampling of the >1500 responses to detailed online surveys of applicants,
- hundreds of emails, personal testimony at CHAT meetings, and HTF meetings,
- regular weekly conference calls with top RH leaders for 5 months, meetings with RH officials and hundreds of emails to and from them.

Much of this material is summarized in our 39-page complaint to the HUD OIG, which was accepted for investigation although the investigation is needlessly being delayed.

So far 70 citizens have written to key Congressmen to about the delayed HUD IG investigation. Our official complaint is posted at our website as are simple instructions for sending one email that we will forward.

I would like to ask Barbara Blackwell to read her letter.

Dear Senators Landrieu, Vitter, and Lieberman and Representative Olver:

Due to the devastation of Hurricanes Katrina and Rita in August 2005, thousands of residents of Louisiana were displaced throughout the Country, with one recurring thought, returning to their respective homes, rebuilding and resuming the quality of life experienced prior to this disaster. Rebuilding, it was discovered, was not going to be an easy task. Subsequently, the process has taken its toll on our people psychologically and financially.

The Road Home Program (RH) is rapidly approaching a close. While some residents have received assistance from RH, there are still many who have fallen and will continue to “fall through the cracks” due to the lack of transparency and fairness for the RH applicant. Each applicant deserves to be apprised of RH policies and procedures, if and when changes occur, so that they can govern themselves accordingly. Violations of HUD rules and RH rules have hurt many applicants in their efforts to rebuild. Where or from whom do these applicants seek solace?

To that end, before this program is terminated, I earnestly implore each of you to request HUD OIG to conduct an investigation of the Road Home Program, expeditiously.

Yours truly,

Here is a breakdown of the types of problems that applicants have with the RHP and that violate HUD’s own rules, standard business practices, and often the rules of the RHP or the legislation that established it.

- 1. Inadequately publicized or unpublicized rules, contradictory rules, and frequent changes in rules plus intentionally hidden rules and regulations for grant determination.**
- 2. Making the rules so complicated that even a HUD OIG inspector complained that the program is very complex and so is difficult to investigate.**
- 3. Rules that changed during the Program so that applicants’ grants often were lower than those of previous applicants with similar homes, damage to their home, and insurance benefits.**

One example of this deals with additional compensation grants, that were supposed to counterbalance low grants due to low land values even though repair or rebuild costs were high.

The rules for qualifying for these Additional Compensation Grants, changed several times during the course of the Road Home Program to disqualify many low-income applicants initially told that they qualify. 96 of respondents to our survey said this affected them out of a total of 326 applicants who responded (29%).

Another example is the rules for condominiums, trailer homes, camelback houses, and New Orleans-style doubles. Applicants with these types of homes have had major problems with rules enacted later in the program that downsized their grants.

4. Frequent refusal to accept documentation from applicants critical to determining the estimated cost of damage or the pre-storm valuation, the major determinants of the grant amount.

This is written into the posted RH rules in violation of the original intentions of CDBG & the law that established the RHP http://road2la.org/Docs/policies/Protocols_Estimating_Replacement_Housing_Costs_070908.pdf

Recent versions of RH rules state: the “home evaluator interviews the applicant to collect information about the applicant’s damage. If the applicant offers receipts, contractor proposals, and/or cost estimates for repairs, the home evaluator may note this in the report, but the home evaluator is trained not to accept copies of these documents

But the LA law that established the RH program says

It is the State’s policy that participants in the Homeowner Assistance Program deserve a fair and independent estimate of projection of damages from the storm, regardless of cause of damage. . homeowners will be able to appeal the valuation by presenting a valid alternative assessment or other evidence.

5. Refusal of the contractor, ICF Emergency Management Services, with the State’s apparent agreement, to provide written notification to applicants of important changes in determinations of grant amounts, dispute resolution decisions, and reasons for applications being placed on hold or declared “inactive” (sometimes for more than one year).

This violated a rule for the program made in Nov., 2007 (#189A) that CHAT had advocated for over a year. This violation was also against the advice of a subcontractor who did a review of ICF’s work in Dec. 2007.

6. Mismanagement and excessive waste resulting from document loss & poor communications

- unusually poor & delayed communications with applicants as documented over & over by applicants
 - This was confirmed by KPMG Program Review which concluded that “ICF should draft a more detailed communication plans to address communication gaps at all levels of the Program”
- frequent loss of documents sent via certified mail or fax by applicants even when sent many times
 - ICF, First American Title, and HGI (the new replacement for ICF International) often ignored phone calls, faxes, and certified letters from desperate applicants for many months or more than a year,
 - One First American Title employee told me that it was policy to drop calls from applicants and to fallaciously say that no supervisor was present when asked. This is consistent with the difficulties applicants had reaching ICF and the subcontractors for closings.
- Violating applicants’ privacy by sending wrong files to applicants who requested copies of their files
 - Davida Finger of Loyola Law Clinic and I complained about this to ICF & LRA officials at a meeting in Nov., 2008, but the violations continued anyway

7. Arbitrary and capricious decisions by ICF, including:

- apparent deletion of items from applicant files
- inappropriately and arbitrarily putting active applications in an “inactive” category,
- allowing ICF employees to make changes in applicants’ file data without documenting the reason in their database or notifying the applicants

- deliberately not informing applicants of lowered grant amounts until they came to their grant closing, a policy again that was contrary to RH's own rules
- threats to applicants who did not accept the amount of the grant money that was offered that they would be placed at the "back of the line"
- vindictive treatment by ICF for at least a few applicants who publicly criticized the program

8. Failure of the contractor to deliver an ombudsman type program required by their contract

Instead, non-profit advocacy groups have been overwhelmed with requests from applicants for help despite having no access to applicants' files and having to try to figure out which RH rules are operative at any given time

In addition, the contract specified that ICF was to provide:

- advice about the implications of choosing the various options under the program,
- technical assistance from qualified Rebuilding Advisors,
- advice about house insurance payments, FEMA payments, outstanding secured loans, liens, etc.,
- advice about architects, surveyors, contractors and avoiding contractor,
- best mitigation techniques and how to acquire the necessary services to conduct the appropriate mitigation,
- and advice about selling the property under RH rules or demolition

9. Failure to allow fair appeals for thousands of applicants

- Exclusion of applicants from appealing mistakes in their grants by restrictive deadlines and rules and chilling effects (threatening that grants were often lowered on appeals or that money given out could be taken back).
- A mandatory pre-appeals process that was fraudulent. This was called Dispute resolution, that systematically left thousands of applicants in limbo and was criticized in an official audit for this and the lack of documentation.
- More recently, Dispute Resolution was replaced by a supposed mediation process that was unavailable to or ineffective for many applicants.
- The appeals process was run by the contractor and often rubber-stamped the contractor's mistakes (for example, faulty appraisals, estimates of damage, wrong insurance deductions).
- The secondary appeals (State appeals) apparently had no written standards for deciding appeals and required a unanimous vote of unnamed state staff for an applicant to win.

10. Wasting taxpayer money by redundant and inferior assessments of damage or house valuation

- With additional inferior appraisal values in an applicant's file, ICF got to choose a low one to make the grant lower than originally promised. The multiple appraisals were usually unnecessary and resulted in more money unnecessarily given to the contractor.
- Full LA certified appraisals should have been done in the beginning for all appraisals: an arbitrary rule was made to reject such appraisals if they were more than 20% higher than those done by ICF's inferior valuation methods.
- An ICF staff member, who had been a real estate agent, told us that her corrections of obviously wrong house valuations were ignored by her supervisor.

11. Unfair demands for repayment due to so-called mistakes by ICF

- This even included denying funds from applicants after closing (so-called pullbacks)

12. The LRA and the Office of Community Development (OCD) have failed to follow CDBG guidelines, the Grant Agreement, and HUD regulations by frequently not responding to requests

for clarifications of rules, public records requests, and complaints from citizen volunteer groups or nonprofit agencies, and from four Parish Councils that represent most of the applicants

Even when there were positive responses to requests from these groups by Road Home officials, usually the reforms were agreed to theoretically but not put in practice, or subsequent provisions were added that took away benefits for applicants, or the reforms were secretly withdrawn.

LRA violated LA law about delays of up to 10 months in responding to my three precisely worded public records requests; the law calls for a response in 3 days.

I had to get a lawyer to file for a hearing before they have produced some of the missing documents.

LRA has thereby managed to hide detailed rules regulations and accountability.

LRA still has not produced a single document about the standards for deciding State Appeals.

LRA is still withholding 2 critical letters to or from HUD about appraisals rules that they offered to give to state legislators in the official minutes of a meeting with legislators and Paul Rainwater.

However, today, through my public records request, we finally got documentation for the hidden 35% rule, which I will share via our newsletter. We had been told about this rule by several ICF staff and applicants, whom we considered reliable. Indeed they were! Mindy Milam will tell us a little about this rule later.

13. Unexplained delays of months or a year in giving applicants appeal money that they won.

14. Extreme delays in funding house-elevation even though elevating a house has to precede repair or rebuilding

- Most RH elevation funding was delayed until almost two years after the program started
- Only a few hazard mitigation applications for elevation have so far been awarded
- Arbitrary rules were devised that made it difficult or impossible for applicants to receive such funding
 - The delays and applicant-unfriendly rules for elevation costs partly due to State policy and delays has made a mockery of the RHP slogan: safer, smarter, and stronger

We can give only a small fraction of the documentation about these problems during this meeting.

On our website <http://chatushome.com> and in our free CHAT email newsletters, we will continue to provide some of the documentation for rampant rule violations and unfair policies toward applicants instituted by the RHP.

As mentioned earlier, we have a campaign to send letters to four Congressmen about requesting timely consideration of our complaint to the HUD Inspector General to look into some of these RHP issues.

We welcome more of these letters sent to us at chatlra@yahoo.com for transmission to key federal legislators

Here is one of the 70 letters that we have transmitted. This one mentions delays for as much as a year in giving money to applicants that they won after an appeal, a common occurrence.

Thursday, May 14, 2009 8:48 PM

Dear Sens. Landrieu, Vitter, and Lieberman and Rep. Olver,

*I would like to take this opportunity to ask that there be a fair investigation of the LA Road Home Program by HUD without delays. I, one of many, am a victim of the Road Home program. As a resident of St. Bernard parish with 9 feet of water in my home, I was advised by Road Home that I had "insufficient damage" and was not eligible for the program. Almost four years later, **I have won my appeal through the State of Louisiana but have not yet gone to closing.** The inefficiency and ignorance of this program is a disgrace to our state and to our country.*

Here are some comments from our latest online survey. These are about appeals.

Applicant #1. I [thought] I understood the rules but [the rules were] 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 [said they] did not get feedback from me.

#2 I do not know the first thing about making an appeal or how to go about it.

#3 I did appeal but never heard from them.

#4 . I actually thought I appealed but was told I didn't.

#5 Yes, I was told before I went to closing that if I did not go to closing and accept what was offered I'd get nothing, by Mr. 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 [the award]. The web site is not user friendly for novice computer users, so I was confused.

#6 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.

CHAT member Mindy Milam will share some documentation about the non-transparency of this program

- 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."
- Lack of access of applicants to the rules, and explanations of these complicated rules
 - about 40% of applicants, mostly low and moderate income applicants did not have internet access to the Program's website
 - no letters explaining rules or rule changes were mass mailed to applicants except for those that dealt with elevation grants
 - state officials refused to add to that mailing, an important notice of two helpful rule changes
- A hidden rule
 - letters were mailed to applicants who were in appeals because of RH's determination of their PSV
 - the letters state that the applicant can choose the highest PSV in their file for grant calculation rather than the one that RH used
 - But unknown to the applicant, an ICF team called the ACT team instead made the choice, by some unspecified procedure, which of the appraisal values to use if there were 2 values in the applicant's file that differed by more than 35%
- The State often uses the federal government as cover for not making the rules fairer.
 - ❖ A law was passed by the State legislature in May 2008 that said applicants should always get the highest house valuation in their file.
 - ❖ Applicants are supposed to get the highest valuation in their file when they appeal their house valuation, so this made sense.
 - ❖ HUD officials stated many times that the rules for the RHP are almost completely up to the State, so long as no HUD guideline is violated.
 - Nonetheless, the Louisiana Recovery Authority, LRA, insisted that implementation of this law required HUD to approve an LRA Action Plan Amendment.
 - HUD rejected this Amendment but gave a reason in the decision letter that had nothing to do with the Amendment
 - In contrast, when the Jindal administration reversed policy and used HUD money for elevation grants instead of available FEMA money, thereby shrinking the pot of funds for grants by almost \$1 billion, no Action Plan Amendment was even offered.

CHAT member Steve Donahue played a major role in getting FEMA approval of funding RH applicants for elevation of their homes. Nonetheless, he is still awaiting getting his HMGP elevation money and house elevator money. Steve will briefly discuss transparency in the RHP.

More transparency in the program was promised as of Jan. 1, 2008.

A document that we got by a public records request stated that refusing to give written documentation to homeowners about grant amounts and application status “adversely affected applicants.”

This new rule, #189A (made after months of advocacy by CHAT) stated that within 5 business days after verbal communication, applicants should get the following information:

- 1) The exact amount of the grant award, elevation funding, and any Affordable Compensation Grant :
- 2) An applicant’s Dispute Resolution status and outcomes which will serve to reconcile verbal inconsistencies and conflicting information reported to homeowners by Road Home advisors.
- 3) The current status of the application accompanied by an easy to understand/non-technical explanation of missing information still requiring verification including but not limited to ownership and occupancy, title search, pre-storm value determination and Estimated Cost of Damages

Application of these fair rules was largely ignored by ICF. Our complaints to top state officials about ICF not following Rule #189A were also ignored.

Ken Ehrlich, will discuss the issue of the Road Home Program’s excessive distrust of applicants.

From the initiation of the program we were told by a high official at a Louisiana Speaks meeting that the program would be set up so that “Not one dollar, not one penny of Road Home money would go to fraud.”

- So policies were initiated that were based upon such distrust of applicants that the program was mired in inefficiency thus preventing timely distribution of the money.
- Meanwhile, the contractor wasted taxpayer money on unnecessary procedures, supposedly to prevent fraud, some of which are outlined above.

The great distrust of applicants continues.

An unpaid spokesperson for the LRA recently told Melanie, in answer to a request for the RH program to reopen appeals for unfairly treated applicants that “he doubted the recent claims of many applicants about mistakes in their grant calculation”.

Here is CHAT’s answer to those doubts.

- The high rate of applicants winning appeals and the average additional grant money awarded proves that there are very large numbers of applicants with mistakes that need to be fixed.
- 7024 of applicants (46%) who had a chance to appeal won their appeal received average additional funding awarded of >\$27,000.
 - This is also an example that some of the contractor staff sincerely tried to help applicants.
 - However, it is of concern that in the last year consistently 15% fewer applicants won appeals than in 2007.

From CHAT’s third survey there is abundant evidence about ICF keeping applicants out of this appeals process. The applicants’ survey responses are reinforced by conclusions from the Louisiana Legislative Auditor that we have in our HUD complaint posted at our website.

An applicant taking survey wrote on 08/07/2008 I WAS IN RESOLUTION FOR 2 YEARS AND STATE APPEALS FOR ALMOST ONE YEAR.

Another applicant told us on 08/07/2008 that he began complaining about his award amount in November 2006 and was in Dispute Resolution limbo for 7 months when he got Rep. Lorusso to intervene on his behalf.

Yet another applicant on 08/18/2008 wrote 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.

Here is a comment from an applicant on 08/22/2008. On March 12, 2007 I began calling Road Home to start the resolutions process. This was a nightmare. I spoke to so many people and later was never assigned a "PAL", although I was told I would have one.

- a. In the same survey 71% of 188 applicants in Dispute Resolution told us that they have not been able to find out what happened to their dispute and 66 of these applicants were told they lost but only over the phone.
- b. From CHAT's second survey, 66% of 317 applicants in Dispute Resolution told us that they have received no response to their dispute for 6 months or more.

Melanie

Many applicants have been kept out of appeals or never had a fair appeal because the rules were stacked against them to make it easy for them to miss a deadline or because they were given no information or the wrong information about how to appeal or because their appeal letter was lost by ICF.

Even for those were finally able to initiate an appeal, most did not have a copy of their file so that they could know just what mistakes were made.

If applicants were appealing obviously wrong estimates of damage, advisors told them that they probably would not win.

- The mistaken damage estimate often went back to the same ICF staffer who wrote the report. Those files from the House Evaluation Team were kept in a separate database that even the applicant's housing advisor could not see.
- One 80 year-old lady had to get her son to hire a structural engineer so that she could win a state appeal that her 1-story house with 8 ft of water for weeks had >51% damage

A new promise to reopen appeals by LRA disappeared right after it was announced on the LRA website and was alluded to by an article in the Time-Picayune.

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 phone number to call was to LRA personnel. I called them as a test and they knew nothing about the promise of extending the deadline for appeals. When I told Paul Rainwater that after a Senate subcommittee hearing in DC last week where we both testified, he said, "I can't respond to that if you don't give me their names." So the distrust continues.

The reversal of the promise to reopen appeals was stated in an LRA email to an applicant that "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."

And recently in a letter to the editor of the Times-Picayune, Mr Rainwater wrote that the appeals business left for the program are the appeals currently in progress, in other words, no new appeals.

The only independent and fair level of appeals was a third-tier appeal conducted by administrative law judges. This level of appeals was summarily discontinued in Nov. 2007. The head of the agency for administrative law judges told me that she was never given an explanation for the sudden termination.

The Right of Judicial Review

The State denies aggrieved victims any right of judicial review. The Louisiana Administrative Procedures Act allows aggrieved persons the right of review of final agency decisions, in certain circumstances, but the RHP and State Attorney General are fighting applicants who seek such reviews in court.

In several court cases, lawyers for the state have argued that the money was given to the State of Louisiana and not to the applicants and that the state is under no obligation to be fair or accountable for CDBG funds which provide the money for Road Home grants. According to the state attorney general's office, the state can do whatever it wants because the Road Home Program is a "giveaway program." The program may be unjust, inequitable and violate its own rules and no court has the power to correct it.

The appeals system started with ICF reviewing its own mistakes which was a conflict of interest.

We have not been able to get the rules for deciding these appeals despite numerous requests.

With no known or published standards for reviewing decisions, the State ran a second-tier appeal. In the early stages the reversal rate was substantial and many people were helped. As time went along, applicants usually lost these and often they were given no reasons.

After that, the State of Louisiana says applicants have no right of review in court.

A decision in a case filed under the Administrative Procedures Act last week in Baton Rouge (Dandridge v LA Div of Administration, Office of Community Development) overruled the state's exceptions of no cause of action, agreeing with the plaintiffs that there is a right of judicial review. The state will certainly appeal. If the decision stands on appeal, it is hoped this remedy will become available to others who were denied this right and were victims of a bad decision that the state did not correct. It is also hoped that this and other cases will help open the door to establishing other rights of judicial review for RHP mistakes and ICF negligence.

Barbara will read a letter sent to me last week by a woman with whom I have spoken by phone.

RE: Senate Subcommittee Hearing on Road Home Program 05/20/09

Dear Dr. Ehrlich:

I too am requesting that an investigation be conducted by HUD/OIG concerning ICF International and the Road Home Program.

I was Compliance agent for the New Orleans office of The Road Home Program's Small Rental Property Repair Program. During one visit to the corporate office in Baton Rouge, I along with others, witnessed thousands of applications and requested documents recklessly thrown over the floor. This explained why

applicants were being asked to provide duplicative documents four, five and often six times before being assisted. The longer corporate office stalled the applications, the longer they could extend their jobs, salaries, and admin funds. By the end of September of 2007, not one landlord received any assistance from the program, although we opened our doors earlier that same year.

I personally provided thousands of pages of suspicious documents to federal authorities from June of 2007 through September of 2007.

As ICF is no new comer to lawsuits, there are numerous federal cases pending against them in court. An Investigator with the U.S. Department of Labor cited them for “mislabeling” 225 lower employees as supervisors so that those employees would not receive over-time pay, a violation of the Fair Standards Labor Act. (<http://www.2theadvocate.com/news/30877434.html?index=1&c=y>)

ICF's 2008 own financial report indicates that their core business revenue was “...up 61.6 percent from the previous year of 2007 due to revenue it had received from obtaining the Road Home contract.” <http://www.reuters.com/article/pressRelease/idUS208284+11-Mar-2009+BW20090311>

The citizens' spirit has been irrevocably damaged but our faith has not been defeated.

Melanie

- I always look for independent confirmation of claims of abuses in the RHP.
- I have it for the phrase about application papers scattered all over the floor of an ICF office.
- A businessman, who gave us pro bono help in 2007, told me that he had occasion to be in several ICF offices for the homeowner program. He was shocked, he told me, to see applicant papers all over the floor and an extremely disorganized system of electronic filing of applicant documents.

Our Stalled HUD OIG complaint about the Road Home Program that was accepted for investigation

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. It will be posted at our website <http://chatushome.com>

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.

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, after which 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.

We want to end by showing that, for some applicants, the rebuilding process is either on hold or has not begun.

The photos are from our neighborhood in Gentilly, New Orleans, a lovely, vibrant and diverse neighborhood before Aug. 29, 2005.

The photos show houses heavily flooded in the Army Corp of Engineers' Katrina flood. These homes are all stalled in their repair, probably because of RH problems.

I would like to first ask Laura LeBon, one of the original 8 CHAT members, to read her letter and several others urging that there be a prompt and fair investigation of our complaint to the HUD OIG

Laura LeBon

Dear Sens. Landrieu, Vitter, and Lieberman and Rep. Olver,

I am writing to you today to explain the importance of the complaint that the Citizens' Road Home Action Team (CHAT) sent to the HUD Office of the Inspector General (HUD OIG). CHAT's complaint illustrates the importance of an immediate and fair investigation of the Louisiana Road Home Program. As of yet, all of HUD's investigations have concentrated on grant overpayments, a far less common occurrence than underpayments.

I live in a two-story double, two blocks from the 17th Street Canal break. My home, and everything in it, was all but destroyed by the levee breaks after Katrina in 2005. Despite getting the full grant amount, my family is still struggling to rebuild. I cannot imagine where we would be if we had been turned down by the program – yet there are many applicants who find themselves with nothing. I am grateful for the funding that my family received to begin compensating us for our structural losses and I ask that you ensure that all Louisiana homeowners affected by the 2005 hurricanes receive the same opportunity to receive a fair grant under the established policy rules of the program.

The Louisiana Recovery Authority (LRA) and the Office of Community Development (OCD) were supposed to oversee Louisiana's Road Home Program to ensure that the contractor hired to administer the program (ICF International) performed the job effectively. Unfortunately, the system of checks and balances to ensure that this program operated as intended was flawed and the program has denied thousands of deserving homeowners crucial aid. Because the program policies were not followed and because both the LRA and OCD were unable or unwilling to correct this problem (leaving thousands of applicants without critical funding with which to rebuild their lives), it is imperative that the HUD OIG investigates this matter.

May 15, 2009

Dear Sens. & HUD:

The phrase; "Louisiana wants you to come home." is sounding more like a lie than ever. I may not be the one to write this letter, as I have received the max grant and have completed my home. However I have friends and neighbors who did not take on "Road Home" as a job and they remain wanting.

I have a neighbor who has been turned down on several occasions for any funds at all. First she received a BPO for a value of \$179k on a 1700 sq.ft. property, when in fact her home is 3000 sq.ft.

The rules have changed "in mid-stream." The array of changes have done nothing to serve the people on the ground in their recovery. Another friend of mine waited three years to get "Road Home" to agree to a reasonable value for her home and now has waited four months for a closing which has not happened. Disappointment abounds in the

life of New Orleans. Lack of vision at every level of government has caused stress in more than a few residents in south Louisiana.

May 16, 2009 Dear Sens. Landrieu, Vitter, and Lieberman and Rep. Olver,

Please impress upon the HUD OIG to conduct a fair investigation of the Louisiana Road Home Program without delays. I am a senior, in New Orleans, who has gone as far as possible to maintain my residency. Due to all of the delays, I am now in foreclosure with Wells Fargo and will soon not have a home. I have followed AARP's advice and made contact with the Louisiana AG and just two days ago I wrote to the White House.

Although my situation may be coming to an end, I know that I am not the worst off of NOLA citizens. In Indiana a young boy lived in the house with his dead mother after they fled NOLA. Of course I could go on with heartbreaking stories but that is not my intention as I am sure many who fled and have found that leaving, even under Katrina circumstances, was the best thing that could have happen for them and their families.

However, for those who have stayed, the struggle to survive since 2005 has not yet reached a final conclusion. Being held in limbo is not much different than waiting at the Convention Center. It is a slow and scary death.

Today is May 16, 2009. The mother of a dear friend died this morning at 9:21 a.m. in Chicago. All I could think was "good for her." No waiting to hear about the corrections in the Appeal Determination Report, no being subject to attacks from mortgage companies because insurance money was used to make her house livable, no fear of hurricane season because the insurance is not paid. Life's necessities have made it impossible for some of us, on a fixed income (pension) to keep up with rising utilities, medical, and transportation, while maintaining a good credit standing – for me a house note on an adjustable mortgage - and survive.

Our government has become a laughing stock. However, being from the old school, I know no other way to find honorable remedies without turning to that very same entity and plead that you help us remain on the census record.

Melanie:

In conclusion we ask that

- the HUD Inspector General stops delaying the investigation of our complaint about the RHP
- and that the HUD OIG office conducts a fair and thorough investigation.

To read our formal complaint and get more detailed information about items mentioned above, please go to our website

<http://chatushome.com>

Thank you and good evening.

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.

Current Folder: -- View All Surveys --		Manage Folders		Title Search:		Search	
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/sjsj/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 ⁵⁹ that 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

Cc: mehrlich8@yahoo.com

Date: Tuesday, March 10, 2009, 3:55 PM

- 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

--

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.

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

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 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 Nimitz 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 Nimitz's information and information for two more families who had also made application to the program.

The information mailed to Nimitz 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. Nimitz 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 Nimitz's wallet, but the kind that reminded him of the program's incompetence.

After the last envelope arrived, Nimitz, 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 Nimitz 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 Nimitz must have been feeling as he listened to the representative of a woefully inefficient and bumbling bureaucracy treat Nimitz as if he's some kind of mental deficient.

Nimitz 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, Nimitz 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, Nimitz 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 Nimitz 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."

.....

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.

<http://www.pmcs-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.ssf?/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.