



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

AUG 15 2018

Mr. Pat Forbes
Executive Director
Office of Community Development
State of Louisiana
617 N. Third Street, 6th Floor
Baton Rouge, LA 70802

Dear Mr. Forbes:

This is in response to your letter of June 26, 2018, supporting the State of Louisiana's request to extend the reimbursement period that allows the use of Community Development Block Grant disaster recovery (CDBG-DR) funds for eligible pre-application costs beyond one year from the date of the event. The Department awarded CDBG-DR funding to the State of Louisiana for long-term recovery efforts following the Great Floods of March and August 2016. These funds were appropriated under Public Laws (P.L.) 114-223, P.L. 114-254, and P.L. 115-31.

The reimbursement term is established in HUD's Community Planning and Development (CPD) Notice 13-05 (Guidance for Charging Pre-Award Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants). This CPD Notice was subsequently revised with the publication of CPD Notice 15-07 (Guidance for Charging Pre-Application Costs of Homeowners, Business, and Other Qualifying Entities to CDBG Disaster Recovery Grants). In accordance with the November 21, 2016, *Federal Register Notice*, grantees receiving CDBG-DR allocations under P.L. 114-223, P.L. 114-254, and P.L. 115-31 are required to comply with provisions of the CPD Notice, as amended. The CPD Notice states that grantees may... "charge to CDBG-DR grants the eligible pre-award and pre-application costs of individuals and private entities related to single- and multi-family residential and non-residential structures, only if the person or private entity incurred the expenses within one year after the date of the disaster and before the date on which the person or entity applies for CDBG-DR assistance. HUD, at the request of a grantee, may provide a grantee with a written extension of the one-year limitation for an amount of time established by HUD. Extensions will be provided on a case-by-case basis after the Department has made a determination of good cause based on its examination of the reasons for the request."

On January 31, 2017, the State requested a 12-month extension for the March and September 2016 flooding events from the date of the March 2016 flood event. HUD approved an extension based on the date of the March 2016 flood event, which extended the reimbursement of eligible pre-application costs to September 8, 2017. On August 25, 2017, the State requested an additional 12-month extension from the date of the initial extension, such that the one-year time limitation would be extended through September 2018. HUD extended the date by which applicants to the State of Louisiana's programs may incur expenses that are eligible for reimbursement. HUD's extension approval permitted the State to reimburse program-eligible expenses incurred by eligible applicants between the date of the disaster and the date of application to HUD-approved programs, not to exceed September 8, 2018. On October 2, 2017, the State

requested the ability to use the date of inspection in lieu of the application date as the basis for determining reimbursement work versus repair work. HUD approved that request which aided the State in providing assistance to more families and furthering its long-term recovery efforts, as applicants could continue their recovery efforts without the State having issue stop work orders. Issuance of stop work orders would mandate that all home repair activities come to a halt until the State completed grant application processing, which would have delayed recovery efforts.

The State is currently requesting an additional extension of the reimbursement period from September 8, 2018 to December 31, 2018. Within the reimbursement extension request, the State explains that in an effort to achieve the objective of closing the Restore Louisiana Homeowner Assistance Program (RLHAP), it has set a deadline of July 20, 2018, for the survey deadline, which is the first step to applying for the RLHAP. To further this objective, the State will set a deadline of October 2018 for homeowners to submit final applications to enter the RLHAP. Damage inspections are typically conducted within 2-4 weeks of the application submission. At the time of this reimbursement extension request, there were only 1,121 (3 percent) damage inspections in the pipeline to be completed. With the State's proposed October 2018 deadline, the State estimates that there will be less than 1,500 damage inspections that will need to be completed after the current September 8, 2018, reimbursement period. The State asserts that the requested extension would allow any new applicants to be treated the same as other applicants who have gone through the application process prior to the current reimbursement period. If the extension is not allowed, the State contends that it will be required to restructure the RLHAP and its processes, which would increase project delivery costs to completing the program.

In accordance with the CPD Notice, and subsequently reiterated in HUD's September 2017 reimbursement extension approval letter, the reimbursement term for eligible rehabilitation expenses incurred, is between the date of the disaster and the date of application to HUD-approved programs (not to exceed September 8, 2018). HUD's November 2017 approval allowing the State to use the inspection date in lieu of application date as the basis for reimbursement essentially extended the period of reimbursement by allowing the State to reimburse program-eligible expenses incurred by eligible applicants between the date of the disaster and the date of inspection for applicants who applied to HUD-approved programs on or before September 8, 2018.

Based on the critical role of the RLHAP in providing housing and economic recovery assistance to storm victims, and pursuant to the provision of the CPD Notice that authorizes HUD to make exceptions to the "one-year" limitation on a case-by-case basis, HUD is extending the date by which applicants to the State's RLHAP may incur expenses that are eligible for reimbursement. The State may only reimburse program-eligible expenses incurred by eligible applicants between the date of the disaster and the date of inspection for applicants who applied to HUD-approved programs on or before December 31, 2018. Should the program application(s) be submitted prior to the reimbursement deadline of December 31, 2018, the reimbursement limitation would be from the date of the initial disaster to the date of inspection for each applicant.

If you or any members of your staff have any questions concerning this matter, please contact Jessie Handforth Kome, Director, Office of Block Grant Assistance (Acting), at (202) 708-3587.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stanley Gimont". The signature is fluid and cursive, with the first name "Stanley" written in a larger, more prominent script than the last name "Gimont".

Stanley Gimont
Deputy Assistant Secretary
for Grants Programs