

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-5183-N-01]

**Allocations and Requirements for the  
Supplemental Grant to the State of  
Louisiana Under Division B of the  
Department of Defense Appropriations  
Act, 2008**

**AGENCY:** Office of the Secretary, HUD.

**ACTION:** Notice of allocation and requirements.

**SUMMARY:** This Notice advises the public of the allocation of a \$3 billion Community Development Block Grant (CDBG) disaster recovery grant to the State of Louisiana solely for the purpose of covering costs associated with otherwise uncompensated but eligible claims that were filed on or before July 31, 2007, under the Road Home homeowner compensation program administered by the State in accordance with plans approved by the Secretary. As described in the Supplementary Information section of this notice, HUD has determined that the State shall follow the requirements applicable to the other CDBG disaster recovery grants funding the Road Home homeowner compensation program, unless those requirements conflict with the requirements of section 159 of Public Law 110-116, in which case the requirements of that law apply.

**DATES:** *Effective Date:* December 11, 2007.

**FOR FURTHER INFORMATION CONTACT:**

Jessie Handforth Kome, Director, Disaster Recovery and Special Issues Division, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 7286, Washington, DC 20410, telephone number (202) 708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339. Fax inquiries may be sent to Ms. Kome at (202) 401-2044. (Except for the "800" number, these telephone numbers are not toll-free.)

**SUPPLEMENTARY INFORMATION:**

**Program Requirements**

Except as described in Public Law 110-116 and in this and other notices applicable to this grant, statutory and regulatory provisions governing the Community Development Block Grant program for states, including those at 24 CFR part 570, shall apply to the use of these funds.

The stated purpose of the supplemental appropriation is:

\* \* \* solely for the purpose of covering costs associated with otherwise uncompensated but eligible claims that were filed on or before July 31, 2007, under the Road Home program administered by the State in accordance with plans approved by the Secretary.

The conference report clarifies that these funds are for costs associated with the Road Home homeowner compensation program and not for any other Road Home program. Public Law 110-116 further stipulates that the funds must "serve only to supplement and not supplant any other State or Federal resources committed to the Road Home program."

On review of Public Law 110-116, HUD has determined these funds must be used in accordance with the same CDBG disaster recovery program requirements that apply to the Road Home homeowner compensation program under law, regulation, and Notice unless those requirements conflict with the requirements of Public Law 110-116, in which case the stipulations of that supplemental law shall apply. This means, for example, that:

- The State must only use the funds for costs eligible under the Road Home homeowner compensation program under the Action Plans for Disaster Recovery (Action Plans) for the grants made under Public Laws 109-148 and 109-234, as those plans have been amended and accepted by HUD and in accordance with Public Law 110-116;
- The State may assume the responsibility for environmental review related to this grant in accordance with 24 CFR part 58;
- Because this grant is additional funding for activities included in approved Action Plans, this Notice requires that the amount of CDBG disaster recovery and State funds must remain at or above the allocations for the homeowner compensation program as of the date the law is effective until funds for the costs associated with the last eligible homeowner compensation claim are assigned by the State;
- On a quarterly basis, the State must report to HUD on the grant in the disaster recovery grant reporting system;
- The same CDBG disaster recovery financial standards and requirements apply to this grant as applied to the two preceding CDBG disaster recovery grants to the State;
- The same CDBG property disposition requirements apply to properties assisted or acquired with this grant; and
- HUD will apply the same actions to prevent fraud, waste, and abuse of funds related to this grant as it is applying to

the previous CDBG disaster recovery grants.

As noted, in general, CDBG waivers already granted to the State and alternative requirements already specified for CDBG disaster recovery grant funds provided under Public Law 109-148 and under Public Law 109-234 also apply to grant funds provided under Public Law 110-116. This eliminates unnecessary inconsistencies in administration of the three grants and, thus, reduces the opportunities for technical errors. The notices in which these prior waivers and alternative requirements appear are 71 FR 7666, published February 13, 2006 (all five states); 71 FR 34451 (for Louisiana), published June 14, 2006; 71 FR 63337, published October 30, 2006 (all five states); 72 FR 10014, published March 6, 2007 (for Louisiana); and 72 FR 48804, published August 24, 2007 (all five states). In addition to the requirements imposed by HUD, all other requirements of the Road Home homeowner compensation program shall apply to the use of these funds. Specifically, it is HUD's understanding that the State set a deadline of December 1, 2007, for those homeowners who applied by July 31, 2007, to schedule an appointment with the Road Home program to complete the application and begin the verification process. HUD expects the State to adhere to this deadline. The State may not extend this deadline without prior HUD approval.

The Road Home homeowner compensation program includes an elevation component, which is eligible under CDBG, but was intended by the program designers to be funded primarily through a Federal Emergency Management Agency (FEMA) program. Therefore, HUD expects the State of Louisiana to continue to work constructively with FEMA to access the available Hazard Mitigation Grant Program funding for elevation activities.

The provisions of this notice do not apply to funds provided to the states under the regular CDBG program.

*Allocations*

Public Law 110-116 (effective November 13, 2007) provides \$3 billion of supplemental appropriation for the State of Louisiana CDBG program solely for:

the purpose of covering costs associated with otherwise uncompensated but eligible claims that were filed on or before July 31, 2007, under the Road Home program administered by the State in accordance with plans approved by the Secretary.

As further provided for in Public Law 110-116, the funds may only be used to supplement and not supplant any other

State or federal resources committed to the Road Home homeowner compensation program. No funds shall be drawn from the U.S. Treasury beyond those necessary to fulfill this exclusive purpose. To ensure compliance with this limitation, the Department will make the grant under this Notice, but will restrict the use of the grant funds in the State's line of credit until the State has certified to HUD that all CDBG funds approved for the same purposes in the Action Plans for Disaster Recovery under each preceding CDBG disaster recovery grant (as of November 13, 2007, amounts budgeted from the grant under Public Law 109-148 equal \$4,035,090,868 and those under the Public Law 109-234 grant equal \$2,955,361,750), along with the \$372.5 million of additional state-appropriated funds pledged to the Road Home homeowner compensation program, have already been assigned by the State for eligible costs under that program. The State will demonstrate this assignment by documenting payment requests from its contractor for costs associated with Option 1 claims that have already closed or for costs associated with Option 2 or 3 claims that are scheduled for closing. The payment requests must document costs associated with homeowner compensation claims that are sufficient to exhaust funds budgeted for homeowner compensation in the Public Law 109-148 and Public Law 109-234 grants and the \$372.5 million in cash budgeted by the State. On receiving the signed certification from the State, HUD will permit drawdowns under this grant to commence. This assignment and certification process will allow HUD and the State to comply with the law without slowing the flow of funds to homeowners and without undue burden to the State program administrators. HUD will monitor compliance with this direction and may be compelled to disallow expenditures if it finds uses of funds are not in compliance with this provision.

#### *Prevention of Fraud, Abuse, and Duplication of Benefits*

The previous supplemental appropriations statutes (Public Laws 109-148 and 109-234) also directed the Secretary to:

Establish procedures to prevent recipients from receiving any duplication of benefits and report quarterly to the Committees on Appropriations with regard to all steps taken to prevent fraud and abuse of funds made available under this heading including duplication of benefits.

The grant under this Notice will be subject to the courses of action HUD is

already undertaking for the two previous grants to the State. To meet this directive, HUD is pursuing five courses of action. First, this Notice makes applicable specific reporting, written procedures, monitoring, and internal audit requirements for grantees. Second, to the extent its resources allow, HUD will institute risk analysis and on-site monitoring of grantee management of the grants and of the specific uses of funds. Third, HUD will be extremely cautious in considering any waiver related to basic financial management requirements. HUD's standard, time-tested CDBG financial requirements will continue to apply. Fourth, HUD is collaborating with the HUD Office of Inspector General to plan and implement oversight of these funds. Fifth, HUD is applying \$6 million for immediate enhancement of the capabilities of the Disaster Recovery Grant Reporting system by building additional electronic controls to increase accountability while further decreasing the risk of fraud, waste, or abuse of funds.

#### *Application for Allocation*

The general requirements related to a state's application for its allocation are those delineated in a notice entitled, "Allocations and Common Application and Reporting Waivers Granted to and Alternative Requirements for CDBG Disaster Recovery Grantees Under the Department of Defense Appropriations Act, 2006," published February 13, 2006, at 71 FR 7666. HUD invites the State of Louisiana to submit an application, including a Standard Form 424 and the appropriate CDBG disaster recovery certifications as listed in that Notice. Public Law 110-116 stipulates that this grant is governed by the State's Action Plans for the Road Home homeowner compensation program. Adding the additional program funding constitutes an amendment to the program covered by these plans, but because of the specificity of the law regarding the uses of funds, HUD has determined that the Action Plans taken together are drafted so that this funding increase, large as it is, does not meet the substantial amendment definition in the Notice cited above.

#### *Applicable Rules, Statutes, Waivers, and Alternative Requirements*

1. *General requirements.* Except as described in this Notice, the statutory, regulatory, and notice provisions that shall apply to the use of these funds are:

a. Those governing the funds appropriated under the Appropriations Act and already published in the **Federal Register**, including those in

notices 71 FR 7666, published February 13, 2006 (for all five states); 71 FR 34451 (for Louisiana), published June 14, 2006; 71 FR 63337, published October 30, 2006 (all five states); 72 FR 10014, published March 6, 2007 (for Louisiana); and 72 FR 48804, published August 24, 2007 (all five states); and

b. Those governing the CDBG program for states, including those at 42 U.S.C. 5301 *et seq.* and 24 CFR part 570.

c. In addition to the requirements imposed by HUD, all other requirements of the Road Home homeowner compensation program shall apply to the use of these funds. Specifically, it is HUD's understanding that the State set a deadline of December 1, 2007, for those homeowners who applied by July 31, 2007, to schedule an appointment with the Road Home program to complete the application and begin the verification process. HUD expects the State to adhere to this deadline. The State may not extend this deadline without prior HUD approval.

#### *2. Use of grant funds.*

a. Public Law 110-116 requires that activities funded under this Notice be used solely for the purpose of covering costs associated with otherwise uncompensated but eligible claims that were filed on or before July 31, 2007 under the Road Home homeowner compensation program administered by the State in accordance with its CDBG Action Plans. To the extent that the requirements of Public Law 110-116 conflict with the requirements listed in paragraph 1 of this Notice, the requirements of Public Law 110-116 will apply.

b. Further, grant funds must serve only to supplement and not supplant any other state or federal resources committed to the Road Home program. Before the Department will permit the State to draw down grant funds, the State must certify to HUD, in writing, that all CDBG funds approved for the same purposes in the Action Plans under the grants made under Public Laws 109-148 and 109-234 and the \$372.5 million in additional state funds pledged to the Road Home homeowner compensation program already have been assigned or expended by the State for costs associated with the homeowner compensation program. The State will demonstrate the assignment of funds by documenting payment requests from the contractor for costs associated with Option 1 claims that have already closed or for costs associated with Option 2 or 3 claims that are scheduled for closing. The payment requests must document total costs associated with homeowner compensation claims that are sufficient to exhaust funds budgeted

for homeowner compensation in the Public Law 109–148 and Public Law 109–234 grants and the \$372.5 million in cash budgeted by the State. On receiving the signed certification from the State, HUD will permit the State to begin making draw downs under this grant.

c. The amount of CDBG disaster recovery funds budgeted for the homeowner compensation program must remain at or above the current Actions Plan allocations for the homeowner compensation program as of the date the law is effective until the costs associated with the last eligible homeowner compensation claim are assigned.

3. *De-obligation of unused grant funds.* If grant funds under Public Law 110–116 remain after all costs associated with Road Home homeowner compensation claims that were filed on or before July 31, 2007, have been paid,

those remaining funds shall be de-obligated by HUD.

4. *Information collection approval note.* HUD has approval for information collection requirements in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) under Office of Management and Budget (OMB) control number 2506–0165. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, nor is a person required to respond to, a collection of information unless the collection displays a valid control number.

#### **Catalog of Federal Domestic Assistance**

The Catalog of Federal Domestic Assistance numbers for the disaster recovery grants under this Notice are as follows: 14.219; 14.228.

#### **Finding of No Significant Impact**

A Finding of No Significant Impact (FONSI) with respect to the

environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Office of the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 10276, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the finding by calling the Regulations Division at (202) 708–3055 (this is not a toll-free number).

Dated: December 5, 2007.

**Roy A. Bernardi,**

*Deputy Secretary.*

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