

March 31, 2008

Dear Concerned Citizen,

Some background information to the recent AP story that some you may have seen.

The solicitation for subcontractor bids was freely available to the public at the road2la.org site when I found it on Tues. It led to this story. The solicitation has subsequently been made inaccessible to the general public by the introduction of a barrier page which must be filled out by companies that want to place bids in order to see solicitations.

I copied the solicitation before it was made unavailable. I append it below the story.

I received evidence that indeed one class of applicants who are being asked to pay back money to the Road Home are applicants who tried to appeal shortchanged grants and instead were subject to special scrutiny by ICF for possible overpayments. Note that according to a report from ICF, 9% of those who appeal underpayments are found to owe for "overpayments."

When I first read the title of this solicitation for bids, I had hoped that it was for paying applicants who had underpayments. This includes more than 3000 who managed to win their appeals but have not yet had their second closing. Then, I read how wrong I was in my assumption.

It is, of course, justified for Road Home to require paybacks for misrepresentation or fraud by applicants and for applicants receiving additional insurance benefits for structural damage after closing and not reporting those benefits (duplication of benefits are not allowed by federal rules).

The problems with all other demanded paybacks of overpayment include the following:

the fact that applicants had the right to assume that their grant determinations were accurate especially given the high price of this application processing (approximately \$6000 per grant),

the unprecedented nature of the disaster that all the applicants experienced,

the complexity of the rules for grant determination,

inadequate Road Home documentation of pre-storm value and estimated cost of damage

the long amount of time from the disaster until applicants have received these grants to help them with repairing or rebuilding their homes,

the inadequacy of the amount of the grants for most applicants to cover those repair/rebuilding costs,

the difficulty that applicants have had in trying to get explanations of their award amounts from ICF,

unequal treatment of application processing because of changing and vague rules,

and the additional scrutiny by ICF given to those in appeal of shortchanging mistakes so as to try to find "overpayments." Two top RH officials told me on separate occasions that applicants should be wary of appealing their grants because many have their grants cut as a result. This amounts to a "chilling effect" or indirect persuasion to just accept the grant amount however low.

This chilling effect (discouraging appeals) extends to the new rule that if an applicant wants a Road Home elevation incentive, they cannot be in appeals. The reason given by OCD is that being in appeals would interfere with determination of the amount for the elevation incentive. However, that is an insupportable argument because, while there is a \$150,000 cap of elevation incentive plus grant award, the appeals determination could be made by just including the elevation incentive to make sure the applicant does not receive more than \$150,000 of RH funds.

Best wishes,

Melanie Ehrlich  
Co-Chairman, CHAT

Member, LRA Housing Task Force

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