April 3, 2018

FOR IMMEDIATE RELEASE

Contact: govpress@la.gov

Gov. Edwards Requests Quick Interpretation of Federal Duplication of Benefits Fix

Today, Gov. John Bel Edwards sent a letter to Housing and Urban Development (HUD) Secretary Ben Carson requesting that the secretary and his agency provide a final interpretation of the language related to the federal Duplication of Benefits (DOB) penalty included in the Bipartisan Budget Act of 2018.

“It is critically important that HUD correctly interprets Congress’ intent in this law and allows your grantees to offer grants to these homeowners for their remaining unmet rebuilding needs, ignoring SBA loan amounts that they never drew down,” Gov. Edwards wrote in the letter. “As we continue to rebuild from the floods, this remains the single greatest complaint for homeowners. Therefore, I am respectfully requesting guidance from your agency regarding your interpretation of this new law and how you intend to implement it.”

Currently, flood survivors who applied for SBA loans immediately following the disaster are not able to make full use of grant funding available through the RESTORE Louisiana Homeowner Assistance Program. The Federal Emergency Management Agency (FEMA), in the immediate aftermath of a disaster, insists that survivors apply for a SBA loan without fully disclosing that they could be penalized down the road. For example, a homeowner who was eligible for a $90,000 SBA disaster loan, but perhaps only borrowed $30,000 immediately following the disaster, would be penalized in the grant program for the full amount of the loan. The federal government labels this scenario as a Duplication of Benefits (DOB). This is also the case if a homeowner borrowed $0. That homeowner is still penalized for the full $90,000.
The Bipartisan Budget Act of 2018, which President Trump signed into law on February 9, 2018, includes language related to Small Business Administration (SBA) loans to homeowners as a duplication of other federal assistance. By inclusion of the language, Congress clearly intended to modify the current approach of federal agencies, including HUD, of counting all approved SBA loan amounts as a duplication of benefits against homeowners impacted by disasters.

Click here to read the governor’s letter.

Background
Many impacted homeowners who applied for, at FEMA’s insistence, and were approved for loans decided that drawing the full, approved amounts of the loans would be unaffordable. Subsequently, these homeowners either did not draw any of the funds or drew only what they thought they could handle financially. They have now found themselves unable to access Community Development Block Grant (CDBG) funding to complete their rebuilding due to HUD’s interpretation of the DOB rules. Congress’ intent was clearly to allow these homeowners the ability to access additional assistance by making only those funds they have drawn count as a DOB.

Gov. Edwards made several trips to Washington D.C. to notify Congress and the federal administration of the challenges posed by the current interpretation of the DOB penalty for flood survivors, including an in-person meeting with Secretary Carson in August 2017. Today’s letter is a continuation of his efforts to help flood survivors who have been unfairly impacted by the current interpretation.