Research Brief

RAND GULF STATES POLICY INSTITUTE

A study by RAND Infrastructure, Safety, and Environment

Road Home Program Leaves Many Homeowners Waiting

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After wind and water damage devastated housing in southern Louisiana in the wake of hurricanes Katrina and Rita, the federal government provided the State of Louisiana with $8.1 billion to help rebuild housing. Louisiana's governor established the Road Home program to disburse these funds as grants to eligible homeowners.

In a study of the program's timeliness in grantmaking, the RAND Gulf States Policy Institute found that only 31 percent of applicants had received grants as of December 18, 2007. Of those who did, half of the recipients waited a minimum of eight months (243 days) to receive their grants. One-quarter of recipients waited at least 10 months (296 days). Overall, grant wait time ranged widely, with some homeowners receiving grants in as little as two months and others waiting more than 16 months (500 days). As of mid-December 2007, thousands of homeowners were still waiting.

Homeowners in some situations waited longer than others to receive their grants:

- Homeowners who chose to sell their homes waited about 100 days longer than those who chose to stay and repair their homes.
- Homeowners with flood or wind insurance waited longer than those who had no insurance.
- Few homeowners who owned condominiums and mobile homes had received grants by mid-December 2007; even those few who had received grants waited about 50 days longer than those who owned houses.

Key findings:

- **The time for an eligible homeowner to receive a grant was unpredictable, ranging from about two to 16 months (70 to 500 days).**
- **Half of homeowners waited more than eight months (243 days was the median wait time); a quarter of recipients waited nearly 10 months (296 days).**
- **More than one-quarter of the applications were considered ineligible or inactive.**
- **Program metrics did not target the timely processing of each application, and the process was not designed to be expeditious.**
- **Recommendations to speed processing of the remaining applications include focusing on those that have become stuck, establishing time goals for each stage in the process, and encouraging all companies and agencies participating in the grantmaking to work together to remove sources of delay.**

RAND's study was sponsored by the Louisiana Recovery Authority, which oversaw the Road Home program. The RAND team analyzed data provided by ICF International, the consulting firm hired by the Louisiana Recovery Authority to administer the program. The study's main objective was to assess whether the program processed all applications in a timely manner. To assess grantmaking timeliness, RAND measured both the total time required for an eligible homeowner to apply for and receive a grant and the time spent in each stage of the grantmaking process.

The Road Home program began accepting applications in July 2006 and stopped accepting new applications on July 31, 2007. More than 186,000 homeowners applied for grants through the program.

Wait Times Were Long and Variable, and Many Applications Were Rejected

As shown in Figure 1, the RAND team found that, by December 18, 2007 (the final date of program data provided to the study), grants had been made to 31 percent of the applicants. Another 27 percent of the applications were classified as inactive or ineligible, and 42 percent remained in the system (these applications were eligible but unfunded). Some of the applications

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Figure 1
As of Mid-December, 2007, More Than 25 Percent of All Applications Were Considered Inactive or Ineligible; 42 Percent Were Eligible but Still Unfunded

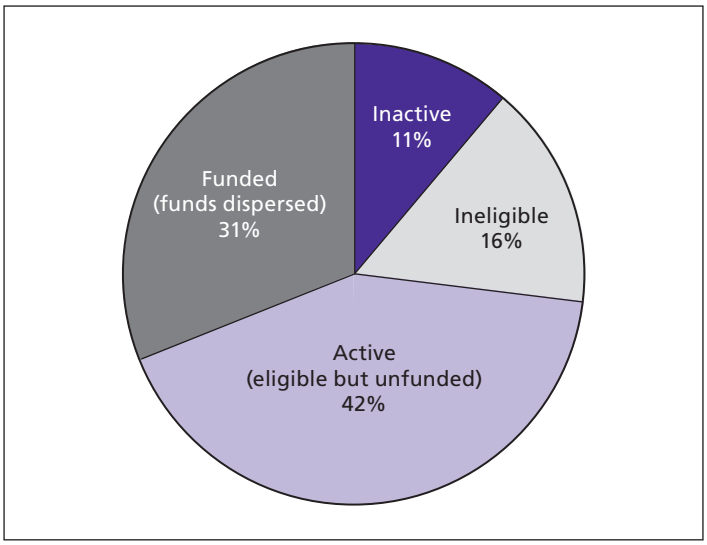
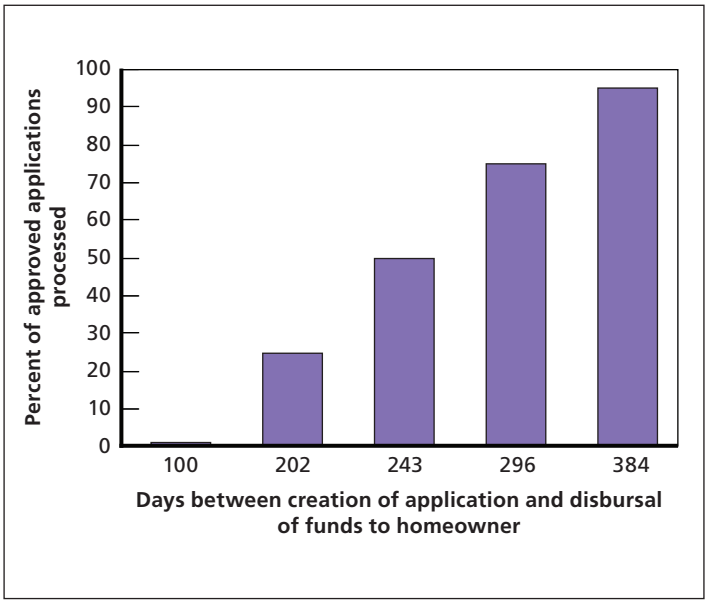


Figure 2
Grant Wait Times Were Often Long



still remaining in the system were among the earliest that had been submitted.

The team found numerous sources of delay in the grantmaking process. The process was complex, with many stages, and almost every stage had the potential to contribute long delays. Many applications were sent back through individual stages of the process numerous times. The program sent entire batches of applications back for more work based on errors found in some samples, despite the fact that most of the applications sent back for rework had no errors. There was also evidence that applications that could be moved through the process more quickly were cherry-picked, which resulted in aging backlogs of slower-moving, more difficult-to-process applications.

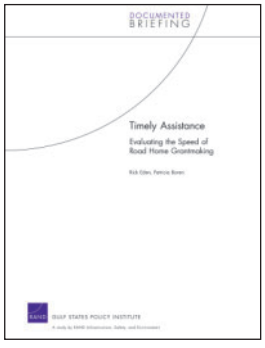
The RAND team also noted that, although there was an initial assumption that applications would be processed promptly, timeliness expectations had never been specified. Program metrics focused on the quantity of activities performed in a given period rather than on processing speed. The result was that speed was never used as a measure of performance.

Recommendations to Remove Bottlenecks and Expedite Processing of Remaining Applications

One example of a bottleneck occurred in a late segment of the grantmaking process during which the application is approved and funds are requested from the U.S. Department of Housing and Urban Development (HUD). The program waits to accumulate a certain number of approved applications before asking HUD for the grant money. A faster method would be to have HUD predeposit funds with the title companies disbursing the grants so that each grant could be disbursed immediately when an application is approved.

To expedite the remaining eligible applications, the study team recommended the following actions:

- Focus on the applications that have become stuck, in some cases for hundreds of days.
- Establish time goals for applications remaining in the later segments of the grantmaking process.
- Encourage coordinated efforts by companies and agencies participating in the program to remove sources of delay. ■



This research brief describes work done for the RAND Gulf States Policy Institute, a partnership between RAND and seven universities in the U.S. Gulf Coast region, that is housed within RAND Infrastructure, Safety, and Environment. The work is documented in *Timely Assistance: Evaluating the Speed of Road Home Grantmaking*, by Rick Eden and Patricia Boren (available at http://www.rand.org/pubs/documented_briefings/DB557/), DB-557-LRA, 2008, 96 pp., $20, ISBN: 978-0-8330-4481-5. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND**® is a registered trademark.

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