



Louisiana Recovery Authority Board Meeting
Special Community Disaster Loans Update

Baton Rouge, LA
September 22, 2009



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Community Disaster Loan (CDL) Background

- Hurricane Katrina severely depleted communities' tax base by displacing taxpayers and leaving others unemployed.
- Essential services—police, medical personnel, teachers and firefighters—were still needed. (These costs are not eligible for Stafford Act funding from FEMA's Public Assistance Program.)
- FEMA's traditional CDL program, capped at \$5 million per individual loan, was too small to meet the extraordinary needs resulting from the catastrophic nature of this disaster.



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Community Disaster Loan Act of 2005

- Congress responded by passing the Community Disaster Loan Act of 2005.
- Authorized up to \$1 billion for “**Special Community Disaster Loans**” to assist local governments in providing essential services.
- Applicants included:
 - Fire and Police Departments
 - School Boards
 - District Court Offices
 - Local Parish Governments



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Special CDL Funding for State of Louisiana (Katrina)

TOTAL APPROVED:
\$999.9 Million

TOTAL DISBURSED:
\$821.7 Million

TOTAL REPAID:
\$650,000

(All of the Special Community Disaster Loans are five year loans.
None of these loans are required to be paid before November 2010.)

***Amounts as of 8/31/2009.**



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Forgiveness of Loans

In 2007, Congress authorized FEMA to forgive all or part of a community's Special CDL only if "the revenues of the local government during the full three fiscal year period following the disaster are insufficient to meet the operating budget for the local government, including additional unreimbursed disaster-related expenses for a municipal operating character" (42 U.S.C. 5184).



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Current Status

- FEMA does not have the authority to *automatically* forgive all Special CDLs.
- FEMA published the proposed regulation to include loan forgiveness procedures and requirements.
- During the public comment period, FEMA requested comments from state and local officials, as well as the public, on proposed forgiveness procedures. The comment period ended June 2, 2009.
- Once comments are adjudicated, FEMA will issue a final regulation establishing forgiveness procedures for the Special CDLs.
- FEMA cannot begin accepting forgiveness applications, or begin forgiving loans until the final rule goes into effect.



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