

Market Watch: LAW AND ACCOUNTING

Disaster recovery in housing a multidisciplinary approach

By ANN BOWDEN-HOLLIS
SPECIAL TO THE JOURNAL OF SOUTH
MISSISSIPPI BUSINESS

As the Mississippi Gulf Coast approaches the eighth anniversary of the landing of Hurricane Katrina, a look at the recovery and the impact of federal dollars that assisted the recovery seems warranted. In particular, how those federal disaster dollars have been administered and expended in the housing sector offers an interesting look into the manner in which a multidisciplinary team approach to disaster recovery can work.

The notion that the disciplines of accounting, law, auditing, engineering, environmental science and business management should be the key components in planning, implementing, executing and closing out a disaster recovery program in Mississippi had its genesis in the aftermath of Hurricane Katrina. Then Gov. Haley Barbour recognized that the influx of billions of dollars of federal disaster recovery funds into the state required particular oversight — “disaster oversight.”

Deborah Jackson, a manager with Horne LLP CPAs and Business Advisors, said this recognition was the impetus for the development by Horne in Mississippi of a specialty consulting business in disaster recovery that was rooted in the foundation of certified public accounting. Jackson said that the influx of large amounts of federal disaster dollars following Hurricane Katrina called for oversight of a type and scope that was almost unprecedented. Horne used traditional accounting expertise, together with expertise in regulatory and legal affairs, and project, including government project, management proficiency to bring structure and order to the chaos that followed Katrina.

The chaos Jackson referred to often follows disasters, whether of the natural or manmade variety as seen following Hurricanes Dolly and Ike in Texas in 2008, the BP Oil Spill in 2010, and Hurricane Sandy in New York and New Jersey in 2012, where a type of multidisciplinary approach either is being implemented or is under consideration.

Why the need?

Why this type of oversight is needed and the impact it can have are clearly recognized by Jon Mabry, chief operating officer of the Disaster Recovery Division of the Mississippi Development Authority, the state agency tasked with managing the billions of federal disaster recovery



The Turtle Creek Subdivision, LLC, is a single-family subdivision in Gulfport, another beneficiary of the Long Term Workforce Housing Program. The homes feature category 5 hurricane panels, engineered roof-truss system and low-maintenance stucco. Photograph by Michelle Ward

dollars flowing to Mississippi.

“The components of accounting, audit, law, engineering, environmental expertise, construction management and business management are critical to ensure a good internal control structure to mitigate the risk of fraud, waste, and abuse,” he said. “They are equally critical for operational effectiveness and efficiency.”

As the best example, Mabry pointed to MDA DRD.

“Just look at Mississippi’s recovery from Katrina,” he said. “The cost to administer the disaster recovery programs, including housing, has been well below the

HUD-authorized cost. Moreover, the rate of confirmed fraud has been less than one-tenth of 1 percent. This is unprecedented. The Association of Certified Fraud Examiners conducts periodic surveys of businesses across the United States and other countries and issues a ‘Report to the Nations’ summarizing the survey results. According to the 2012 report, the typical organization loses 5 percent of its revenues to fraud every year.”

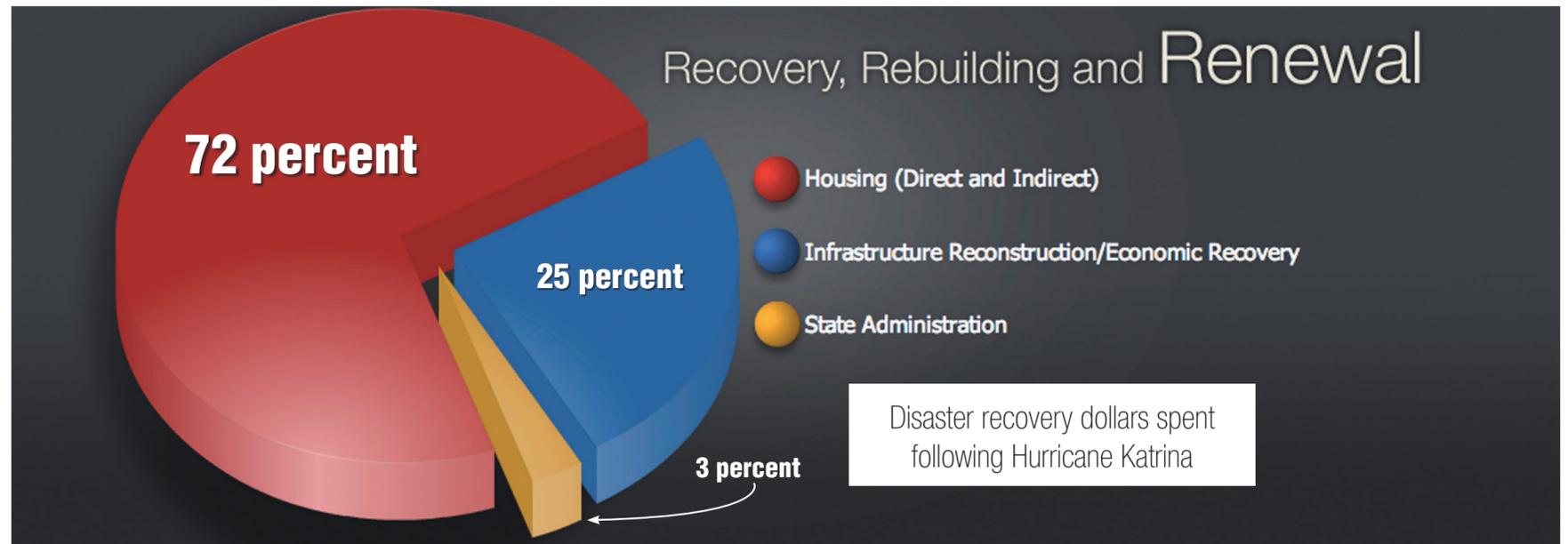
Mabry sees having teams of subject matter experts as being key components in Mississippi’s efficient and effective Katrina recovery work.

Within the post-Katrina recovery efforts that include public buildings, roads, bridges, other infrastructure and economic recovery, the housing sector comprises 72 percent of the disaster recovery dollars spent, as depicted by the MDA DRD pie chart. As of August 2011, the latest date comprehensive figures are available within the MDA DRD website, www.mississippi.org, \$3,849,739,059 had been spent in federal disaster recovery funds on housing recovery in Mississippi.

The housing recovery efforts run the gamut from direct grants to homeowners seeking to rebuild after Katrina, under the Homeowners Assistance Program, to loans under the Small Rental Assistance Program to owners of small rental properties on the Mississippi Gulf Coast in order to assure these property owners provide affordable rental housing in the counties most affected by Hurricane Katrina, and the Long Term Workforce Housing Program.

About LTWH

The LTWH Program provides grants and loans to local units of government, non-profits and for-profit organizations to provide long-



Joe Cloyd, principal in Cloyd and Associates, LLC, has been involved in two LTWH projects involving single and multi-family new construction including this one, Lamey Bridge Senior Development, a multi-family senior citizen rental development in D'Iberville. Photograph by Britton Jones, Gulf Coast Community Design Studio.

term affordable housing in Hancock, Harrison, Jackson and Pearl River counties. Other efforts under the umbrella of “housing recovery” include elevation grants and public housing.

The most recent of these programs has been the Neighborhood Home Program. As described by MDA DRD, the NHP “was created to further assure that all previously unmet housing needs are identified for evaluation and eligibility.” Outreach was conducted in Hancock, Harrison, Jackson, Pearl River, Stone, George, Lamar, Forrest and Jones counties. The eligible households under the NHP could have received

some type of assistance from other sources but the assistance was “either inadequate to address and/or was not intended to address housing needs.”

From February 2011 — when Horne, under a consulting agreement with MDA DRD began processing applicants for NHP — to July 15, 2013, 2,600 homes have been rehabilitated in the nine-county area served by the NHP, said Jeff Hughes, the Horne manager of the NHP.

In the LTWH Program, NHP and SRAP in particular, the multidisciplinary approach has seen perhaps its broadest application. For example, to ensure that funds are expended properly and for allowable purposes, expertise in accounting and auditing is called for to set up a multi-level system of review and approvals before disaster recovery funds are released.

Environmental expertise is needed so that compliance with all environmental requirements of the U.S. Department of Housing and Urban Development is assured in the rehabilitation and construction of the new housing. Legal expertise has been utilized for contracting, assistance with procurement processing, making sure land titles were clear, and determining regulatory requirements and compliance, among other subjects. Engineering

assistance in the areas of procurement, construction management, and the construction inspection process has been vital to the actual delivery of the rehabilitated and newly constructed housing to those families recovering from the devastating damages caused by Katrina.

Real experience

Being a recipient of some of the disaster funding and using it in a project within, for example, the LTWH Program, to repair or create

housing might give one a different perspective on the multidisciplinary team approach to disaster recovery. Joe Cloyd, principal in Cloyd and Associates, LLC, has been involved in two LTWH projects involving single and multi-family new construction. His responsibilities have included project planning, locating funding sources, project management and compliance, among others.

“From a project manager’s perspective, having a streamlined approach in which a funding recipient or client of the state can obtain guidance from a number of subject matter experts through one or two points of contact, a one-stop shop if you will, is a smart approach,” Cloyd said. “Grant recipients like the ones I’m involved with can get answers from one voice, which provides consistency across different types of projects. It brings fairness and equity to the process. While the responses depend on the competency and quality of the team, our experience is and has been a positive one.”

These programs also have seen a broad involvement of businesses across the Coast and nearby counties. They have benefited from the purchase of equipment, supplies and services needed for the housing programs funded by the \$3 plus billion in federal Katrina-related disaster dollars that have flowed into Mississippi over the last eight years.

Though not perfect, and seen by some as “cumbersome” at times, the multidisciplinary, team approach to administering and managing billions of dollars of disaster recovery assistance, as practiced by MDA DRD, has proven so far to control the costs of administration and to keep the rate of fraud exceptionally low while delivering needed replacement housing.

“In my experience, the approach is heavily focused on appropriate compliance,” he said. “It can be cumbersome and time-consuming at times, but in the end the emphasis on compliance better safeguards the taxpayer dollar,” Cloyd said. “As a taxpayer, I appreciate that.”

Ann Bowden-Hollis is a senior attorney with Butler, Snow, O’Mara, Stevens & Cannada, PLLC, a law firm with offices in Gulfport, Bay St. Louis and other cities and states. She is a member of the Government Relations and Labor and Employment Practice Groups, is a project manager in the Long Term Workforce Housing Program, and has been practicing law for more than 32 years.