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More U.S. Aid Will Be Sought for Louisiana

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By [JAMES DAO](#) and [CHRISTOPHER DREW](#)

Published: February 16, 2006

WASHINGTON, Feb. 15 — Facing complaints that it has not done enough to rebuild New Orleans, the Bush administration announced Wednesday that it would ask Congress for \$4.2 billion more to compensate Louisiana residents whose homes were severely damaged by Hurricanes Katrina and Rita.

The money will come from \$18 billion that the administration said last month it would request from Congress this year for hurricane relief.

The announcement was praised by Louisiana officials who said that the \$4.2 billion, when added to \$7.7 billion in rebuilding money approved by Congress last year, would be enough to help anyone in the state who owned a storm-wrecked home.

"I am here to say a special thank you to the president," said Gov. Kathleen Babineaux Blanco, who flew in for a news conference at the Capitol. Ms. Blanco, a Democrat, had criticized the White House for falling short of President Bush's pledge to "do what it takes" to reconstruct New Orleans.

The \$4.2 billion request was a turnabout for the administration, which three weeks ago rejected legislation proposed by Representative Richard H. Baker, a Louisiana Republican, to create a nonprofit group to buy out flooded homes, the plan favored by Ms. Blanco.

Louisiana officials had also complained that Congress had shortchanged the state in a \$29 billion relief package in December that gave \$5.2 billion

in housing reconstruction money to Mississippi, which suffered far less damage than Louisiana but which has a Republican governor and two Republican senators.

Last week, Ms. Blanco threatened to try to block a federal sale of oil and gas leases off the Gulf Coast, saying it was "time to play hardball." But in the past week, state officials said, Donald E. Powell, the president's coordinator for Gulf Coast rebuilding, became convinced that the federal government should do more to help homeowners in the flood plain who did not have flood insurance.

The \$4.2 billion will be part of an \$18 billion supplemental budget request for hurricane-related costs in the current fiscal year that the Bush administration expects to present to Congress this week. The full request will include money for loans to help storm-damaged small businesses, to repair flood walls and to replenish the Federal Emergency Management Agency's disaster relief fund.

Officials in Louisiana and New Orleans had said more aid was needed to cover huge gaps between the cost of wind and flood damage from the two hurricanes and the amount that homeowners and landlords would receive in insurance payments.

Insurance industry analysts have estimated that the gap in coverage on houses and rental units totals \$8.4 billion across the state, including \$5.4 billion in New Orleans. State officials had said they would need as much as \$12 billion in assistance to rebuild houses, provide incentives to apartment developers and help compensate homeowners who choose to sell ruined homes at a loss.

Andrew Kopplin, executive director of the Louisiana Recovery Authority, said about 100,000 severely damaged and 67,000 less-damaged homes in Louisiana would be the main beneficiaries of the money. Mr. Kopplin said grants would be capped at \$150,000 per home, less payments by FEMA and insurance companies.

The \$4.2 billion plan does not include money for commercial property owners. Insurance analysts estimate that the insurance shortfall totals \$9.5 billion for state businesses ranging from small groceries to large corporations. Relief for those businesses comes mainly from Small Business Administration loans, which so far total about \$485 million.

The Bush administration had raised concerns about whether Louisiana had a clear plan for reconstruction and whether it could be held accountable for the huge influx of federal aid it was about to receive. But on Wednesday, Mr. Powell said that he had become convinced that the state was addressing both issues.

Ms. Blanco said that on Monday the recovery authority would release spending guidelines for the federal aid, which will be given to the state in the form of community development block grants administered by the federal Department of Housing and Urban Development.

The guidelines will not be a detailed rebuilding plan for New Orleans, which is still being developed by a commission appointed by Mayor C. Ray Nagin.

Mr. Isaacson said the guidelines would make clear that only homes in certain neighborhoods would be eligible for money, which could include aid to help homeowners raise their homes and make them more flood- and hurricane-resistant.

James Dao reported from Washington, and Christopher Drew from New York. Joseph B. Treaster contributed reporting for this article.

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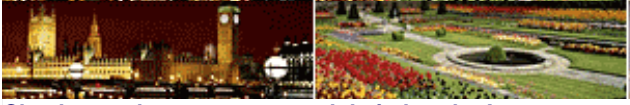


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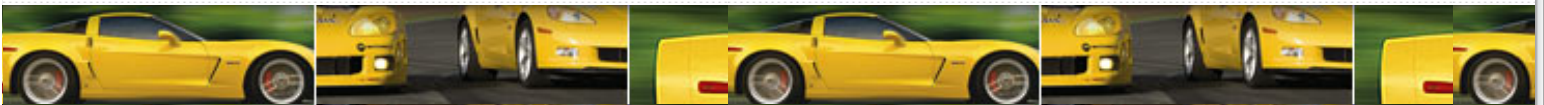
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