NY Rising Housing Recovery Program

Homeowner Guidebook

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Introduction

In response to Hurricane Sandy, and with the Federal Community Development Block Grant Disaster Recovery (CDBG-DR) funding, New York State (the State) developed the NY Rising Housing Recovery Program along with several other Disaster Recovery initiatives as outlined in the State's Action Plan. The NY Rising Housing Recovery Program is designed to help New Yorkers that were impacted by Hurricane Sandy, Hurricane Irene, or Tropical Storm Lee, to recover and rebuild, and, just as importantly, to stimulate economic growth in the affected communities.

Assistance may be provided to address remaining unmet housing recovery needs in a variety of categories, including Home Repair, Reimbursement, Mitigation/Elevation, Interim Mortgage Assistance, and/or Buyouts. Assistance may also be available to owners of rental properties in the impacted regions. Receipt of funding under this program may not duplicate disaster-related assistance you have already received or may be eligible for from other Federal, State, Local and/or private sources of disaster-related assistance, including, but not limited to, Homeowners and/or flood insurance proceeds. Note that the CDBG-DR funding is intended to help New York residents meet basic livability standards, in contrast to insurance compensation that may be based on insurance costs.

This document outlines the elements of Repair, Reconstruction, Reimbursement, Mitigation and Interim Mortgage Assistance in the NY Rising Housing Recovery Programs for the Homeowners.

Repair

This program will assist in covering the costs, within established caps, to repair damage to real property; replace disaster-impacted non-luxury residential appliances; and mitigate environmental health hazards related to the repair of disaster-impacted property.

The level of assistance will be for unmet repair needs after accounting for all Federal, State, Local and/or private sources of disaster-related assistance, including, but not limited to, Homeowners and/or flood insurance proceeds. A list of luxury items that are not covered in the Program can be found on the Program's website www.stormrecovery.ny.gov.

Reconstruction

This Program will assist in covering the costs, within established caps, to replace the home which was damaged during a qualified storm event. Wherever allowable by local building codes and any other law and/or regulation, Homeowners will have the option to choose whether to repair the original home, or reconstruct a new home in its place; however, only funding for the more cost-effective option will be provided. Homeowners may choose the more expensive option, but will be required to verify and secure the additional funds prior to project initiation.

All substantially damaged homes will undergo an evaluation and comparison between reconstruction and repair costs. A property is "substantially damaged" if it sustains damages that equal or exceeds 50 percent of its pre-storm Fair Market Value. The amount of damage must be evaluated and documented by a local authorized Flood Plain Administrator.

Reimbursement

The State may reimburse for the portion of the project which was completed prior to inspection. This reimbursement does not preclude Homeowners from participating in the repair program for construction work that has not yet been completed.

All reimbursement requests will be subject to thorough review and consideration against program rules and Federal HUD CDBG-DR guidelines; not all work completed will be eligible for reimbursement.

Once an Inspector has been to the site and reviewed the completed work an award will be determined indicating the amount of repayment for which each Homeowner is eligible. Work completed prior to a qualifying storm event will not be reimbursed.

Homeowners should provide documentation showing they hired an Architect/Engineer if they used one for the completed work on their home and want to be reimbursed for this cost.

Elevation

Homeowners who live in the 100 year floodplain **AND** whose homes are substantially damaged are required to elevate their homes. They are eligible for elevation funding and an increase in their maximum benefit cap. The Program will determine Substantial Damage by:

1) Receipt of a substantial damage letter from their Flood Plain Administrator, or

2) Inclusion in the FEMA and/or the municipality data set indicating the home was substantially damaged, or

3) A total damage amount (the sum of the AA and the ECR not including bulkheads or elevation but including AE fees) of greater than 50% of the pre-storm value or

4) Reconstruction estimates using the $160 per square foot pricing model, or

For those who do not fit in one of the categories above, the Homeowner can provide additional documentation such as tax records or an appraisal and the Program can review and approve on a case by case basis.

For homes that did not receive a FEMA inspection and do not have a floodplain letter, the Program inspectors will assess damage and make the determination if they are substantially damaged.

Homeowners in the 100 year flood plain who are **NOT** substantially damaged are eligible for elevation funding but will not receive an increase in their maximum benefit cap.

Homeowners outside the 100 year flood plain are not eligible for elevation funding.

Optional Mitigation Assistance

The program will also assist in in paying for “optional resiliency” measures. You can have your

Architect/Engineer build this into his/her scope of work as long as the cost total is no greater than the cap amount. These are the optional resiliency measures:

- Elevation of electrical systems and components
- Securing of fuel tanks
- Use of flood resistant building materials below base flood elevation (retrofits to be limited in scope to be cost effective)
- Installation of flood vents
- Installation of backflow valves
- Installation of roof strapping

Interim Mortgage Assistance

Interim Mortgage Assistance (IMA) may be available to Homeowners who are eligible participants in the NY Rising Housing Recovery Program and facing difficulties paying their mortgage notes due to increased housing expenses. The award amount will be calculated as the lower of the monthly mortgage amount or the housing payment, up to $3,000 per month.

Program Maximum Benefit

The Program has analyzed the needs of the affected communities and the availability of funding and derived the following cap amount and allowances:

- Base Cap: The base cap amount for single-family repair and/or reconstruction coverage is **$300,000.**

- Lower Moderate Income Allowance (LMI): Homeowners who are determined to be low or moderate income (total household income is less than or equal to 80 percent of area median income) will qualify for an increase of **$50,000** in the cap amount. ($300,000 Base + $50,000 LMI = $350,000 maximum allowed cap)

- Elevation Allowance: Homeowners with properties substantially damaged **AND** is within the 100-year floodplain are eligible for a **$50,000** increase in the cap amount for elevation. ($300,000 Base + $50,000 Elevation/mitigation = $350,000 maximum allowed cap)

- Homeowners that meet the requirements for the Lower Moderate Income Allowance (LMI) and Elevation Allowance (a property that sustained damage that equals or exceeds 50 percent of its Fair Market Value prior to the storm event **AND** is within the 100-Year Floodplain) will qualify to receive both cap increases. ($300,00 base + $50,000 LMI + $50,000 Elevation/Mitigation= $400,000)

- Properties within the 100 Year Floodplain that **<u>are not</u>** substantially damaged are qualified to apply for funds to elevate; however, the $50,000 cap increase will not apply.

Homeowner Contribution

The Homeowner shall contribute all of the funds they are required to provide from sources including

insurance payments, FEMA awards, SBA loans, and private resources. These funds will be verified as part of the verification of Duplication of Benefits (DOB) and will be applied towards the cost of Reconstruction or Repair. Applicant must show the program evidence of available funds in the amount of the duplication of benefits and/ or homeowner upgrades, in the form of bank statement, an open line of credit, or some certification from their financial institution by completing a Verification of Deposit Form.

Basic Program Eligibility Requirements

- Housing to be assisted must be owned by the person(s) occupying the unit as their primary residence at the time of one of the three storms. Ownership is defined as holding fee simple title supported by a deed recorded with the County Recording Office.
- You live in one of the counties designated a disaster area and owned the damaged property at the time of the storm:

Eligible Counties			
Albany	Fulton	Putnam	Tioga
Broome	Greene	Rensselaer	Ulster
Chemung	Herkimer	Rockland	Warren
Clinton	Montgomery	Saratoga	Washington
Columbia	Nassau	Schenectady	Westchester
Delaware	Oneida	Schoharie	
Dutchess	Orange	Suffolk	
Essex	Otsego	Sullivan	

- Your residential property was damaged as a **direct result** of one of these storms:
  - Hurricane Irene: (8/26/2011)
  - Tropical Storm Lee: (9/7/2011)
  - Hurricane Sandy: (10/29/12)
- The property is wholly residential in character (Properties containing home-based businesses will be limited to non-business uses).
- Second homes and vacation properties are **not** eligible.
- Homeowners of individual condo and co-op units are eligible program applicants.
- Associations owning / governing the common spaces of such buildings are also eligible Program applicants.
- If you are at risk of becoming bankrupt, you should consult your lawyer before agreeing to participate in this program.

Flood Insurance Requirements

Homeowners who reside in the 100 year floodplain and receive assistance from the Program are

required by Federal Law to obtain flood insurance under the National Flood Insurance Program and notify in writing any future owners of this requirement. This is in addition to Homeowners insurance that a Homeowner may choose or be required to obtain for other reasons.

Under Federal Law, anyone that previously received Federal assistance following a disaster and was required to get flood insurance, but didn't, is ineligible for CDBG-DR assistance.

Demonstrable Hardship

Homeowners experiencing financial hardship can have their case reviewed. Demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship, nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case.

If a homeowner/tenant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their evidence of a demonstrable hardship to their Customer Representative and the program will evaluate it on a case-by-case basis after review of all of the circumstances.

Limited Circumstances/Unmet Needs Policy

In limited circumstances the demonstrable hardship policy may not be sufficient to cover gaps in funding the homeowner has experienced for circumstances outside of the homeowner's legal control. In these instances, the Program has developed an Unmet Needs policy that will provide a work-out option to support homeowners that do not have sufficient funds to repair or reconstruct their homes despite receiving other federal resources for this purpose.

Eligible reasons but not limited to:

- Contractor fraud
- Theft/vandalism
- Damage from a subsequent event (i.e. storm, fire, flood) which caused damages to the dwelling.

Duplication of Benefits (DOB)

Financial assistance received from any entity or organization that is provided for the stated purpose of housing repair may be considered a Duplication of Benefit (DOB). DOB occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. Section 312 of the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to

which a Homeowner has received financial assistance under any other program or from insurance or any other source. Common sources of disaster recovery assistance include insurance, FEMA, SBA, non-profit organizations, faith-based organizations, other disaster relief organizations, and other governmental entities.

In accordance with the Stafford Act, Disaster Recovery funds issued through HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) program may not be used for any costs for which other disaster recovery assistance was previously provided or available.

The first step of the duplication of benefits calculation is to determine the amount of funds previously received to assist with disaster needs. Homeowners are required to disclose all sources of disaster recovery assistance received, and the State is required to verify the amount received. DOB is determined by using a process called the verification of benefits (VOB). A background check is also required by HUD to prevent fraud, waste and abuse.

Some previously received assistance may not be deemed duplicative, if substantiated by documentation by the Homeowner and approved by an authorized person, including funds used for a different eligible purpose (e.g. temporary housing), funds not available to the homeowner (e.g. insurance funds to pay off mortgage directly), a private loan not guaranteed by the SBA, assets, monies received used to repair damage from a prior storm, or lines of credit available to the Homeowner, or already used funds to repair home.

Certain expenditures previously incurred by a homeowner are allowable costs and can offset assistance previously received. However, the Homeowner must provide documentation to support the expenditures. If receipts or documentation are not available the work may be verified through an inspection.

Below are some examples of allowable expenditures:

- Debris removal
- Structural repairs
- Septic or sewage system repair
- Well or other water system repair
- Utilities (electrical, plumbing and gas systems) repair
- Maintenance of clear entrance and exit ways from your home
- Temporary housing (can only offset FEMA awards)
- Contractor fraud
- Forced mortgage payment
- Essential appliances (e.g. refrigerator, stove/oven, water heaters)
- Permits and fees related to repair work already completed

Below are some examples of unallowable expenditures:

- Non-essential appliances (washer/dryer)
- Food, clothing, household goods
- Shed, fence (any structure not under common roof)
- Funeral costs

- Insurance premiums
- Flatbed trailers
- Landscaping

Applicants are required to disclose all sources of disaster recovery assistance received, and the Program is required to verify the amount received. This process is called the verification of benefits. There is also a background check that is required by HUD to prevent fraud waste and abuse.

Inspections, Environmental Review and Estimated Cost of Repair

The Construction Management Team will work with Homeowners to schedule necessary inspections of the damaged property. At this visit the Program Inspector will document that the home received damage from one of the named storms eligible for assistance and do a write-up. The write up may consist of an Estimated Cost of Repair (ECR) for the repair work remaining to be done, and if work has already been completed, an Allowable Activities report (AA) for reimbursement. The ECR will provide each applicant with the Program's estimate of the basic costs needed to repair the home. This cost may include the cost to elevate the home; however, awards may be adjusted if the home is not required to be elevated. If the home needs to be reconstructed, an AA/ECR will not be generated. The cost to reconstruct will be calculated by multiplying the square foot of the damaged home by $160 per square foot and then adding $5,000 for demolition.

The total value of the ECR, or reconstruction estimate, plus the AA amount, will be used to calculate the grant award from the State to bring the home to minimum property standards. Further inspections may be needed to identify repairs to bring the home to local code and to identify work needed as a result of the required Environmental Review Process (e.g. Historic Preservation requirements, Lead abatement, etc.)

As part of the federal regulations, all homes will be subject to required lead, asbestos, and radon inspections. For the REIMBURSEMENT ONLY program, these inspections will be conducted by the Program's Inspectors. For homeowners in the REPAIR program, the State will not automatically administer an environmental assessment of homes that will have repair work done under the program. Contractors will be made responsible for ensuring asbestos, lead-based paint, mold, and radon are assessed and remediated where appropriate in all areas of home (not just storm damaged areas).

The repair of residential structures is subject to the HUD Lead-Based Paint regulations if the unit to be assisted was built prior to 1978 and the type of assistance offered will be repair. All lead, radon, or asbestos remediation is an eligible project expense and will be part of the inspection and repair or reconstruction process. Radon testing is only required in high radon counties (which doesn't include Nassau, Suffolk, NYC, Westchester, Rockland and some of the northwestern & Adirondack counties.)

Establishing Final Award & Right to Appeal

Homeowners will receive a letter indicating their Program eligibility and an estimated award, based on available information at the time Each Homeowner receiving such a letter must contact their Customer Representative, who will assist the Homeowner in completing their file, in order to establish the Program's final award amount. During this intake and assessment period, the Customer Representative

will also seek to answer any questions and discuss additional factors affecting the award amount or the award determination process a Homeowner may have about the award determination process. In doing so, the Customer Representative may request additional review and/or inspection of the Homeowner's property.

Upon Homeowner's receipt of the Program's final, written award determination, Homeowner can proceed to construction. Alternatively, Homeowner can appeal a final award determination by submitting the Program's appeal form, together with any information or documents the Homeowner wants the Program's appeals unit to consider in determining their appeal. Homeowner's completed appeal form and all supporting documents and information must be received within sixty (60) days of the date of Homeowner's final award letter.

Some Homeowners have received an award letter and a check for the reimbursement amount of their award. If Homeowner believes that the amount of the CDBG-DR Grant to reimburse Homeowner for work performed to date is incorrect, Homeowner may submit a claim within 60 days of the date of this Agreement by submitting the Program's appeal form to: HousingAppeals@StormRecovery.NY.Gov. The Program's appeal form may be obtained from the Customer Service Representative

Architects, Engineers and Contractors

Before a local building department approves and issues building permits, they may require that a licensed architect and/or engineer submit stamped plans and/or other submissions. If the Program Eligible Cost is $10,000 or more, the Homeowner is required to consult with an architect and/or engineer after they receive their award letter. Architects and/or engineers can perform a number of services, such as getting construction plans approved by the building department, helping the Homeowner find a Contractor, assisting with leveling construction bids, monitoring construction progress and quality, advising the Homeowner during construction, and monitoring Contractor performance. The Program has included a 10% allocation which is built into the project eligible cost for the expense of hiring a licensed architect or engineer for professional design services related to construction. If a Homeowner wants to be reimbursed for this cost they must submit proof that an architect or engineer was hired.

Homeowners will select their own Contractor. The selected Contractor must be willing to agree to build to the State's minimum property standards and other eligibility requirements such as metrics reporting. All Contractors must meet the State's eligibility requirements in order to be paid for work completed on behalf of participating Homeowners. These requirements can be found at http://www.recreate-rebuild.org. To assist Homeowners, a list of Contractors who meet the Program's requirements is also posted on this website.

The Homeowner will be responsible for negotiating the final costs of construction with their Contractor. The Homeowner will be responsible for funding any costs incurred in excess of their grant award.

Eligible and Ineligible Construction Activities

Below is a list of activities that may include repair/replacement of damage to real property, including, but not limited to:

- Roof repair/replacement
- Window/door repair/replacement
- Siding repair/replacement
- Flooring repair/replacement
- Drywall/finishing to pre-event condition
- Insulation
- Bathroom repair
- Foundation repairs
- Kitchen cabinet replacement
- Well/septic replacement or connection to municipal system
- Electrical system repair/replacement
- Bulkhead Repair, not seawalls
- Damage as a a result of earth movement

Below are examples of ineligible activities including, but not limited to:

- Landscaping
- Work on illegal rental units
- Repairs to non-attached buildings
- Expansions
- Deck/patio repair that does not affect entrance or exit from the home
- Fencing

Construction Contract Approval

The Homeowner selects an architect or engineer and construction plans are drawn. The Homeowner then selects a Contractor, they finalize the scope of work to be completed, including but not limited to, code compliance issues, elevation and optional resiliency measures. The Homeowner must then submit the Contractor and the scope of work to the Program for approval. The Homeowner will also need to return the signed Construction Contract Rider, and the signed Contractor Certification.

Contract documents include:

- **Scope of Work:** A final work write up will be presented by the Homeowner and agreed to by all parties, and it will become the basis for all work to be completed by the Contractor on behalf of the Homeowner. At a minimum this scope of work should include that the project will comply with the HUD green building standards, the program construction specifications and address all the repair needs identified during the Program's damage assessment. The Program must approve the scope of work. Please consult your customer representative regarding any required form for the scope of work.
- **Construction Contract Rider:** An additional document between the Contractor and the Homeowner that states the responsibilities to each other and the Program before, during and after construction. Also requires that the Contractor certify that she/he has residential construction experience, appropriate licenses, payment and performance bonding capacity, insurance certificates, agrees to the scope of work submitted, and agrees to comply with the Programs' construction standards. Document provided by the Program.

- **Design Contract Rider:** An additional document between the Architect/Engineer and the Homeowner that states the responsibilities to each other and the Program before, during and after construction. Document provided by the Program.

If the award is a reimbursement award, the funds will be disbursed directly to the applicant. If the award is for reconstruction or repair, construction payments will be disbursed directly to the Contractor.

Final Inspection and Closeout

At the end of construction, the Homeowner will work with their architect and contractor to write up a punch list which is a list of unfinished construction work that must be completed before final payment. Once this list is complete and a certificate of occupancy or permit close out has been issued by the local building department, the Homeowner should contact their customer representative to coordinate the final inspection by the lead inspector. The final payment will not be released until the punch list is complete, the property has passed the Program's final inspections, including environmental clearance testing, and the Homeowner and Contractor have signed off on releasing the funds.

Monitoring and Compliance

The Program will continue to monitor that Homeowners are in compliance with all Program requirements.

Recapture Policy

HUD requires the Program to develop a recapture policy to identify a set of criteria in determining whether it is appropriate under certain circumstances to recapture funds or, limit or terminate a contract with the recipient of a CDBG-DR award. If the State determines that you received ineligible assistance, you will receive a notification letter explaining why your assistance was determined to be ineligible and the amount of assistance you are responsible for repaying. In the letter you will be offered a meeting to discuss the claim and given the opportunity to provide any information that might alter the decision and provided information about your right to appeal.

More Information

For more information on the program, please visit the following websites:

- Action Plan: http://www.ny.gov/assets/documents/CDBGActionPlan.pdf
- U.S. Department of Housing and Urban Development (HUD): http://portal.hud.gov/hudportal/HUD
- www.stormrecovery.ny.gov