NY Rising Housing Recovery Program

Homeowner Guidebook

Revised February 12, 2014

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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

The program will assist in covering the costs to repair or reconstruct a storm-damaged home, replace damaged non-luxury appliances, and address environmental hazards such as lead and asbestos. Assistance is limited to covering eligible costs remaining after using any other public or private assistance provided for rebuilding. These forms of other assistance include, but are not limited to, assistance from any federal, state, or local government program; private insurance proceeds; or charitable contributions.

Maximum award caps apply, and certain luxury items are not considered eligible costs. A list of excluded luxury items is provided as an appendix to this Guidebook.

Where a home has received substantial damage, inspectors may recommend reconstruction rather than repair. In this instance, Homeowners will have the option to choose repair or reconstruction, consistent with local building codes and other regulations.

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 with damaged homes 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) The home is determined to require reconstruction

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.

Homeowners with damaged homes 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.

IMA applies to victims of all 3 storms (Sandy, Irene and Lee) if they meet all eligibility criteria (including eligibility for the housing program overall).

Reimbursement can be provided going back to the date of the storm, for a maximum of 6 months prior to the Homeowner's application date to the IMA program. If there are more than 6 months retroactive payments requested then the State will calculate the reimbursement beginning with the most recent mortgage statement.

IMA also applies to Homeowners who must leave their homes during the construction process, if they become displaced and remain displaced for a minimum of 1 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 by the Program 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. There will also be a $25,000 extraordinary site conditions allocation within the cap for homes deemed as reconstruction.

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 federally approved NY Rising Housing Recovery Program requirements, all homes will be subject to required lead, asbestos, and radon assessments and inspections.

- Once construction is complete, both for REPAIR and REIMBURSEMENT homeowners, lead and asbestos clearance inspections will be required. The homeowner may hire a contractor to perform these clearance inspections on their own or may request that the Program complete this process.

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 communication indicating their Program eligibility and award, based on available information at the time. Any Homeowner with questions about their award or eligibility should answer any questions and discuss additional factors affecting the reach out to their Customer Representative to discuss their award amount or the award determination process a Homeowner may have about the award determination process. In doing so, the Customer Representative homeowner may request additional review and/or inspection of the Homeowner's property.

If at that time the Homeowner requests a further review, then the Customer Representative will have

the applicant fill out a Clarification review form. Once the clarification review is completed, the applicant will receive a Clarified Award Determination Document noting if there are any changes in their award and an explanation of the reason for the change. When this document is received by the applicant, the applicant can either accept the revised award or has 60 days to file an appeal for with their Customer Representative.

Alternatively a 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 award letter. A Homeowner may only receive an appeals form from their customer 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. General construction contractors may participate in the NY Rising Housing Recovery Program if they meet minimum program requirements and have the capability to provide construction services for single family rehabilitation or reconstruction projects, including elevation of dwellings in the flood plain. The following is a brief summary of the program requirements.

Contractor Minimum Eligibility Requirements:

- Licensing: Must be licensed in the community where the work is to be performed
- Insurance: Must carry the minimum insurance required by the community where the work is to be performed.
- Bonding: Must provide payment and performance bonds for contracts in excess of $100,000

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 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

All awards will be disbursed directly to the Homeowner.

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 Program. 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

Appendix 1: Luxury Items List

Guidance on the Prohibition of Luxury Items

The intent of the NY Rising Housing Recovery Program is to assist owners of residential property who sustained damage due to Hurricane Sandy, Hurricane Irene, and Tropical Storm Lee in restoring their dwelling to a standard that supports the national objective of a "decent home and suitable living environment" of the federal Community Development Block Grant Disaster Recovery (CDBG-DR) program, which is providing New York State with the funding to implement repair and reconstruction activities. Applicants assisted under the NY Rising Housing Recovery Program may have their homes repaired, rehabilitated, or reconstructed to basic construction standards, but these standards do not include luxury items that are above the minimum construction standards of the program. Homeowners that wish to include a luxury item may elect to pay the difference between what the NY Rising Housing Recovery Program provides and the actual cost of the item.

The following list provides examples of luxury items that are not eligible to be paid for by CDBG-DR funds; however this list is for illustrative purposes and is not exhaustive.

1. Detached garages (Attached garages only allowable when repairing a home with an existing attached and damaged garage)
2. Garage door openers
3. Alarm systems, excluding smoke, fire & CO alarm systems
4. Irrigation systems, fountains, ponds, etc.
5. Sound systems, wireless computer & communication systems
6. Light fixtures beyond standard builder's package grade, except to allow similar models that are ENERGY STAR compliant fixtures.
7. Lighting controls beyond standard one & three way switches
8. Exterior lighting beyond lights at entry doors
9. Out buildings (i.e. sheds, gazebos, trash enclosures, & pool houses)
10. House vacuum systems
11. Swimming pools, hot tubs, saunas, etc. and associated equipment
12. Appliances beyond standard builder's package (no laundry equipment, built-in microwave)
13. Ranges other than 30 inch wide builder's grade electric or gas kitchen ranges (i.e. no wall ovens or in-cabinet appliances; exceptions made for wall ovens and range tops for residents with mobility impairment)
14. Refrigerator styles beyond builder's standard, top freezer mounted models with these nominal size limits per # of bedrooms: 1br: 14cf; 2 br: 18cf; 3br: 20cf; 4 br: 25cf (exceptions made for side-by-side and bottom mounted freezers for residents with a mobility impairment)
15. Portable appliances (i.e. air conditioners, electric heaters, etc.)
16. Countertops beyond standard, builder's grade plastic laminate. (i.e. no stone, composite stone or solid surface)
17. Vanity tops beyond standard builder's grade plastic laminate or builder's grade simulated stone
18. Cabinets beyond standard builder's grade
19. Built-in bookshelves, radiator covers, or any item requiring custom millwork or shop drawings

20. Kitchen sinks and bathroom fixtures beyond standard builders grade (i.e. porcelain, composite, stone, & solid surface)
21. Door hardware beyond builder's grade entry hardware for exterior doors and residential grade for interior doors; knobs to be builder's standard
22. Stone tile floors & walls
23. Wood trim profiles and species beyond standard builder's grade; stain grade is allowable to replace existing stained trim
24. Luxury carpet
25. Wall paper
26. Built-in closet systems – only rod & shelf allowed
27. New fireplaces (wood, gas, or electric); repairs to storm damaged fireplace chimneys are allowed
28. Exterior decks, unless to allow for egress on homes being elevated; materials limited to builder's grade composite decking and rail systems
29. Covered porches, unless replacing an existing covered porch
30. Carports
31. Solar Panels
32. Similar items as determined by the NY Rising Housing Recovery Program