



# 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/rehabilitation, 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 (including mold remediation) related to the repair or rehabilitation 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](http://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 rebuild (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 (a property sustains damages that equal or exceeds 50 percent of its Fair Market Value prior to the event, as determined by a local authorized official) will undergo an evaluation and comparison between reconstruction and repair costs. Homeowners of non-substantially



damaged homes (less than or equal to 50 percent damage of pre-storm value) will not be offered a reconstruction estimate unless they request one from their customer representatives.

## 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 qualifying storm event will not be reimbursed

## Mitigation

This program will assist in covering the costs for effective mitigation assistance of damaged properties to elevate homes. Homeowners will be eligible for funding to make a home more resilient if the home was substantially damaged (a property sustains damages that equal or exceed 50 percent of its Fair Market Value prior to the event, as determined by a local authorized official) **AND** is located in the 100-year floodplain. Please contact your customer representative to make an appointment for an inspector to visit your home to see if you are eligible for this assistance. Awards for mitigation may be up to **\$50,000**.

## Optional Mitigation Assistance

The program will also assist in paying the costs up to \$30,000.00, **within** established caps for 'optional resiliency' measures. You can have your contractor build this into his scope of work as long as the cost total is no greater than \$30,000.00. 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 for Homeowners who are eligible participants in the NY Rising Housing Recovery Repair or Reconstruction facing difficulties paying their mortgage notes due to increased housing expenses. Program is pending approval from HUD. More details to follow.

## 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 allowance:



- **Base Cap:** The base cap amount for single-family repair and/or reconstruction coverage is **\$300,000**.
- **Lower Moderate Income Allowance:** 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)
- **Mitigation Allowance:** Homeowners with properties substantially damaged (a property sustains damages that equal or exceed 50 percent of its Fair Market Value prior to the event, as determined by a local authorized official) **AND** within the 100-year floodplain are eligible for a **\$50,000** increase in the cap amount for elevation.

## 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 and will be applied towards the cost of reconstruction or rehabilitation.

## 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 recorder.
- You live in one of the counties designated a disaster area and owned the damaged property at the time of the storm as a result of:

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

- 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)
- Property must not be in foreclosure proceedings
- Property Taxes must be current or in process of being made current
- 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.

### Three year Residency Compliance Requirement

To ensure proper utilization of CDBG-DR funds Homeowner's in this program will be required to agree to a three year residency requirement enforced by a deed restriction called the Storm Recovery Declaration Form.

You must occupy the property as your primary residence for a three year term that starts when you sign the Declaration which will be recorded in the public records. During that three year period you may not sell, transfer, lease or allow the property to be foreclosed. If any of these actions occur during the three year term, or if you do not occupy the property, then you will be required to repay the grant amount according to this schedule:

During Months 0 -12 of the term	You must repay 100% of the grant award
During Months 13 -24 of the term	You must repay 66% of the grant award
During Months 35 -36 of the term	You must repay 33.3% of the grant award
During Months 37 and beyond	There is 0.0% repayment due.

### 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 provide proof of this insurance to the Program prior to the closing of their award. This is in addition to Homeowners insurance that a Homeowner may chose 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

If a Homeowner is experiencing a financial hardship, the program has created a policy by which they can apply for demonstrable hardship and have their case reviewed. A few examples of when a Homeowner may need to utilize this policy if they are in jeopardy of not being able to remain in their home for the three years, have extenuating circumstances that is making it difficult for them to pay their mortgage or a reason why they may have declined an SBA loan.



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 existence of a demonstrable hardship to their Customer Representative and the program will evaluate on a case-by-case basis after review of all of the circumstances.

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 rebuild their homes despite receiving other federal resources for this purpose.

Eligible reasons:

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

Ineligible reasons include, but are not limited to:

- Medical issues
- Funds used to live outside the home while home being repaired. [IMA Program covers this.]
- Financial Hardships (loss of employment)
- Work by contractor not quality, but home is habitable.

## Duplication of Benefits (DOB)

Financial assistance received from any entity or organization that is provided for the stated purpose of housing repair is 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 come from (but is not limited to) 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. Potential duplicative assistance may come from National Flood Insurance, private insurance, FEMA, Small Business Administration and other disaster relief organizations.

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 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 by 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)
- 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, clothes, 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 but the cost to rebuild will be calculated by multiplying the square foot of the damaged home by \$160 per square foot and then adding \$5000 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. The award calculations will be prepared after an on-site inspection to bring home to a 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, mold and radon inspections. These inspections will be conducted by the Program's Inspectors. The rehabilitation 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 rehabilitation. All mold, radon, or asbestos remediation is an eligible project expense and will be part of the inspection and repair or reconstruction process. Any presence of mold is unacceptable and will be addressed per the National Center for Healthy Housing protocol "Creating a Healthy Home." Please contact your customer representative for more information.

## Architects, Engineers and Contractors

Before a local building department approves and issues building permits, they may require that a licensed architect and/or engineer submits stamped plans and/or other submissions. The Homeowner may want to consult with an architect and/or engineer once 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 ensuring the Contractor performs well. The program has included 10% line item for the cost of hiring a licensed architect or engineer for professional design services related to construction.

Homeowners will select their own Contractor. The selected Contractor and all related sub-Contractors 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 [www.stormrecovery.ny.gov](http://www.stormrecovery.ny.gov). 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. However, the homeowner shall be responsible for 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/rehabilitation
- Foundation repairs
- Kitchen cabinet replacement
- Well/septic replacement or connection to municipal system
- Electrical system repair/replacement
- Bulkhead Repair

Below are examples of ineligible activities include, but are 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 a Contractor, and they finalize the scope of work to be done including but not limited to code compliance issues and optional resiliency measure, the Homeowner must then submit the Contractor and the scope of work to the Program for approval. The Homeowner will also need to return to the program the signed Construction Contract, and the signed Contractor Certification. The following is a description of all those documents:

### Contract documents include:

- **Scope of Work:** A final work write up will be presented by the Homeowner and agreed to by all parties, and 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 needs to



approve the scope of work. Please consult your customer representative regarding any required form for the scope of work.

- **Construction Contract:** A document between the Contractor and the Homeowner that states the responsibilities to each other and the Program before, during and after construction. Document provided by the Program. Please consult with your customer representative regarding any required form of construction contract.
- **Contractor Certification:** Requires that the Contractor to 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.

## Closing

Once the verification of benefits and waste, fraud and abuse have been completed and the final award calculation has been determined your Customer Representative will contact you to discuss next steps, any missing documents or anything else that you will need so that you can schedule your grant award closing. You will have the option to have an in person closing or to receive the documents in the mail. If the documents are mailed to you, you must sign them in the presence of a Notary Public.

## Disbursement of Grant Awards

The grant awards will be disbursed after you have completed the closing process. If your award is a reimbursement award, the funds will be disbursed directly to you. If the award is for reconstruction or repair, then construction payments will be disbursed directly to your Contractor. Funds will be wired using the direct deposit information provided.

## Construction Payments

Construction-related payments will be made directly to the Contractor. The Homeowner will sign off on each check prior to payment being made to the Contractor. There will be three payment points during construction.

1. Project Start: the Program pays the Contractor 10% of total project cost after the contract has been signed and approved.
2. At the midpoint of construction (50% of project completion): this payment will be 50% of the total project cost. The Homeowner will contribute up all of the funds they are required to provide from sources including insurance payments, FEMA awards, SBA loans, and private resources. If additional funds are required to reach 50% of the total project cost, the Program will contribute the balance to make the full 50% payment. The midpoint of construction will be defined by the Homeowner, Contractor and Architect and documented in their contract.
3. At final inspection and closeout: the final 40% will be paid to Contractor from the remaining balance of the award from the Program and as well as any Homeowner funds remaining.

## Architect and/or Engineer Payment

Design-related payments will be made directly to the architect/engineer. The Homeowner will sign off on each payment prior to payment being made to the architect/engineer. There will be three payment points during construction directly from the Program:

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1. 50% at permit issuance
2. 25% at the midpoint of construction
3. The final 25% at construction completion:

## Final Inspection and Closeout

At the end of construction the Homeowner will work with their architect and Contractor 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 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 sign off on releasing the funds.

## Monitoring and Compliance

The Program will continue to monitor that Homeowners are in compliance with all program requirements for three years.

## Appeals

Under certain circumstances, HUD requires the State to recapture CDBG-DR funds that have not been expended in accordance with Program regulations and policies. 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.

## 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, 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](http://www.stormrecovery.ny.gov)