

## **Three Areas of Decision Points on Single Family Homeowner Programs for November 18 Task Force Meeting:**

### **I. Single Family Homeowner Programs**

### **II. Task Force Recommendations for Prioritizing Assistance to Impacted Single Family Homeowners**

### **III. Contracting Model for Implementation of Single Family Homeowner Programs**

#### **I. Single Family Homeowner Programs**

##### **A. Restore Louisiana Turnkey Rehabilitation and Reconstruction Program: State-Contracted**

*How does it work?*

Homeowners apply to the state for assistance in rebuilding their home. They are provided the option of either managing their own repair process (Restore Louisiana Turnkey Rehabilitation and Reconstruction Program: Homeowner-Contracted) or having the state manage the full repair process on their behalf (Restore Louisiana Rehabilitation and Reconstruction Program: State-Contracted).

The state's program manager communicates the different processes to the applicants, lays out their options and creates a timeline for the applicants before they agree to pursue a particular path.

If an applicant chooses to have the state manage the repair of their home, the project is managed by a state-contracted firm and the repair or reconstruction work is performed by a builder under contract with the state. Through these entities, the state manages and completes the rehabilitation or reconstruction of damaged homes on behalf homeowners. Homeowners do not select their own contractors and they do not enter into a contract with the construction contractor. Homeowners enter into grant agreements with the state.

The state, through its program manager or QA/QC firm, will conduct progress inspections of the rebuilding process to ensure the work is being completed in a manner as agreed upon at the beginning of the application process.

*Who may choose this option?*

It will be open to anyone eligible for assistance in rebuilding their home, as determined by the general eligibility criteria outlined in the program policies and procedures established by the state. However, this option will more than likely be used by families and individuals who are daunted by or feel they will struggle with the whole rebuilding process. They likely have not started rebuilding yet and may not have worked with construction contractors before.

*What control or choice does the homeowner have in selecting the details of the repair of their home?*

Through the program design, the state would establish a set of standards for rehabilitation or reconstruction. These standards could be predicated on the size and room count of the home before the storm and/or other HUD housing standards. In order to ensure an efficient, cost-effective and timely rebuilding process, it is likely the homeowner would be limited to the options provided within the standards established by the state.

*What role does the homeowner have in the sign-off and approval of work completed?*

The state is the party in contract with the builder and is the ultimate decision maker on whether the work performed is in compliance with the building contract.

*Does the homeowner have access to a warranty of the work completed by the contractor?*

All work performed by the contractor will be warrantied for a period determined by the state in its program design; it is likely it will be warrantied for a minimum of one year, or under the provision of the New Home Warranty Act, where applicable.

*Has this type of program been implemented before?*

Many HUD grantees have implemented this type of program before, including Louisiana, Texas, New Jersey, New York City and New York State. Some grantees have offered the program as an option from the beginning of the repair process, while others have offered it as an option in order to meet the needs of those that could not navigate the repair process on their own.

Lessons learned and best practices from other grantees have shown that there will always be a portion of the damaged population that will need extra support to get through rebuilding their home; they have not been able to get through the rebuilding process on their own. It is much more cost effective and causes far less stress on the homeowner to have this option available to them from the beginning.

*What are the pros of this approach?*

- No funding is paid directly to the homeowner; therefore there is minimal risk of having to recapture any grant assistance back from the homeowner
- The homeowner does not have to worry about compliance or fulfilling certain building requirements
- The homeowner does not have to maintain or provide contracts, receipts or other support documentation to the state
- Contractor fraud of the homeowner is nearly eliminated
- State can ensure applicants' homes are completed and that people are getting home
- State can standardize delivery of housing and ensure all federal compliance requirements are met, including historic property rebuilding requirements and lead and asbestos abatement
- The state could incorporate green energy and rebuilding techniques into the rehab/reconstruction process, thereby creating a more resilient and sustainable post-storm housing stock
- Reduces back-end administrative costs related to monitoring and workout solutions for getting people home

*What are some of the cons of this approach?*

- Homeowners forego the ability to choose their own contractors
- Homeowners forego full spectrum choice in the design of the repair of their homes. They would be limited to the standards established by the state
- If there is a duplication of benefits (DOB), the homeowner may have to contribute additional funding to the project and the state will manage those funds through an escrow account; this may be a deterrent to some homeowners

## **B. Restore Louisiana Rehabilitation and Reconstruction Program: Homeowner-Contracted**

### *How does it work?*

Homeowners apply to the state for assistance in rebuilding their home. They are provided the option of either managing their own repair process (Restore Louisiana Turnkey Rehabilitation and Reconstruction Program: Homeowner-Contracted) or having the state manage the full repair process on their behalf (Restore Louisiana Rehabilitation and Reconstruction Program: State-Contracted).

If applicants choose to manage their own rehabilitation or reconstruction process, they select their own homebuilding contractors and enter into contracts directly with homebuilding contractors to rebuild. Applicants will also enter into grant agreements with the state in order to receive funding from the program to pay for their eligible rehabilitation or reconstruction expenses.

The state will provide advisory and counseling services to homeowners who select this program to guide them through the environmental compliance requirements, to help ensure their contractors are licensed and insured, to ensure they understand their rights and have enough funding available to complete the rehabilitation or reconstruction of their homes.

The awards approved for homeowners flows through the homeowners, and not directly to the contractors. The state could provide funding to homeowners in multiple installments and homeowners are required to provide invoices and/or contracts to prove use of funding before receiving assistance from the state. The state may decide to issue two-party checks that include the contractor when disbursing funding to the homeowner.

The state does not enter into contract with the contractor; all disputes between the homeowner and the contractor are generally handled separately from the state.

### *Who may choose this option?*

It would be open to anyone eligible for assistance in rebuilding their home, as determined by the general eligibility criteria outlined in the program policies and procedures established by the state. It is likely that homeowners that have already started construction at the time of application would apply for this option. However, homeowners who have not started construction may also choose this option.

### *What control or choice does the homeowner have in the details of the repair of their home?*

After completing a damage inspection and deducting funds that constitute a duplication of benefits, the state would calculate the total award for the homeowner, subject to rebuilding standards established in the program design. The damage inspection and replacement estimates would be based on standards established by the state. These standards could be predicated on the size and room count of the home before the storm and/or other HUD housing standards.

If homeowners want to include upgrades or higher-quality improvements beyond what the state approves, they may fund those costs through other sources. Before issuing funding to homeowners, they may be required to provide proof that they have engaged their contractors and that they have sufficient funding to complete construction.

*What role does the homeowner have in the sign-off and approval of work completed?*

Since homeowners are in contract with the homebuilding contractors, they are in control of approval of the work completed by the contractors, subject to the details of their contracts. The state may perform progress inspections and a final inspection to ensure eligible expenses were incurred and construction was complete, but the final sign-off of the work is completed by the homeowners.

*Does the homeowner have access to a warranty of the work completed by the contractor?*

This would be determined by the contractor, the homeowner and applicable state laws. The program rules would not impact the warranty.

*Has this type of program been implemented before?*

Many HUD grantees have implemented this type of program before, including Texas, New Jersey, New York City and New York State.

*What are the pros of this approach?*

- Homeowners are able to choose their own contractors and design
- Homeowners potentially have greater control over the timeline of rehabilitation or reconstruction of their homes
- Homeowners do not have to place additional funding in escrow with the state
- The state is not a party to the contract between a homeowner and the contractor, which reduces potential risk to the state

*What are some of the cons of this approach?*

- Homeowners have to maintain receipts and documentation for eligible costs incurred; without the requisite support documentation, they may not be able to receive assistance from the state
- If advances are made in order to allow homeowners to engage a contractor, homeowners may spend program funding on other, ineligible expenses, resulting in a recapture situation where the homeowners would owe their grant award back to the state
- If homeowners do not complete construction of their homes, then the amount disbursed to the homeowners is considered to be ineligible based on HUD standards, which may result in a recapture situation
- Increased potential for contractor fraud
- Environmental Review Challenges:
  - Additional monitoring from the state and funding from the homeowner may be required to ensure historic homes are rehabilitated in compliance with the State Historic Preservation Officer
  - Additional monitoring from the state and additional funding from the homeowner may be required to ensure homes are rehabbed in compliance with elevation, lead and asbestos requirements
- Vulnerable populations may struggle with navigating the process of rehabilitating or reconstructing their home

### **C. Restore Louisiana Reimbursement Program**

#### *How does it work?*

The homeowner applies to the state for assistance in rebuilding their home. If they have fully or partially completed construction of their home before they applied to the program, they may be eligible for reimbursement of expenses incurred prior to application and within one year of the storm event, less any duplication of benefits limitations.

The major caveat to this provision is that if they are mid-construction when they apply for CDBG-DR funding, they will have to stop construction until the environmental review is complete if they want to receive funding for any prospective work.

If they are mid-construction when they apply for the program, they may be eligible for both reimbursement for pre-application expenses and assistance through the Homeowner-Managed Rehabilitation or Reconstruction program, subject to DOB and program-established award caps.

#### *Who may choose this option?*

This option would be open to anyone eligible for assistance in rebuilding their home, as determined by the program policies and procedures established by the state. Homeowners and individuals who completed all or part of the rebuilding process prior to application for CDBG-DR funds may be eligible for reimbursement.

#### *What are the pros of this approach?*

- Gets money to homeowners relatively quickly
- Helps homeowners who were able to be proactive and rebuild in the immediate aftermath of the disaster

#### *What are some of the cons of this approach?*

- It is likely that receipts will be required; homeowners may not have receipts for expenses incurred during the eligible pre-award period
- Only those homeowners with the means to start reconstruction on their own will be able to benefit from this program; this is not a program that primarily benefits vulnerable populations
- If homeowner is mid-construction at the time of application and they are seeking funds for the prospective work in addition to completed work, they have to stop construction until the environmental review is complete, which can cause significant delays and contractual challenges for homeowners
- If homeowner completed construction in a manner that is inconsistent with federal elevation requirements or HUD environmental standards, they may either have to do additional work to become compliant or else become ineligible for program assistance

## **II. Task Force Recommendations for Prioritizing Assistance to Impacted Single Family Homeowners**

Given the limited amount of funding currently available through the first appropriation from HUD, members of the Task Force have requested information on how additional priorities would impact the number of homeowners that would be served through the Single Family Homeowner Programs. **It is currently estimated that the state will be able to assist around 4,000-4,200 homeowners with the current appropriation, based on the assumption the average award will be \$70,000,** provided some of the appropriation will also go toward renters and businesses. The data below is an attempt to provide additional information so the members of the Task Force can make a recommendation to the Governor on how to prioritize processing and funding applicants.

### **Definitions:**

**FEMA Verified Loss (FVL):** A confirmed FEMA Verified Loss (FVL) occurs when FEMA completes the inspection of a home and the total damages assessed are greater than \$0. There are currently around 112,000 homeowners and renters from both the March and August storms that have a FVL.

**Major-Low:** \$8,000 to \$14,999 of FEMA-inspected real property damage and/or 1 to 4 feet of flooding on the first floor.

**Major-High:** \$15,000 to \$28,800 of FEMA-inspected real property damage and/or 4 to 6 feet of flooding on the first floor.

**Severe:** Greater than \$28,800 of FEMA-inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

**Low to Moderate Income:** Households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. This number also varies by parish and/or Metropolitan Statistical Area (MSA), depending on the actual median income of a parish or MSA.

- *Very low:* Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;
- *Low:* Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size;
- *Moderate:* Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

**NFIP:** National Flood Insurance Program

**Special Flood Hazard Area:** The land area covered by the floodwaters of the base flood is the Special Flood Hazard Area (SFHA) on NFIP maps. The SFHA is the area where the National Flood Insurance Program's (NFIP's) floodplain management regulations must be enforced and the area where the mandatory purchase of flood insurance applies.

**Elderly:** Applicant to FEMA is older than 62 years old. This data does not include all households that have a member of the household that is elderly, it just captures those applicants where the person completing the application as head of household is elderly.

**Access or Functional Need:** Individuals may have physical, sensory, mental health, and cognitive and/or intellectual disabilities affecting their ability to function independently without assistance. Others who

may include women in the late stages of pregnancy, seniors, and people whose body mass requires special equipment.

**Total Population with FVL from March and August Floods:**

	With an FVL
Total DR-4277 (August)	90679
Total DR-4263 (March)	21686
<b>Total Combined</b>	<b>112,365</b>
% of FVL- DR-4277	100%
% of FVL- DR-4263	100%
<b>% of FVL - Combined</b>	<b>100%</b>

**A. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- Household is LMI
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood

Table A	Major/Severe, LMI, Outside SFHA, No NFIP
Total DR-4277 (August)	8051
Total DR-4263 (March)	1626
<b>Total Combined</b>	<b>9,677</b>
% of FVL- DR-4277	9%
% of FVL- DR-4263	7%
<b>% of FVL - Combined</b>	<b>9%</b>

**B. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- Household is LMI
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Applicant for FEMA is Elderly (please note: this data only captures those FEMA applicants where the person completing the FEMA application is elderly; it does not necessarily capture households that include an elderly member of the family, as FEMA does not collect date of birth information on each household member)**

<b>Table B</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, Elderly</b>
Total DR-4277 (August)	3004
Total DR-4263 (March)	607
<b>Total Combined</b>	<b>3,611</b>
% of FVL- DR-4277	3%
% of FVL- DR-4263	3%
<b>% of FVL - Combined</b>	<b>3%</b>

**C. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- Household is LMI
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Applicant for FEMA has an Access or Functional Need (AFN)**

<b>Table C</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, AFN</b>
Total DR-4277 (August)	349
Total DR-4263 (March)	60
<b>Total Combined</b>	<b>409</b>
% of FVL- DR-4277	0.4%
% of FVL- DR-4263	0.3%
<b>% of FVL - Combined</b>	<b>0.4%</b>

**D. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- Household is LMI
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Home is located in one of the top 6 most impacted parishes (Ascension, East Baton Rouge, Lafayette, Livingston, Ouachita, Tangipahoa)**



<b>Table D</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP</b>
Ascension (DR-4277)	147
East Baton Rouge (DR-4277)	3599
Lafayette (DR-4277)	842
Livingston (DR-4277)	1408
Ouachita (DR-4263)	303
Tangipahoa (DR-4277)	672
<b>Total Combined</b>	<b>6,971</b>
<b>% of FVL - Combined</b>	<b>6.2%</b>

**E. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Use statewide income limit (LOWEST LMI level from all impacted parishes, e.g \$37,500 for a family of 4)**

<b>Table E</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, HUD Defined LMI</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, Statewide Lowest Income Limit</b>
Total DR-4277 (August)	8051	5947
Total DR-4263 (March)	1626	1511
<b>Total Combined</b>	<b>9,677</b>	<b>7,458</b>
% of FVL- DR-4277	9%	7%
% of FVL- DR-4263	7%	7%
<b>% of FVL - Combined</b>	<b>9%</b>	<b>7%</b>

**F. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Use statewide income limit (MEDIAN LMI level from all impacted parishes, e.g \$41,600 for a family of 4)**

<b>Table F</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, HUD Defined LMI</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, Statewide Median Income Limit</b>
Total DR-4277 (August)	8051	6649
Total DR-4263 (March)	1626	1623
<b>Total Combined</b>	<b>9,677</b>	<b>8,272</b>
% of FVL- DR-4277	9%	7%
% of FVL- DR-4263	7%	7%
<b>% of FVL - Combined</b>	<b>9%</b>	<b>7%</b>

**G. Total Population with FVL from March and August Floods, with Additional Prioritization:**

Priorities Included in Data Set Below:

- Experienced Major/Severe Damages
- The home is located outside the SFHA (Floodplain)
- Household did not have NFIP (Flood Insurance) at the time of the flood
- **Use statewide income limit (HIGHEST LMI level from all impacted parishes, e.g \$53,100 for a family of 4)**

<b>Table G</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, HUD Defined LMI</b>	<b>Major/Severe, LMI, Outside SFHA, No NFIP, Statewide Highest Income Limit</b>
Total DR-4277 (August)	8051	8431
Total DR-4263 (March)	1626	1863
<b>Total Combined</b>	<b>9,677</b>	<b>10,294</b>
% of FVL- DR-4277	9%	9%
% of FVL- DR-4263	7%	9%
<b>% of FVL - Combined</b>	<b>9%</b>	<b>9%</b>

### **III. Contracting Model for Implementation of Single Family Homeowner Programs**

#### **RFP Option A: State Issues Two Requests for Proposals (RFP)**

**RFP 1: Comprehensive RFP:** RFP includes three bid options for respondents. Respondents can choose to bid on the Program Manager Scope of Work (Bid Option 1), the Construction Management Scope of Work (Bid Option 2) or both PM and CM Scopes of Work and identify the quantifiable cost and implementation efficiencies that would result from combining both efforts under one contract (Bid Option 3).

Bid Option 1. Program Manager Scope of Work:

- Outreach
- Application Intake
- Case Management
- Damage Assessments
- Eligibility Determination
- Homeowner Advisory Services
- Progress Inspections
- Compliance
- Appeals
- Reporting
- IT Services
- Environmental Review

Bid Option 2. Construction Management Scope of Work:

- Program Manager assigns approved program applicants to the Construction Management firm to complete the rehabilitation or reconstruction of homes
- Construction Management Firm subcontracts with homebuilder contractors
- Manages the workflow assigned to homebuilder contractors
- Responsible for ensuring homes are rehabilitated or reconstructed

Bid Option 3. Program Manager and Construction Management:

- Includes all tasks included above
- Respondents provide pricing information to demonstrate cost efficiencies that will result from combining the responsibilities under one contract with the state
- Respondents provide quantifiable information that demonstrates implementation efficiencies that will result from combining the responsibilities under one contract with the state

#### ***RFP 2: QA/QC RFP***

RFP is for a separate entity that will carry out Quality Assurance/ Quality Control (QA/QC) activities for the state. The QA/QC contractor would report directly to the state and would not have any contractual agreement with the other contractors; the other contractors would be required to open their files and processes for review by the QA/QC contractor. The scope of work may include:

- Reviewing sample file documentation for eligibility determination, compliance with program policies and procedures, award calculation, etc.
- Performing sample independent inspections
- Monitoring contractors for established performance metrics

## **RFP Option B: State Issues Three Requests for Proposals (RFP)**

### ***RFP 1: Program Manager RFP***

Program Manager Scope of Work:

- Outreach
- Application Intake
- Case Management
- Damage Assessments
- Eligibility Determination
- Homeowner Advisory Services
- Progress Inspections
- Compliance
- Appeals
- Reporting
- IT Services
- Environmental Review

### ***RFP 2: Construction Management RFP***

Construction Management Scope of Work:

- Program Manager assigns approved program applicants to the Construction Management firm to complete the rehabilitation or reconstruction of homes
- Construction Management Firm subcontracts with homebuilder contractors
- Manages the workflow assigned to homebuilder contractors
- Responsible for ensuring homes are rehabilitated or reconstructed

### ***RFP 3: QA/QC RFP***

RFP is for a separate entity that will carry out Quality Assurance/ Quality Control (QA/QC) activities for the state. The QA/QC contractor would report directly to the state and would not have any contractual agreement with the other contractors; the other contractors would be required to open their files and processes for review by the QA/QC contractor. The scope of work may include:

- Reviewing sample file documentation for eligibility determination, compliance with program policies and procedures, award calculation, etc.
- Performing sample independent inspections
- Monitoring contractors for established performance metrics