
HOMEOWNER REHABILITATION PROGRAM

Program Overview

A CDBG-DR funded Homeowner Rehabilitation Program provides funding to homeowners to rehabilitate disaster damaged residences. Rehab Programs help rebuild a community’s housing stock and encourages the resettlement of displaced homeowners unable to secure sufficient funds through private insurance or other government programs to repair, rehabilitate, or rebuild their home. Rehab programs can be an essential long-term recovery component when a community has a large proportion of damaged single-family (1-4) properties whose units are a) largely owned by underinsured or uninsured low- to moderate-income households and b) geographically concentrated in areas designated for rebuilding.

The following shows the typical steps in a Disaster Recovery Rehab Program. Each grantee’s program will look slightly differently depending upon local needs, capacity and goals.



Program Design Considerations

Although a grantee may look to HOME and CDBG-funded Rehab programs as models for program design—including modifying and adapting processes, documentation, and monitoring activities—a Disaster Recovery Rehab program differs significantly from the standard Rehab program. The scale and urgency of the need in disaster recovery situations call for a nimble, flexible, and streamlined process that addresses the special needs of the affected community and intended beneficiaries.

Major differences between a Disaster Recovery Rehab and a standard program are summarized below.

- **Timing is critical.** Program participants are in crisis and need assistance as soon as possible. If assistance is too slow to arrive, homeowners may choose to leave the area, reside in substandard conditions (such as temporary shelters not intended as a long-term residence), or be foreclosed upon. These unintended outcomes will not only push an applicant out of the process but also may prolong the overall rebuilding efforts of a community. The program design

must include efficient processing and a flexible approach to problem solving while simultaneously articulating clearly and often to each applicant their place in the process.

- **Applicants are likely to need support throughout the process.** Applicants may have suffered significant losses and emotional hardships. Undertaking the process to claim insurance is often burdensome and confusing. The simple mechanics of applying to the program may be complicated by the loss of documents or temporary residence outside the area. The program design should include supports to homeowners as they work through the process. Unlike standard Rehab programs, grantees should not undertake these programs without cultivating partnership and community liaisons such as banks, counseling agencies, legal services, and title companies.
- **Program size may exceed existing capacity.** The program design must take into account the staffing needs for each step in the process, training needs specific to each step, and a qualified pool of contractors and inspectors. Many communities choose to build a case management system where each applicant is given a point of contact who guides them through each step. Other grantees have a series of specialists who each work with the applicant on one step. The grantee should evaluate the current staffing capacity and skills and knowledge of potential hires in context of a community's socioeconomic and cultural norms so that capacity is built for the size of the program *and* the needs of the applicant pool.
- **Implementing a large-scale scattered site construction program is complex.** As most Disaster Recovery Rehab programs are intended to serve a high volume of homeowners, the grantee is, in essence, undertaking a large-scale scattered site construction project. The need to supervise this construction and process payments efficiently at this scale will most likely test the grantee's capacity to manage the physical rehabilitation of the unit, process construction draws, and keep up with demand for construction permits and housing inspections. The program must properly support and train supervisors to manage off-site inspectors who spend the majority of their time in the community. For many, the inspectors are the face of the program and their success can create a positive message about the rebuilding efforts.
- **Strategically prioritize identified needs to ensure adequate funding for rehabilitation efforts.** A key outcome for the Rehab program is to rebuild the housing stock however funds may not be sufficient to address all damaged homes. Grantees often have to make difficult judgments about who to fund and how much funding to provide. If award amounts are capped too low, then the units are often not fully rehabbed and blighting effects remains in a community. Yet, if there are no caps on awards, grantees will not be able to assist all eligible beneficiaries. The grantee must weigh the rebuilding needs against the resources available and plan the Rehab program accordingly.
- **CDBG-DR funds must be closed-out.** Historically, CDBG-DR appropriations require grantees to complete a close-out process. As this may prove quite difficult and taxing on staff to meet this requirement once all programs using CDBG-DR funds are complete, HUD highly recommends closing out programs on a rolling basis. Initiate the close-out process once all funds for each specific program are drawn down, the national objective has been met, and program requirements are complete.

Implementation Strategies

The exhibit below lists critical success factors for each step in a solid Disaster Recovery Rehab program. It lists common obstacles that a grantee may encounter in a disaster recovery situation and strategies used by successful grantees to cover these strategies. It also identifies recommended resources a

grantee may wish to create, per step, to develop a successful program. Finally, there are five tools, identified under “Rehab Implementation Tool” that provide sample language a grantee may edit and adopt to suit their program needs. Each Tool may be found in subsequent documents provided in this Toolkit. The strategies and tools are not exhaustive and depending on the disaster recovery situation, may not be applicable to every grantee’s situation.

Step 1: Application Intake	
Critical Success Factors	<p>A grantee must take into account the special circumstances of the applicants to decrease their barriers to entry and remove the burden to adhere to strict deadlines, meet at designated locations and supply information in a standard format. For a successful application intake process, the program must:</p> <ul style="list-style-type: none"> • Be accessible to intended beneficiaries • Support the rapid assessment of eligibility review • Provide support to beneficiaries that may have lost all documentation in the disaster • Encourage, but be flexible, with deadlines • Engage in unconventional marketing of the program • Hire, or train, culturally- and disaster-sensitive intake specialists • Be on-line and/or catalog all documents to be accessible electronically
Potential Obstacle Displaced homeowners can be difficult to locate following a disaster event.	<p>Strategy</p> <p>Develop and implement an outreach and marketing plan to spread the word about the program throughout the impacted region <u>and</u> in areas where potential applicants are temporarily residing. The outreach and marketing plan may utilize common methods of disseminating information such as newspaper advertisements, local commercials, and public information sessions at neighborhood meetings. However, it is essential that a grantee reach out using communication tools that have sprung up post-disaster, such as action or public interest groups, blogs, or FEMA networks. The plan must be clear and concise in answering the intended beneficiaries concerns up front; for example, lack of documentation due to disaster, accessibility of intake process, etc.</p>
Potential Obstacle Application is lengthy with rigid documentation requirements.	<p>Strategy</p> <p>Develop an application intake process that is easy for potential applicants to complete and can get underway as quickly as possible following a disaster. Some strategies that can assist applicants with applying quickly and easily may include:</p>

	<ul style="list-style-type: none"> • A web based application • Catalog all documents electronically • Utilizing existing Housing Relief/Recovery Centers for application intake and to assist with answering questions about the application process and program rules and requirements • Providing Mobile Case Management services that allow application intake managers to assist elderly and special needs clients who are unable to complete web based application or visit center • Public information meetings and clinics that help homeowners assess needs, gather information needed to apply for assistance, and explain program rules and requirements. Involve government officials, bank representatives, FEMA representatives, SBA representatives, and legal aid in these meetings.
Resources	<ul style="list-style-type: none"> • Web-based Application • Marketing Plan (unconventional) • Training Materials for new staff providing application intake services • Program Description
Rehab Implementation Tool #1	Intake Application

Step 2: Eligibility Review	
Critical Success Factors	<p>Eligibility review must have clear criteria to ensure an equitable process. Yet, these criteria may prove challenging without a strong process in place to resolve each unique criteria hurdle. A successful eligible review process must:</p> <ul style="list-style-type: none"> • Be quick and efficient • Allow for quick resolution of issues and institute a formal appeals process • Result in a clear and transparent determination of eligibility
<p>Potential Obstacle</p> <p>A high volume of applicants have clouded titles.</p> <p>(Title records may have been destroyed during disaster or may have been</p>	<p>Strategy</p> <p>Pull titles immediately upon applicant intake and employ seasoned title officers familiar with the affected communities. Officers can triage the titles by the degree to which the title is clouded. Officers should be encouraged to resolve minor issues. For major items, grantee can provide free legal assistance.</p>

inadequate before the disaster.)	
Potential Obstacle The grantee lacks the staff to meet the surge in need.	Strategy Once a Rehab Program begins accepting applications, there is a large surge during the first 3-4 months of a program. Without adequate staff to review for eligibility, the entire program may be delayed. When developing a staffing plan, a grantee should consider the following: <ul style="list-style-type: none"> • <u>Overestimate</u> the number of staff needed to process eligibility • Identify staff that have specialties in foreseeable issues such as entitlement income (e.g. social security), self-employment, and language barriers
Resources	<ul style="list-style-type: none"> • RFP for title companies • Eligibility checklist • RFP or partner agreement for free legal assistance • Appeals process
Rehab Implementation Tool #2	Program Guidelines

Step 3: Verify Documents and Check Duplication of Benefits

Critical Success Factors	Since the purpose of CDBG-DR is to meet an applicant’s unmet need, it is likely that they have received several forms of assistance to begin the rebuilding efforts. As with all CDBG-DR funded programs, the Disaster Recovery Rehab program will require a check for Duplication of Benefits, in addition to standard Document Verification procedures. The process must: <ul style="list-style-type: none"> • Take into account data from all relevant sources • Allow for quick resolution of issues • Schedule continuous updates of funding data (to check Duplication of Benefits) • Clearly communicate resolutions with applicants
Potential Obstacle There is no single source of data from private insurance companies or public agencies.	Strategy To strategically target companies and initiate requests for information early in the program planning process, quickly generate a list of the insurance companies who generate the most business in the affected communities. Additionally, identify contacts at the state level, if possible, who work directly with insurance companies (i.e. Insurance Boards) and work through their networks to establish dialogue. Finally create a system to transmit data that is easy for the largest insurance companies. When working with public entities, it is essential to

	coordinate with key agencies (e.g. SBA, FEMA) and establish a data sharing agreement via a MOU.
Potential Obstacle Participants may not have all the documentation needed for verification.	Strategy Establish clear exception rules with well documented criteria. Where possible, establish formal relationships that allow the grantee to procure documents that verify specific information once an applicant provides permission (e.g. agreement with SSA for social security documentation if affected communities have high elderly populations)
Resources	<ul style="list-style-type: none"> • Clarification of Duplication of Benefits Requirement (F-5582-N-01) • MOUs with private insurance companies • Exception standards and/or process

Step 4: Award Determination

Critical Success Factors	Determining the award amount is often the most contentious step in the Disaster Recovery Rehab program. Needs per applicant may be high and there may be a large number of applicants to serve putting pressure on the entire CDBG-DR award. Additionally, applicants are often confused about the calculation due to the duplication of benefits deduction and misunderstandings are often not identified until grantees detail the exact award determination for an applicant. The award determination process must: <ul style="list-style-type: none"> • Provide sufficient funding for participants to rehabilitate their home to acceptable standards • Adhere to a transparent approach to calculating the award • Detail award determination for all education levels • Institute a clear appeals process
Potential Obstacle Award determinations can change after the initial calculation as new or updated information becomes available about the applicant’s benefits from other sources.	Strategy Establish an automated calculation system that provides easy-to-use analytics identifying when recalculations occur. This may be IT-intensive and should be reserved for large-scale programs. Additionally protocols for recapturing assistance, when necessary, are mandatory and must be effectively communicated to applicants at <u>each</u> step in the process.
Potential Obstacle	Strategy

Participants may contest their awards.	Program materials should have a clear description of the factors that affect the award amount including a summary of the data that supports the award determination. Explain the calculation and factors in various different formats, using graphic representation, mathematic formulas, and plain language. Similarly, train staff to communicate this information to applicants of all educational levels.
Resources	<ul style="list-style-type: none"> • Protocol for award determination • Award determination letter • Reports (analytics) that demonstrate automated calculations

Step 5: Closing	
Critical Success Factors	<p>As the closing process is often undertaken by outside sources (title companies) and heavily regulated, grantees can generally use their standard closing process for Rehab assistance. A common challenge, however, is to address the high program volume and significant award amounts within the tight frames of a disaster recovery Rehab program. The closing process must:</p> <ul style="list-style-type: none"> • Document the assistance and the participant’s obligations under the program • Ensure participant’s understanding of the program obligations • Coordinate the draw down and escrow of funds with the closing. • Be completed in a timely and efficient manner
Potential Obstacle Program volume can be significant and overwhelm existing systems.	Strategy Develop a tight RFP and contracting vehicle with several title agencies. They must be proficient in the local community and state laws, yet be large enough to have robust systems and support to process the volume of assumed applicants. Establish criteria for using each title agency based on their individual strengths and capacity (e.g. proficiency in languages). Automate the closing process by establishing portals that allow for easy transmission of data.).
Potential Obstacle Homeowners may have difficulties in understanding the program requirements as they relate to the closing.	Strategy A grantee may choose to train title officers and provide talking points to cover aspects of the program that fall outside of an average closing. Or, it may prove more beneficial for the applicant if each closing is attended by a program representative to detail each document, including the financing mechanism, the calculation award, and the terms and conditions as they relate to the duplication of benefits. Additionally, the grantee should include standard plain language

	summaries of the legal documents, their content and purpose.
Resources	<ul style="list-style-type: none"> • Homeowner agreement • Closing meeting agenda • RFP for title agencies • Contract with title agencies
Rehab Implementation Tool #3	Written Agreement

Step 6a: Construction Management

Critical Success Factors	<p>Construction management is the overall coordination and control of the rehab, reconstruction or new construction of homeowner property, including procurement of contractors, time and cost management, quality control, etc. For grantees, staffing capacity is often stretched thin with large numbers of individuals off-site (inspectors, contractors), sizeable sum of funds processing through a system of checks and balances, and multiple partners engaged that need to be managed appropriately. To ensure the success of the construction process, grantees must:</p> <ul style="list-style-type: none"> • Develop and agree upon a construction schedule at, or prior to, closing • Use an RFQ to develop a pool of contractors who work on small rental projects • Develop a robust QA/QC system for both construction oversight and invoice processing
<p>Potential Obstacle</p> <p>The community lacks sufficient qualified contractors to carry out necessary rehabilitation and reconstruction in the impacted area.</p>	<p>Strategy</p> <p>Develop and make available a directory of area qualified contractors. If there are insufficient qualified contractors, develop a plan for attracting qualified contractors to the area. The plan may include such strategies as:</p> <ul style="list-style-type: none"> • Develop a job creation/incentive program to lure qualified contractors who otherwise would not work in the affected area or who would not take single-family construction jobs • Provide additional educational and/or on-the-job opportunities in cutting edge techniques (e.g. tablets with computerized specs and invoicing approvals) • Decrease risk exposure by providing constant, on-site meetings

	<p>detailing process and identifying needs immediately as they arise</p> <ul style="list-style-type: none"> • Work with other disaster rehab programs to share resources and attract new capacity
<p>Potential Obstacle</p> <p>Property owners report repeated grievances against contractors.</p>	<p>Strategy</p> <p>Develop a clear, transparent plan for grievances that allows for quick, on-site inspection of the issues before problems become endemic to the project. The process must outline the inspector’s responsibilities but also the duties of a QA/QC manager and the thresholds that apply for this manager to become involved.</p>
<p>Resources</p>	<ul style="list-style-type: none"> • Action Plan that outlines a job creation/incentive program to lure contractors to the region. • Online Construction Permit Application • Appeals/Grievance Plan

Step 6b: Construction

<p>Critical Success Factors</p>	<p>For grantees and applicants alike, the construction process is usually the most time-intensive and fraught with unforeseen issues. With large and small construction projects on-going in communities post-disaster, it can be difficult for the Rehab program to compete for raw materials, qualified contractors, quick permitting, etc.</p> <p>For the applicant and tenant, the construction process often is too slow for their needs and extremely disruptive to everyday life. To ensure the success of the construction process, grantees must:</p> <ul style="list-style-type: none"> • Provide on-going training for contractors on the program requirements, grantee’s processes, and inspection standards • Include, where necessary, mitigation standards
<p>Potential Obstacle</p> <p>Local codes do not exist and/or do not include energy efficiency, elevation, or mitigation and weatherization measures to protect properties in future disasters.</p>	<p>Strategy</p> <p>In concert with other disaster housing programs, engage in a two-fold process to create local codes. First, use a reputable set of codes to temporarily establish interim standards and specs for inspections. Any unit rehabbed to these temporary set of codes should be grandfathered in when a more comprehensive set of standards are formed. Second, establish a committee of stakeholders including local contractors, government agencies, local officials and citizens to assist in the development of or updates to codes.</p> <ul style="list-style-type: none"> • Develop standards and specifications that incorporate energy

	<p>efficiency requirements, elevation requirements for homes in flood plain, and mitigation and weatherization measures</p> <ul style="list-style-type: none"> • Educate local contractors and homeowners on how to comply with new rehabilitation standards and specifications. Educational efforts may include holding public information meetings, online resources, and qualified construction rehabilitation specialists available to answer questions.
<p>Potential Obstacle</p> <p>Grantee lacks staff capacity or systems to address the high volume of requests for construction permits following disaster.</p>	<p>Strategy</p> <p>Develop a CDBG-DR funded program that addresses building codes and the permitting process. Additionally, hire and train term-limited staff that are solely responsible for the units receiving assistance. For large scale programs, consider staffing satellite permitting offices in the Homeowner Intake Centers.</p>
<p>Resources</p>	<ul style="list-style-type: none"> • Action Plan addressing building codes and permitting
<p>Rehab Implementation Tool #4</p>	<p>Damage Assessment Master Specification</p>

Step 7: Ongoing Compliance

<p>Critical Success Factors</p>	<p>To ensure that the Rehab program achieves its goal of stabilizing the long term housing market, grantees often implement long term residency requirements for program beneficiaries. To ensure that these requirements have their intended effects, grantees must:</p> <ul style="list-style-type: none"> • Develop a compliance plan for monitoring properties after closing and construction completed • Ensure terms of homeowner agreements are enforced • Ensure funding is available for the grantees to undertake ongoing compliance
<p>Potential Obstacle</p> <p>Homeowners may sell the property after construction.</p>	<p>Strategy</p> <p>Put in place owner-occupancy requirements that incentivize homeowners to remain occupants after rehabilitation is complete. As similar with a standard rehab program, incentives can include forgiving all or a portion of the interest and/or loan amount after an established period of time.</p>

Potential Obstacle Grantee does not budget or reserve funds for full period of projected activity delivery.	Strategy Set-aside a percentage of funds that have revolved back into the grantee for on-going compliance for a set period of time (i.e. 5 years). On-going compliance may be considered activity delivery costs.
Resources	<ul style="list-style-type: none"> • Monitoring plan
Rehab Implementation Tool #5	Quality Assurance Quality Control (QA/QC) Procedures