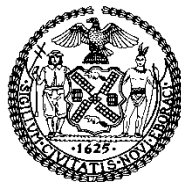


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March 31, 2014

Oversight: Housing Recovery Post-Sandy: The status of the Build-it-Back program.

Introduction

On Monday, March 31, 2014, the Committees on Recovery and Resiliency, Housing and Buildings, and Environmental Protection will hold a joint hearing on the City's Build It Back (BIB) program, which is designed to help repair or rebuild the homes of City residents that were damaged or destroyed by Superstorm Sandy.

Superstorm Sandy

Superstorm Sandy hit New York City with intensity unparalleled by any coastal storm in recent history. The storm began on October 22, 2012, as a tropical depression cyclone in the southern Caribbean with wind speeds below 39 mph.¹ The depression strengthened and became Tropical Storm Sandy, with maximum winds of about 40 mph.² By October 24th, Sandy was a Category 1 hurricane and crossed Jamaica with reported winds of 80 mph. On October 26th, Sandy struck Cuba with winds of about 110 mph, just below the status of a major Category 3 hurricane and on October 27th, the storm turned to the northeast, off the coast of Florida, and left in its path an estimated death toll in the Caribbean of 70 or more. After briefly weakening to a tropical depression, Sandy re-intensified into a Category 1 hurricane and meteorologists warned that the storm would likely morph into a powerful, hybrid super-storm as it moved further northward towards a high-pressure cold front that was expected to force Sandy to start turning to the northwest toward Baltimore, Washington, Philadelphia and New York.³ The full moon was

¹ See Posting of Willie Drye to National Geographic Newswatch, *A Timeline of Hurricane Sandy's Path of Destruction*, Nov. 2, 2012, available at: <http://newswatch.nationalgeographic.com/2012/11/02/a-timeline-of-hurricane-sandys-path-of-destruction/>; see also Hurricane Sandy Advisory Archive, NOAA National Hurricane Center, available at: <http://www.nhc.noaa.gov/archive/2012/SANDY.shtml>.

² Id.

³ Hurricane Sandy Advisory Archive, NOAA National Hurricane Center, available at: <http://www.nhc.noaa.gov/archive/2012/SANDY.shtml>.

expected to make Sandy's storm surge – initially expected to be 11 to 12 feet in some places – even a higher as it made landfall.⁴

On October 29th, Sandy made the anticipated sharp turn toward the northwest on a path to the coast of New Jersey.⁵ The storm began interacting with other weather systems and gained energy and by approximately 8 p.m. Sandy's center had come ashore near Atlantic City, New Jersey. The storm's unusual path from the southeast made its storm surge much worse for New Jersey and New York.⁶ In fact, the National Weather Service's New York office reported that the nearly 14 foot surge was a new record for a storm surge in the harbor. The surge topped the seawall at The Battery in Lower Manhattan and flooded parts of the City's subway system. The surge also flooded the Hugh Carey Tunnel that links Lower Manhattan to Brooklyn and did unprecedented damage throughout Staten Island, Coney Island, and the Rockaways.⁷ As a result, forty-three New Yorkers lost their lives – half of whom were on Staten Island – and tens of thousands were injured.⁸ By December of 2012, the Department of Buildings (DOB) had tagged about 800 buildings as damaged or destroyed around the City, and 70,000 housing units were registered with the United States Federal Emergency Management Agency (FEMA) and found to have suffered some amount of damage.⁹

Build It Back

On November 9, 2012, then Mayor Bloomberg announced the start of the Rapid Repairs Program, a first-of-its-kind program to assist homeowners utilizing FEMA grants in making

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Id.

⁸ Hurricane Sandy After Action Plan. May 2013. Report and Recommendations to Mayor Michael R. Bloomberg.

⁹ NYC Special Initiative for Rebuilding and Resiliency Report, *A Stronger, More Resilient New York*, Foreword from Mayor Michael Bloomberg, available online at http://nytelecom.vo.llnwd.net/o15/agencies/sirr/SIRR_singles_Lo_res.pdf (cited hereafter as SIRR Report).

basic repairs to restore heat, power, and hot water, so that they could shelter in their homes while awaiting complete repairs or rebuilding. Over the next five months, the Program restored these services to almost 12,000 homes with over 20,000 residential units.¹⁰

BIB represents the major program the City has developed to help homeowners complete those repairs and rebuilding project. Announced June 13, 2013, by then Mayor Bloomberg, Build It Back is designed to help rebuild both multifamily and single family (1-4 units) homes damaged by Superstorm Sandy. BIB uses funds from the United States Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program which passes through the City's Department of Environmental Protection (DEP) and is overseen by the NYC Housing Recovery Office and administered by the Department Housing Preservation and Development (HPD). The program offers homeowners a one or more of the following options for their properties: repair, repair and elevate, reimbursement for out-of-pocket previous repairs, rebuild, and acquisition. Repair is offered if damage amounts to less than 50% of the pre-storm value of the home, repair and elevate is offered if damage amounts to between 50% and 80% of pre-storm value, and rebuild is offered if the cost for rebuilding is within 20% of the cost to repair and elevate.

Single Family Program

To participate in the single-family program, eligible home owners had to call 311, go to Build It Back's website, or visit a BIB site. Registration closed on October 31, 2013. Once registered, there is a 6-part process applicants go through. First, registrants have an in-person intake meeting at a Housing Recovery Center and submit required documents. Next, a case management vendor reviews documents to verify eligibility and priority status, including establishing such things as identity, ownership, primary residency, income, and citizenship

¹⁰ NYC Recover: Rapid Repairs, found at <http://www.nyc.gov/html/recovery/html/resources/rapid.shtml>.

status, and to determine the amount of money received from other programs or private insurance for damage to the home resulting from Superstorm Sandy. This is usually a prolonged process requiring more than one visit and review to get proper paperwork to BIB. Next, a separate vendor conducts a site visit, with the property owner, to assess damage to the property. From this meeting the vendor will determine total storm damage done to the home; whether the applicant is eligible for repair, repair and elevate, or rebuild; and whether any lead and/or asbestos abatement is needed.¹¹

The next stage of the process is the award calculation, performed by the case management vendor. The amount of money awarded is based on the damage assessment less the total amount of other Sandy-related benefits awarded by other entities to the homeowner. To figure the award total, BIB first calculates what they call a “transfer amount” by looking at the total amount of disaster relief a homeowner has received from other entities, such as a Small Business Association loan, FEMA grants, and from private insurance, and then subtracts from that total any money the home owner has spent on “allowable activities,” including forced mortgage payments, temporary housing costs, permanent repair expenses, temporary repair costs, and the like. The homeowner then transfers this amount, if applicable, to the program, so that any unspent award from other entities becomes part of the program allotment.¹²

The fifth stage of the program is called the Award Decision. For this, BIB sets up an “Option Review Meeting” with the applicant, prioritizing who gets these meetings based on income and un-repaired damage amount. At this meeting the applicant can review all materials submitted, learn about the repair, repair and elevate, or rebuild process, and learn about reimbursement or acquisition options, if applicable. If the applicant agrees to one of the options

¹¹ NYC Recover: Homeowners. Found at <http://www.nyc.gov/html/recovery/html/homeowners/homeowners.shtml>.

¹² Id.

offered, they will sign an agreement to move forward. Alternatively, if the applicant disagrees with the options offered, they will be informed how they can appeal or withdraw from the program.¹³

The final stage of the process is construction. For this BIB will set up meetings between the applicant and BIB consultants, designers, and/or contractors. Once legal papers are signed, repairs, repairs with elevation, or rebuilding can begin.¹⁴

Some homeowners may also be eligible for reimbursement or acquisition. Reimbursements may be paid to eligible homeowners who have paid for repairs done by private contractors. Eligibility is determined on a case-by-case basis and only applies to contracts signed prior to October 29, 2013, the one year anniversary of Sandy. According to the Recovery web site, BIB is in the process of working out the details of the reimbursement program.¹⁵

The Acquisition for Redevelopment Program is run jointly with New York State. The program allows eligible applicants to sell their property to the State. In order to take advantage of this program, applicants go through a multi-stepped process, described below.¹⁶

First, the applicant must meet BIB's eligibility requirements. Only those with primary one- and two-family homes in the Special Flood Hazard Area that were completely or substantially damaged (i.e., damages greater than half the pre-storm value of the home) can apply. An applicant will learn more about their possible eligibility at an Options Review Meeting. For those interested, applicants get a New York State Appraisal, which compares the home's damages costs to its pre-storm value to determine eligibility. The appraisal value also

¹³ Id.

¹⁴ Id.

¹⁵ NYC Recovery: Reimbursement Program, found at <http://www.nyc.gov/html/recovery/html/homeowners/reimbursement.shtml>.

¹⁶ NYC Recovery: Acquisition for Redevelopment, found at <http://www.nyc.gov/html/recovery/html/homeowners/acquisition-for-redevelopment.shtml>.

sets the amount of the eventual award, if any. Next, an applicant is given Financial Counseling related to issues such as future housing options if he/she opts for the Acquisition Program. Following a BIB Options Review Meeting, if the applicant chooses to utilize the Acquisition Program, a form is signed and the applicant is referred to the State for the final determination.¹⁷

Once assigned to the State, the applicant undergoes further State Review, which may require supplying additional information. Next, assuming successful State Review, applicants receive an Offer Letter, which is the start of the actual acquisition of the property. The State determines what it offers, but generally takes into account the current value of the property plus the difference between the pre- and post-storm value of the property, minus storm-related money, if any, that the applicant has received from other entities. Finally, if an applicant agrees to the offer, there would be a Closing, but if the applicant does not, the applicant would return to the NYC BIB Program.¹⁸

Multifamily Program

Multifamily buildings of 5 units or more damaged by Sandy go through a somewhat different though related process. Non-owner occupied buildings of less than 5 units also qualify for this program and do not qualify for FEMA reimbursement. After calling 311 or signing up online, applicants in this program go through a five-stage process. Stage one is Eligibility and Intake, whereby the owner, individual co-op or condo owners, or co-op or condo association in building with five or more units who registered will be notified by a project manager from the Department of Housing Preservation and Development (HPD) or related entity to verify eligibility and answer questions. The applicant will then compile relevant documents and get them to the project manager. Next, the property is inspected by a BIB-approved entity to assess

¹⁷ Id.

¹⁸ Id.

damage and, in most cases, to develop a resiliency plan for the building. Next, the project manager works with the applicant to select a general contractor to do the work. In a Legal Closing, a loan or grant is arranged that would cover the cost of repairs and the resiliency work, minus any other funds received from other entities to do this work. Loans do not need to be repaid unless the owner re-finances or sells the property while the work is being done. Finally, construction begins. During this entire process the project manager will work with the applicant and be the applicant's main contact.¹⁹

Renters—Temporary Disaster Assistance Program (TDAP)

Some applicants are also eligible for the Temporary Disaster Assistance Program (TDAP) through Build It Back. This program, run by HPD, was set up to provide subsidized housing for low-income renters displaced by Sandy. Eligibility is based on income and building size. Accepted applicants go through a process to search for an appropriate apartment, HPD inspects the apartment and reviews the rent, and, if accepted, HPD enters a lease and the applicant moves in.

During the initial 311 registration call eligibility is determined, based on income. Renters eligible for the program have household income less than 50% of the federally determined Area Median Income (AMI). Participants can only use the program for two years, must stay in NYC, and must pay 30% of their income to rent. After this pre-screening, applicants are invited to HPD for training and to file paperwork. Applicants are then given a TDAP coupon and Landlord Package and have 120 days to find an apartment and return the filled out Landlord Package.

¹⁹ NYC Recovery: Multi-Family Program, found at <http://www.nyc.gov/html/recovery/html/landlords/landlords.shtml>.

Next, HPD assesses the proposed apartment to make sure it is safe and fairly priced. If so, HPD then executes a Rental Assistance Contract with the landlord and the applicant moves in.²⁰

HPD also offers assistance with apartment referrals to renters impacted by Sandy who earn up to 80% of AMI. Applicants identified through the BIB 311 system are assigned a housing placement coordinator, who refers them to up to three owners or managers of affordable housing. If a renter accepts a referral, HPD will send their information to the owner/manager, and the renter is then responsible for coordinating with the owner/manager. TDAP participants can also seek rental referrals. The application period for TDAP was closed in October of 2013.

HPD and the City run additional renter programs, including one to find temporary housing for those displaced by BIB construction, regular lotteries for affordable housing aimed at different income levels, and a web site, Urban Edge, aimed at those whose income is greater than 80% AMI. Last, Catholic Charities runs a program designed to deal with a wide range of disaster-related relief needs.²¹

Build It Back Funding

As stated previously, the Build It Back program is funded by CDBG-DR grants from HUD. The City's CDBG-DR Action Plan was approved by HUD on May 7, 2013 and outlined how the City would spend the first tranche of \$1.77 billion. In November 2013 the City received a second tranche of funding from HUD in the amount of \$1.45 billion, including \$1.05 billion that was added to the Build It Back Program, (see Table 1 below). Amendment 5 of the Action Plan describes how the City proposed spending the second tranche. The public comment period

²⁰ NYC Recovery: Renter's Program, found at <http://www.nyc.gov/html/recovery/html/renters/renters.shtml>.

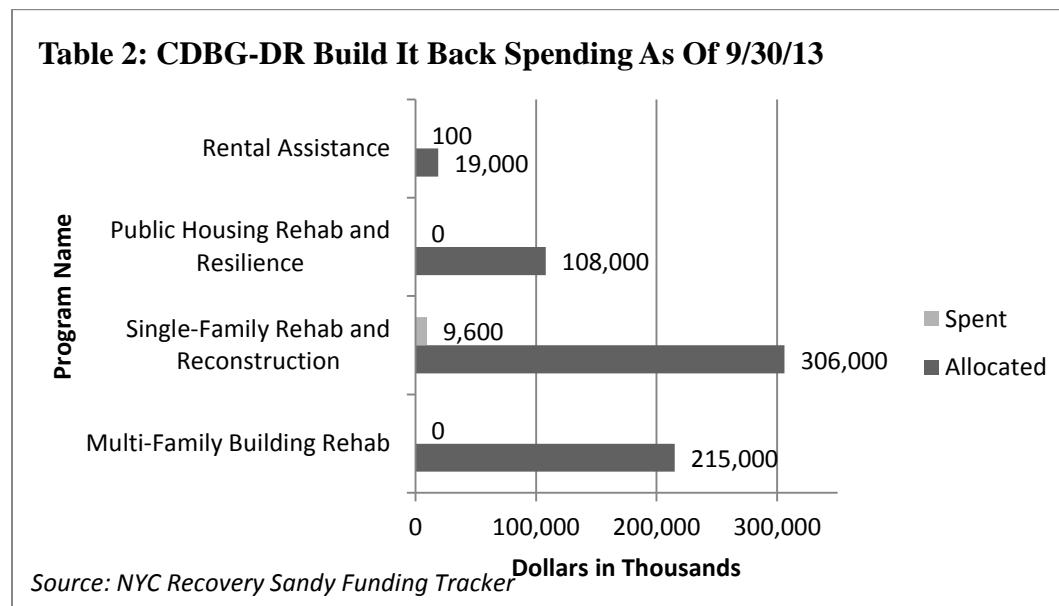
²¹ Id.

on Amendment 5 ended March 2, 2014. Comments are being studied and incorporated and will be submitted to HUD for approval.

Table 1: CDBG-DR Build It Back Allocations

Program (in thousands)	Name	CDBG-DR Allocations		
		1st Tranche	2nd Tranche	Total
Multi-Family Building Rehab		\$215,000	\$131,000	\$346,000
Single-Family Rehab and Reconstruction		306,000	716,000	1,022,000
Public Housing Rehab and Resilience		108,000	200,000	308,000
Rental Assistance		19,000	0	19,000
Total Housing Program		\$648,000	\$1,047,000	\$1,695,000

The most recent data on the NYC Sandy Funding Tracker website is from September 2013. Of the total \$648 million allocated at that time to the Build It Back program, \$9.7 million, or 1.5 percent of the allocated funding was spent. (See Table 2 below.) This directly relates to the progress being made getting registrants through the process outlined in the sections above.



The pace of BIB has been, by all accounts, slow, and many applicants have become frustrated. Complaints have often focused on poor communication between BIB staff and

contractors and applicants. Complaints include such things as long wait periods to hear back from BIB, lost paperwork, confusing procedures, and missed appointments.²² Even Mayor de Blasio has criticized the pace, stating that “It’s self-evident that the pace has been a profound problem.”²³

Numbers seem to substantiate these complaints, starting with the fact that, as of late February 2014, not one single-family home had begun reconstruction in the Homeowners Program, and very little of the allocated money had been spent.²⁴ In addition, by January 3, 2014, just over six months after the program started, of the approximately 20,000 applicants, only 106 had reached the Option Selected stage, the final one before construction could begin. By February 6, the number had crept up to 108 before picking up somewhat, to 462 by March 12, and 590 by March 24 of 2014. Although the increase in March is substantial, still only about 3% of applicants had reached this stage, while, for comparison’s sake nearly 26% had withdrawn or were unresponsive. (For numbers on all phases, see Table 3 at the end of this Report.) One reason for this slowness is that a large number of applicants either disagree with the option they are offered or face complex financial and logistical calculations before they can decide what to do. In recent months BIB has added additional project management services to help navigate these complicated issues. They have also stepped up efforts to bring unresponsive applicants back into the program, increase outreach in the communities, and improved communication and processing, according to officials at BIB.

²² Sandy Victims Unhappy with Build It Back, Domenick Rafter, Queens Chronicle, February 20, 2014. Found at http://www.qchron.com/editions/queenswide/sandy-victims-unhappy-with-build-it-back/article_bfd4ea42-9a50-11e3-8df8-0019bb2963f4.html.

²³ Build It Back Program Has “Profound Problem”: de Blasio, Mark Maurer, The Real Deal, February 25, 2014.

²⁴ Id.

An additional potential problem has to do with money allocated and potential costs. According the BIB officials, there is probably ample money to pay for all Priority 1 applicants,²⁵ but not enough money, currently, to help lower priority homeowners. They estimate that they will need an addition \$900,000 million from Tranche 3 to complete work for all applicants.

At the hearing on Monday, March 31, 2014, the Committees expect to hear from the NYC Housing Recovery Office, as well as members of the public, on a number of matters related to the programs discussed above.

²⁵ There are approximately 5,360 applicants in Priority 1, 4,132 in Priority 2, 1,140 in Priority 3, and 9,350 whose Priority status is Unknown.

Table 3: Change in Applicants Status from January 3, 2014, to March 26, 2014

	Registrations	Withdrawn or Unresponsive	Initial Application Meeting Conducted	Damage Inspection Conducted	Options Meeting Scheduled	Options Meeting Completed	Option Selected
3-Jan	20,161	5,399	11,125	2,625	1,063	471	106
	-	-	-	-	-	-	-
6-Feb	20,168	5,326	13,846	5,382	3,021	1,694	108
% change	N/A	-1.35%	24.46%	105.03%	184.20%	259.66%	1.89%
12-Mar	19,996	5,132	13,739	8,378	3,137	2,915	462
% change	N/A	-3.64%	-0.77%	55.67%	3.84%	72.08%	327.78%
26-Mar	19985	5,176	13,888	9,464	3,415	3,182	634
% change	N/A	0.86%	1.08%	12.96%	8.86%	9.16%	37.23%