



## Ike-Disaster Recovery Program

### Housing Repair/Rehabilitation and Reconstruction

### Summary of Application Guidelines

#### Purpose

The Ike Disaster Recovery-Housing Repair/Rehabilitation and Reconstruction ("Ike-HRR") Program is a competitive program offered by the Illinois Department of Commerce and Economic Opportunity (DCEO) to assist homeowners who received significant damage from the flooding that occurred during disaster declarations of 2008. This program will provide grants to affected homeowners to repair damages caused by the storms and when necessary reconstruct homes. The three federally declared disasters are: FEMA-1747-DR declared on March 7, 2008 FEMA-1771-DR declared on September 2, 2008, and FEMA-1800-DR declared on November 18, 2008.

#### Applicant Responsibilities

In order to more effectively operate this initiative, DCEO will be soliciting proposals from county governments and municipalities that are located in one of the 41 Illinois counties affected by one or more of the three federally declared disasters. A maximum of one percent will be allowed for administrative costs.

Jurisdictions will have until April 16, 2012, in which to submit their application applications. The applications will require jurisdictions to specify:

- the total amount of funds being sought
- the number of homes to be rehabilitated
- the number of destroyed homes (if any) to be replaced
- the amount of funds to be allocated to rehabilitation
- the amount of funds to be allocated to new construction of replacement homes

The application will also outline which areas in the community will be served by the program and prioritize those areas by need. The application will also set targets for the number of homes that will require substantial rehabilitation (i.e. more than \$28,000 in storm related repairs/reconstruction).

As outlined below, eligible counties and municipalities are being asked to gather information about the ongoing needs in their communities, provide information on potential beneficiaries in their jurisdictions, and propose a responsive action plan. The action plan should include a description of the amount of funds requested, the target area to be served, the number of homes to receive assistance, and the number of homeowners that will qualify in specified special needs categories. If selected, the applicant jurisdiction will be responsible for marketing the program and for ensuring that a sufficient number of eligible homeowner applications are received and forwarded to the HRR review team put in place by DCEO.

However, the jurisdictions will not be responsible for the day to day management of this program. HRR case managers will determine homeowner eligibility and verify income. In addition, HRR is responsible for conducting inspections, developing scopes of works, selecting contractors, and overseeing the construction process.



## General Housing Eligibility Requirements

To be eligible for the program all of the following requirements must be met:

- Home must have been damaged by the disaster
- Home must be a single family unit structure
- Home must be affixed to a permanent foundation on land owned by the property owner being assisted
- Dwelling and site is taxed as real property by the community
- Home must be located outside the 100 year flood plain
- Home must have been the homeowner's primary residence
- Homeowner must have been the owner of record at the time of the disaster and continue to be the owner
- Homeowner must have applied to FEMA for disaster assistance
- Household must be considered Low and Moderate Income
- Home must still have an estimated minimum of \$10,000 worth of damage

## Program Priorities

### Priority Recipient

Applicants who meet the following Priority Recipient designation will receive priority for application funding.

Priority 1 – Low and Moderate Income under 50%

- Homeowners who are of low income defined as a household earning **50% or less of the Median Family Income for the County** as published by the U.S. Department of Housing and Urban Development (HUD).

Priority 2 – Low and Moderate Income 50-80%

- Homeowners who are of low income defined as a household earning **50%-80% of the Median Family Income for the County** as published by the U.S. Department of Housing and Urban Development (HUD).

### Type of Remaining Damage

Priority 1 - \$28,800 or greater

- Applications for homes that have been severely damaged are considered Priority One Applicants and will be considered first for funding.

Priority 2 - \$10,000 to \$28,800

- Applications for homes that sustained high major damage are Priority Two Applicants and will be considered for funding once all Priority One applications have been funded.

Damage designations are based on FEMA damage assessment data. For those homeowners who did not receive FEMA funding and do not have a FEMA damage designation, HRR will use the homeowner's insurance damage assessment.

Note that these priorities will be followed until funding runs out. It is conceivable that depending on the number of applicants qualifying under damage priority number one, funding could run out leaving unfunded requests under priority two.



### **Ranking**

The following are the criteria for rating and ranking applications:

- Level of seriousness by county- Maximum of 40 points
- Low and Moderate Income- Maximum of 20 points
- Level of remaining damage- Maximum of 20 points
- Elderly- Maximum of 10 points
- Disabled- Maximum of 10 points

**Please refer to Exhibit A for the scoring breakdown for each of the criteria listed above.**

As outlined above, if selected, applicants will be held accountable for delivering on their projections (e.g. total units, total low income units, etc.) and will risk jeopardizing their award if they are not able to meet the goals stated in the application for funding.

DCEO will review and rank the application applications based on the principles outlined above. Jurisdictions will be encouraged to maximize the number of units that require significant rehabilitation or replacement, the number of units that will serve low income families, elderly, and disabled. Jurisdictions will be asked to submit a list of expressions of interest from homeowners with damage to support their applications. Based on these rankings, DCEO will make a conditional allocation to those jurisdictions with the highest rankings. DCEO reserves the right to make conditional awards that are less than the full amount contained in the jurisdiction's application applications.

Those counties that receive a conditional allocation will then be given 30 days to provide a final list of the homeowner applicants and addresses with the homeowner applicant survey completed for each homeowner. The amount of proposed rehabilitation on this list must be at least 130 percent greater than the jurisdiction's conditional allocation amount in order to compensate for homeowner applicants that may not be able to meet the program requirements and therefore drop out of the program. The jurisdiction must ensure that they are able to achieve its program objectives with regard to targeting low income and special needs populations and directing funds to "high need" target areas. Once this information and the necessary supporting documentation is received and reviewed, the community will receive its official funding allocation. If one or more of those jurisdictions that are selected for a conditional allocation do not provide the required list of projects within the allowable time frame, they will be dropped from the program and replaced by the next highest ranking jurisdiction.

### **Types of Assistance**

#### **Housing Rehabilitation/Reconstruction**

Applicants may apply for assistance for housing repairs/reconstruction through the HRR. The level of damage to the home will determine the type of assistance received.

#### ***Housing Rehabilitation***

Eligibility for rehabilitation requires that the 75% rule be met. The 75% rule states that a housing unit is suitable for **rehabilitation** if the estimated cost of improvements will be 75% or less of the pre-storm appraisal value. Estimated cost of improvements includes the damage from the disaster and code violations that are not associated with flood damage. Homes that qualify for housing rehabilitation assistance may receive up to \$60,000.



### *Housing Reconstruction*

Housing units which do not meet the 75% rule described above will be considered for **reconstruction**. Homes that qualify for reconstruction assistance may receive up to \$100,000.

### **Elevation – For those homes in the 500-Year Floodplain Only**

The house must be elevated if it is located in a 500-year flood plain and the damages are considered a “Substantial Improvement”. A substantially improved building is one that will be reconstructed, rehabilitated, or otherwise be improved and the improvement cost equals or exceeds 50 percent of the market value of the structure before the start of construction. Properties with over 50% damage assessment will have to be raised to the Advisory Base Flood Elevation (meet National Flood Insurance Program (NFIP) minimum requirements, and current building code).

If elevation is required, a homeowner may receive up to an additional \$40,000 to cover the costs of elevation in addition to any assistance provided under the Rehabilitation or Reconstruction categories.

### **Reimbursement**

Homeowners, who have already completed all of the repairs, are not eligible for assistance or any reimbursement costs for repairs under the HRR.

### **Duplication of Benefits**

The Federal Government does not allow anyone to receive federal funding assistance for any activity that has already received benefits from other sources. This is referred to as a “duplication of benefits” or DOB. Any funds homeowners have received to repair the structure of their damaged property (*this includes insurance, FEMA, and/or SBA*), must be accounted for when determining the housing assistance award amount. If they have spent the funds to repair their home and have receipts for repairs completed, these funds will not be subtracted from the award amount. If homeowners spent funds intended for the repair of their house on anything other than home repairs, this money will be subtracted from the assistance award. The homeowner will be responsible for providing those funds and any un-spent repair funds towards the cost of repairing or rebuilding the home.

**Exhibit A**  
**Housing Repair/Rehabilitation and Reconstruction Program**  
**Application Scorecard**

Application #: \_\_\_\_\_

Applicant: \_\_\_\_\_

The rating factors and possible points awarded for each are as follows:

**Total Score:** \_\_\_\_\_

Selection Criteria		
a) Damage	Score	Comments
1. Level of seriousness >.10	40 points	
2. Level of seriousness <.10	20 points	
<b>b) LMI 0-50%</b>		
75-100% homeowners on app	20 points	
50-75% homeowners on app	15 points	
25-50% homeowners on app	10 points	
0-25% homeowners on app	5 points	
<b>c) Damage \$28,800 or more</b>		
75-100% homeowners on app	20 points	
50-75% homeowners on app	15 points	
25-50% homeowners on app	10 points	
0-25% homeowners on app	5 points	
<b>e) Elderly (62 or older)</b>		
75-100% homeowners on app	10 points	
50-75% homeowners on app	7 points	
25-50% homeowners on app	4 points	
0-25% homeowners on app	0 points	
<b>f) Disabled</b>		
75-100% homeowners on app	10 points	
50-75% homeowners on app	7 points	
25-50% homeowners on app	4 points	
0-25% homeowners on app	0 points	

**Grant Recommendation:** \_\_\_\_\_

\_\_\_\_\_  
**Preparer** **Date**

\_\_\_\_\_  
**Reviewer** **Date**