



# Homeowner Reimbursement



Housing



Community  
Development



Infrastructure

**The pace of getting disaster recovery funds to homeowners can often be a long process; many people need more repairs to their homes for an extended period. Using Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to reimburse homeowners for already incurred expenses for repairs or reconstruction of damaged or destroyed homes could be an advantageous approach to include in recovery programs.**

Reimbursement affords maximum flexibility and independence for homeowners and allows eligible homeowners to begin repairs to their home without waiting for the government.

Reimbursement programs can be run as a standalone CDBG-DR activity, or as an additional benefit under a single-family repair program. Generally, applicants will be eligible for a reimbursement program if they meet the eligibility criteria established for a grantee's CDBG-DR single-family homeowner program.

## Program benefits

- Ability to get grant funding out the door fast
- Does not penalize people for taking initiative to make necessary repairs
- Applicants can receive both repair assistance from the program, and receive reimbursement assistance while waiting for the program to complete their repairs

## HUD program requirements

- Grantees may only charge the costs for rehabilitation, demolition, and reconstruction of single family and multifamily homes incurred before the owner applies to a CDBG-DR grantee or subrecipient for CDBG-DR assistance (nonresidential buildings, including commercial properties, may also be eligible under HUD guidelines)
- For rehabilitation and reconstruction costs, grantees may only charge for activities completed within the same footprint of the damaged structure, sidewalk, driveway, parking lot, or other developed area
- As required by 2 CFR 200.403(g), costs must be adequately documented
- Grantees must complete a duplication of benefits check before providing assistance pursuant to section IV.A. in the Consolidated Notice
- Expenses must have been incurred within one year after the date of the disaster and before the date on which the person or entity applies for CDBG-DR assistance (grantees may request an extension to be reviewed by HUD on a case-by-case basis, and may be granted providing there is good cause)

# Homeowner Reimbursement (cont'd.)

## Considerations for effective program design

When establishing a CDBG-DR reimbursement program, grantees should consider the following:

- Federal Cross-Cutting requirements, including Environmental Review, Davis Bacon, Civil Rights, Lead-Based Paint, and URA, must be contemplated. Exemptions or alternative requirements may exist for pre-award expenses
- Inclusion of reimbursement activities into CDBG-DR Action Plan
- Establishing policies for handling self-performed repairs and permitting compliance
- Reimbursement Calculation method (see example below)
- Utilizing Xactimate in lieu of receipts for expediency
- Designing an effective and organized appeals process
- Duplication of Benefits (Insurance, FEMA, SBA, Charitable Grants, etc.)
- Compliance with Section 504 accessibility requirements
- Other documentation requirements

## Eligible applicants

Typically, applicants for a reimbursement program will meet the following eligibility requirements:

- Owner Occupied Property

- Owner meets program requirements for low- to moderate-income (LMI) household
- Property / Structure LMI
- Property is 1-4 Units
- Not an LLC / Corporation
- Not In Lis Pendens / Foreclosure

## Reimbursable costs

Reimbursable costs must be permanent construction work completed by the applicant. Acceptable expenses would generally include costs incurred to pay for:

- Architects and/or engineers
- Soil boring/soil testing
- Building permits
- Surveys
- Purchase and placement of a modular home
- Demolition of the damaged home
- Demolition debris disposal/removal
- Environmental remediation or hazardous materials disposal
- Site preparation including, but not limited to, site grading, fill, and leveling
- Rebuild activities such as payments to general contractors, subcontractors, material suppliers, labor, etc. which were incurred by the applicant

## Additional reimbursable costs to consider:

- Temporary rental assistance
- Move out / move in costs
- Storage of furniture during construction

## Example reimbursement calculation policy

The program will reimburse the lesser of:

- The actual cost to reconstruct as demonstrated by documentation provided by the applicant, or
- The cost the program would have incurred had it rebuilt the applicant's property to the lesser of the home's pre-disaster square footage or the square footage which was actually rebuilt.

The reimbursement amount is determined after the amount of disaster recovery funding intended for home reconstruction and not used for other eligible purposes is deducted from the amount spent on reconstruction reimbursable expenses. The program will reimburse 60% of the final amount.

For information on Tidal Basin program support, contact us today.



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