

# State of Colorado Housing Recovery Program

## Frequently Asked Questions

### **GENERAL PROGRAM**

#### **How much funding is available?**

- State Disaster Resilience Rebuilding (DRR) fund - \$12,000,000
- Federal Community Development Block Grant (CDBG) - \$6,000,000
- Federal Community Development Block Grant for Disaster Recovery (CDBG-DR) - \$6,077,000

#### **What is the difference between State funded and Federal funded sources?**

From the household perspective, there is little difference as there is one application and applicants will be funded from the most appropriate resource. They do not need to apply for State and Federal funds separately.

DRR (State funded) was established by the legislature through Senate Bill 22-206 and signed into law by Governor Polis on May 17, 2022. These funds are intended for disaster impacted communities for state or federal declared disasters since 2018.

CDBG and CDBG-DR are federal grants implemented through the Department of Housing and Urban Development (HUD) and granted to Colorado's Department of Local Affairs (DOLA).

The federal dollars come with additional requirements, particularly in the area of environmental review, building requirements and income eligibility requirements. In general, the grants for the moderate and lower income households will be federally funded and the loan funds will come from the state. Individual exceptions will occur based on the ability to meet all federal requirements and the availability of funds from each source.

#### **Who do I contact if I need assistance and clarifications on the program funding for Marshall Fire recovery?**

For the Marshall Fire, information is available through [Boulder County Recovery Navigators](#), who will be able to answer your questions or refer you to the appropriate provider. Recovery Navigators can be reached by calling 303-446-7782 or going to the Boulder County website at: <https://bouldercountynavigatingdisaster.gov/>.

For other eligible State-declared disasters, go to the DOLA website for more information, or you may also contact the Division of Local Government directly at 303-864-7720 or send an email to [dola\\_recovery@state.co.us](mailto:dola_recovery@state.co.us).

## **AWARD DETERMINATION**

### **What is the maximum award?**

The Program allows up to \$150,000 in assistance to affected homeowners. The maximum loan is \$50,000 and the maximum grant is \$100,000. The amount of grant assistance available is dependent on the income level of each household, with lower income households eligible for more grant funding.

### **How is the award calculated?**

It is based on a standard rebuilding cost for the home, less insurance received (plus the deductible), Federal Emergency Management Agency (FEMA) assistance for rebuilding, Small Business Administration (SBA) assistance (for loans), or any other grants or federally subsidized loans received.

That difference between the cost to rebuild and the other funding sources becomes the 'gap'.

The eligible amount is the lesser of this gap and maximum award amounts (grant plus loan). The reason for the 'gap' determination is that federal law prohibits households from receiving more assistance than is needed for the intended purpose. The \$50,000 cap on the loan and \$100,000 cap on the grant is due to the limited amount of funds available.

### **What are eligible expenses for housing rehabilitation and reconstruction?**

The award will be based on standard construction, rehabilitation, reconstruction, replacement, or new construction, and associated elevation and demolition. Eligible expenses include:

1. Direct costs of repairs or reconstruction of a damaged or destroyed primary residence or affordable housing including costs to rebuild to an advanced fire or other natural hazard mitigation standard;
2. Architectural, engineering, permitting, or other soft costs/fees associated with repairing or rebuilding a primary residence or affordable housing;
3. Soil sampling and air quality monitoring;
4. Clearance and demolition costs including concrete and other foundation material removal and removal of hazardous materials including asbestos;
5. Private road or bridge repair if necessary to access a primary residence or affordable housing;
6. Costs associated with using building and site design measures that reduce risk to natural hazards including fire resistant building materials and landscape design;
7. Costs to replant climate ready trees and vegetation;
8. Temporary rental assistance during relocation, rebuilding or recovery work; and
9. Other recovery costs not covered by other sources that will increase resilience to future disasters.

The eligible costs listed above are intended to be site and property specific except for #5 where a private road or bridge off-site may be necessary to access a primary residence. Work to clear the site, design and permit the replacement home or affordable housing, build the home or affordable housing and implement building and site measures to reduce risk to natural hazards and the other costs listed above, are eligible.

**What activities are not eligible for housing rehabilitation and reconstruction?**

Any premium construction will be at the homeowner's expense. Due to federal restrictions, homeowners who want to expand the existing footprint of their home will not be eligible for CDBG-DR funding.

**Are permitting fees and use taxes covered under this program?**

Yes, the rebuilding cost calculation is inclusive of permitting fees and sales and use taxes, therefore it is a reimbursable expense to the extent that it is included in the calculation of the underinsurance gap. These costs are still subject to the overall program maximum grants and loans.

**What are the loan terms and how was it established?**

The intent of the loan was to be comparable to the Small Business Administration (SBA) Home Disaster Loan for those that were not able to access an SBA loan. The terms are comparable at 1.5% with a 30 year term (the actual APR will vary depending on final loan amount). Note that this loan is not intended to replace the SBA loan is primarily for those that were not able to access that assistance.

**What if I already have a Small Business Administration (SBA) loan?**

If the household is eligible for a grant, they may be able to reduce the amount of their loan. Households above 150% AMI who already have a SBA loan will not be prioritized. If funds are available and a documented gap exists, there may be funds available in later rounds of funding.

**Can I get funds to rebuild a second home or vacation home?**

No. These funds are only available for homes that were used as a primary residence at the time of the disaster.

**APPLICATION****When can I apply?**

We anticipate the application being available in late October or early November.

**What documents will I need to apply for funding?**

Program staff are developing a single application and a single, comprehensive list of background documents necessary to apply for funds available to those impacted by the state-declared disasters. To get started, you may begin compiling the following:

- Government issued identification, proof of ownership of the property - current and back to the date of the state-declared disaster (e.g., title and/or property tax record)
- Proof of residency in the property on the date of the state declared disaster (e.g., utility bills).
- Proof of income for adults in the home (e.g., pay stubs, bank statements showing pay deposits, social security/disability/retirement fund statements, or self-owned business account statements)
- Home/hazard insurance claim/disbursement letter/check, and if a federally declared

- disaster, FEMA award/denial letter and disbursement statement
- SBA award/denial letter and disbursement statement, If a federally declared disaster, and applicable
  - Documentation of any other loans/grants/gifts received as financial assistance for rebuilding of the home
  - Documentation of rebuilding or repair cost estimates received from contractors
  - Additional documentation may be required based on your personal circumstances

## **INCOME AND HOUSEHOLD QUESTIONS**

### **How do I determine my eligibility based on income level?**

The award will be based on income level. The Area Median Income (AMI) varies by County and is also dependent on household size. To find the income limits that apply to you, please [click here](#).

To find your income level and eligibility take the following steps:

1. Find your County.
2. Find the column that represents your household size (including children and any non-family members who live there permanently).
3. Based on your annual income, read down the column until you get to the first dollar amount that equals or exceeds the annual combined income of all household members.
4. Follow that row to the left and the first column will indicate your AMI level (80%, 100%, 120%, 150% or greater than 150%). This identifies how much grant you are eligible for.

### **Will those who have major income changes due to the fire qualify for lower income brackets?**

The income is based on the date of the time of application and not at the time of the disaster. This will allow for those major changes to income to be shown.

### **Are you going to 1099 funds you give to individuals who receive grant funds?**

No. A Form 1099-MISC reporting the payment would be required if the payment constituted income to the recipient. In this case, because the payment is not income, no Form 1099-MISC or other information return is required to be filed with the IRS or furnished to the recipient.

### **Will the insurance funds that households have received be counted towards income when we apply?**

Those funds will not count towards your income, but it will be included in the duplication of benefits (DOB) calculation.

### **What do you consider "duplication of benefits" (DOB)?**

A DOB occurs if an individual, business, or government entity receives assistance for a specific purpose from multiple sources that exceeds the need for that particular purpose. For example, if a homeowner needs \$50,000 to repair their home and they receive \$5,000 from insurance and \$20,000 from FEMA, the maximum amount of money they can receive from another source for home repairs is \$25,000. The funds also must be spent on what they were intended for – a citizen will have a DOB if they buy a new car with money they received to repair their home.

**How do you determine the household size?**

The State will use HUD's HOME Program guidelines in determining household size at 24 CFR 92. HUD says that, as a general rule, you must include "all persons living in the unit" when determining household size.

**RENTAL PROGRAMS****Are funds available for landlords to repair or rebuild damaged properties?**

Funds will be available for landlords once the federal sources of funding are available to the state, which we currently anticipate being available around January. However, because these are federal dollars meant to provide affordable housing, there will be a 5 year period of affordability required for units reconstructed with these funds.

**Who is eligible to receive funding for rental rehab?**

To be eligible for the program, landlords and their rental property must meet the following criteria:

- The damaged property must have sustained damages as a result of one of the eligible declared disasters indicated in the program overview.
- Property owners must have been the owner of record of the damaged property on the date of the disaster declaration.
- The property owner or group of owners must have been a resident or jurisdiction-based business or nonprofit organization authorized to operate in the State on the disaster declaration date. Property owners do not have to reside in the State at the time of application to be eligible.
- Properties that sustained disaster damage of at least \$10,000 as verified by a visual inspection or a 3rd party verification, including FEMA, Insurance, USDA or County estimates.
- The damaged property must be an eligible structure as defined in the program guidelines, including, but not limited to, single-family residences, duplexes and other residential buildings consisting of 4 units or less, manufactured and mobile homes, or townhomes.
- Property must be utilized as a long term rental. Short term rentals are not eligible.

**What is the maximum award for rental rehab?**

The maximum grant award is \$100,000 per unit.

**What activities are not eligible for rental rehab?**

Any premium construction will be at the homeowner's expense. Due to federal restrictions, homeowners who want to expand the existing footprint of their home will not be eligible for CDBG-DR funding.

**Is there a period of affordability required if funds are used for rental rehab?**

Yes, all rental units that receive an incentive from the Rental program must be rented to a low- to moderate- income individual or family. Units must be affordable and available

to renters earning 80 percent of AMI or less for a period of five years.

## **MITIGATION FUNDING**

### **Can I use the Housing Recovery Program for additional fire and wind mitigation?**

Fire and wind mitigation costs will be considered legitimate rebuilding costs and not considered 'premium' construction for the purposes of estimating rebuilding costs. This can potentially increase the amount that households are eligible to receive. However, due to limited resources, we are not able to exceed the grant and loan maximums to accommodate these additional costs.

A limited amount of funding will also be available through the CDBG-DR Wind and Wildfire Housing Protection Program. Those funds will be available pending HUD's approval of our action plan and will be limited to households at 120% of the Area Median Income or less. We do not expect those funds to be available until early 2023.