



Colorado Housing Recovery Program (HRP)

PROGRAM OVERVIEW

The purpose of the State of Colorado Housing Recovery Program is to provide additional rebuilding resources for those needing assistance in order to remain in their communities following a natural disaster. The program aims to promote rebuilding in accordance with high performance building standards adopted by local communities and voluntary sustainable building elements that exceed local code requirements, including the incorporation of fire-resistant building materials and energy efficiency measures.

What type and amount of funding is available?

- State Disaster Resilience Rebuilding (DRR) fund - \$12,000,000
 - Available statewide for disasters declared since 1/1/2018
- Federal Community Development Block Grant (CDBG) - \$6,000,000
 - Available in Boulder County and also statewide with a local partner
- Community Development Block Grant - Disaster Recovery (CDBG-DR) - \$6,077,000
 - Available in Boulder County for Marshall Fire & Straight Line Winds disaster
 - A second allocation of CDBG-DR funds will be available as early as late spring 2023
- Colorado Energy Office Recovery and Electrification Program
 - The basic Recovery and Electrification Program is a \$10,000 rebate available for high-efficiency electric primary homes or long-term rental units that are built to the 2021 International Energy Conservation Code standards statewide or a stronger standard as applicable.

What is the difference between State and Federal funding?

From the household perspective, there is little difference as there is one application for HRP program funds, and if awarded funds, applicants will be funded from the most appropriate source. One application is required to be considered for both State and Federal funds.

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 federally-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 (forgivable loans) for moderate and lower-income households will be federally funded, and the traditional loan funds will come from the state funds. Individual

exceptions will occur based on the ability to meet all federal requirements and the availability of funds from each source.

ELIGIBILITY

Eligible applicants include persons who owned a disaster-impacted home as their primary residence at the time of an eligible state-declared disaster (listed below). Eligible property types include single-family residences, duplexes, townhomes or condominiums, and manufactured homes or mobile homes permanently affixed to permanent foundations.

Landlords will be able to apply for rebuilding assistance once HUD approves the CDBG-DR Action Plan and those funds are granted to the State. Receipt of this assistance is conditional on maintaining affordable rents for a period of at least 5 years and in accordance with the Division of Housing current guidelines.

Timeframe for expenses

The HRP will consider expenses incurred after the signing of SB 22-206 on May 17, 2022, as eligible. Expenses incurred after May 17, 2022, as the result of a state or federally-declared disaster in Colorado since January 1, 2018, are eligible to apply for Program funds.

CDBG-DR funds in Boulder County are eligible to reimburse recovery expenses from the federal disaster declaration on December 31, 2021.

Eligible Disasters

The state-declared Colorado disasters since 2018 listed below that lost housing are eligible for assistance. These rebuilding funds are only available for ongoing rebuilding costs.

Year	State-Declared Disaster with Residential Property Losses
2018	Spring Creek Fire: Costilla & Huerfano Counties
2018	Chateau Fire: Teller County
2018	Lake Christine Fire: Eagle County
2019	Avalanche Debris and Flooding Risk: Hinsdale County
2020	Cameron Peak Fire: Larimer County
2020	Mullen Fire: Jackson County
2020	East Troublesome Fire: Grand County
2020	Calwood Fire: Boulder County
2021	Muddy Slide Fire: Routt County
2021	Burn Scar Flooding, Mudslides, Rockslides: Garfield, Larimer, Eagle, Grand, Routt, Rio Blanco & Pitkin

Are second homes or vacation homes eligible for funding?

No. These funds are only available for homes that were used as primary residences at the time of the disaster. Second homes and short term rental properties are not eligible for this program.

Eligible expenses

The award will be based on standard construction, rehabilitation, reconstruction, replacement, or new construction costs (see below) and any associated elevation changes and demolition. The eligible costs listed below 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. 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 including retaining walls on an individual's private property, that reduce the 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 will increase resilience to future disasters.

Eligibility of permitting fees and use taxes

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's maximum grants and loans.

Eligibility and Household income level

Awards in the Housing Recovery Program will be based on the income level of the household. Household income is calculated on income at the time of application. 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 for HRP funds, take the following steps:

1. Find your County.
2. Find the row that represents your household size (including children and any non-family members who live there permanently).
3. Based on your annual income, read across the Household size row until you get to the column with the first dollar amount that equals or exceeds the combined annual income of all household members.
4. The first column that equals or exceeds your household income is your AMI level (80%, 100%, 120%, and 150%). This level of AMI is used to identify the grant/forgivable loan you may be eligible for. Households with an annual income that is greater than the county's 150% AMI are not eligible for a grant/forgivable loan but are eligible for traditional loans.

For example: a Boulder County household of 3 persons with a combined household income of \$100,000.

- Use Household Size of 3 persons
- Read across the row with 3 persons until the AMI number equals or exceed \$100,000
- As the 100% AMI column is \$112,900, that equals or exceeds the household income of \$100,000
- The household income in this example is 100% of the AMI

Smoke and ash damage

The impacts of a fire disaster may continue downwind away from the actual area where homes and property were destroyed by any fire. Smoke and ash damage to homes outside of any burn scar can be significant and are as much a result of the fire as the damage and loss within the burn area. Repair and renovation of properties due to smoke and ash damage is an eligible expense within the geographic area designated in either the State or Federal disaster declaration. For example, if a disaster declaration is for Boulder or Grand counties, smoke and ash damage would be an eligible expense in those two counties but not in neighboring counties.

Manufactured Homes

Manufactured homes (called mobile homes prior to 1967) are eligible for HRP funds. Expenses related to manufactured homes include repairs to roofing, skirting, tie-down anchors, utilities, and the structure of the manufactured home. Eligible expenses also include the replacement of a manufactured home that is not habitable due to the disaster and cannot meet current life, safety, and building codes.

Standard vs. Custom Construction

Standard quality reconstruction or renovation work is used to develop estimates. Should a contractor estimate or a bid be developed using custom or premium furnishings or finishes, those items will be adjusted downward to mirror the price of standard quality elements in developing the projected cost of reconstruction or renovation. Any premium construction will be at the homeowner's expense; however, fire and wind mitigation costs are considered legitimate rebuilding costs and are not considered 'custom or premium' construction for the purposes of estimating rebuilding costs. For example:

<u>Item</u>	<u>Standard</u>	<u>Custom or Premium</u>
Flooring	Carpet, vinyl, laminate	Vinyl planks or tiles, hardwood
Countertops	Formica	Granite or Quartz
Cabinets	Economy grade	Premium or custom grade
Windows	Standard sizes	Custom sizes
Appliances	Standard grade	Commercial grade
Siding	Program supports stucco, brick, stone, etc. in all cases	

Application, Review, Award

Application

The Housing Recovery Program **long form** (for housing recovery and reconstruction statewide) and **short form** (for Community Foundation of Boulder County) applications are available and can be found at: <https://cedproject.org/rebuild/>.

The Colorado Energy Office Recovery and Electrification Program application is also available at the link above. Two forms of this rebate application are available: one for residents within Boulder County and one for the remainder of the State.

Documents needed to apply for HRP funding

A [comprehensive list of required background documents](#) to apply for funds has been developed. To get started, you may begin by 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)
- Written verifications of employment
- Last six months of all checking accounts
- Last two months' bank statements for savings and all other accounts
- 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 the home.
- Documentation of rebuilding or repair cost estimates received from contractors
- Additional documentation may be required based on your personal circumstances.

Household size determination

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

Grant/Forgivable loan details

For the Housing Recovery Program, grants of funds will be made in the form of forgivable loans. All applicants must complete an initial property eligibility screening. Upon eligibility determination, a partner/administrator will provide access to the online application and assist as necessary. The applicant must be the *current* subject property owner and the owner of record on the *disaster date*. Ownership will be verified through public record, warranty deed and real estate tax records.

Available Amount: Up to \$100,000.00 maximum based on the household income as a percentage of area median income.

Primary Residency Requirement: Borrowers must *maintain the property as their primary residence for a period of at least 3 years*. Property transfer prior to the three-year forgiveness period will result in the payoff of any remaining unpaid principal balance on a proportional basis.

Payments: No payments of either principal or interest are made on a forgivable loan during the 3-year condition that the home be used as a primary residence.

Traditional loan details

Traditional loans are available to those who suffered damage or destruction of principal residences in State of Colorado disasters from 2018 on. All applicants must complete an initial property eligibility screening. Upon eligibility determination, a partner/administrator will provide access to the online application and assist as necessary. The applicant must be the *current* subject property owner and the owner of record on the *disaster date*. Ownership will be verified through public record, warranty deed and real estate tax records.

Household Income Maximum: N/A, there is no household income qualification requirement.

Available Loan Amount: Up to \$50,000.00 maximum

Repayment Terms: The loan will be repaid via principal and interest monthly payments fully amortized over a period not to exceed 30 years at 1.5% with a 30-year term (the actual annual percentage rate (APR) will vary depending on the final loan amount). The loan will become immediately due upon the sale, transfer, refinance, when the house is no longer the primary residence, or upon the death of the borrower. The intent of the traditional loan is to be comparable to the Small Business Administration (SBA) Home Disaster Loan for those that were not able to access an SBA loan.

Review

All applicants must complete an initial property eligibility screening conducted by a local partner or a third-party administrator. Applicants impacted by the Marshall Fire and most other applicants will apply through the [Impact Development Fund \(IDF\) / Community Economic Defense Project \(CEDP\) Portal](#). Application and intake will be conducted with assistance from CEDP intake coordinators who will assist homeowners in identifying and uploading the required documentation.

Complete applications will be forwarded to IDF for underwriting, award/no award

determination and loan processing if funds are awarded. Upon award, an IDF representative will finalize documentation and schedule a grant/forgivable loan and/or traditional loan closing directly with the applicant.

Award

Maximum award

The Program allows up to \$150,000 in assistance to affected homeowners. The maximum traditional loan is \$50,000, and the maximum grant in the form of a forgivable loan 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. Grants are provided in the form of a forgivable loan.

How awards are calculated

Each award 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.

The difference between the cost to rebuild and the other funding sources becomes the ‘gap.’

The eligible award 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 traditional loan and the \$100,000 cap on the grant/forgivable loan are due to the limited amount of funds available.

Delivery of awards

Awards in the form of either a grant (forgivable loan) or traditional loan are made as part of a loan closing with the homeowner and IDF. At closing for either or both loans, the lower of 30%, or a maximum of \$10,000 of all awarded HRP funds, are retained by the Housing Recovery Program until final billing and issuance of a certificate of occupancy for the residence. Funds are disbursed in accordance with the standard construction loan process and may be drawn upon during the course of the construction or renovation. If HRP funds are delivered to an escrow account, no retainage percentage or maximum is needed.

For assistance and clarifications on the Housing Recovery Program

The State of Colorado has partnered with Impact Development Fund and Community Economic Defense Project to provide application assistance and an online application portal which can be found [here](#).

Appeal a funding/no funding decision

If a homeowner disagrees with an award/no award determination, an appeal may be filed within 30 days of that notification. To file an appeal, please provide the determination letter, a narrative describing in detail the reason for requesting a review, and any new information

or supporting documentation (e.g. cost escalations, additional eligible improvements, adjustments to insurance proceeds, etc.) that was not available at the time of the initial application. An appeal can be made to IDF at Recovery@impactdf.org.

Contact Information

You can connect with a call center representative by calling or texting 303-532-2785 Monday through Friday 8:30 a.m. - 5:00 p.m. MST or emailing: rebuild@cedproject.org. Individuals can also chat with a call center representative during business hours by using the chat function located on the bottom right corner of the application page [here](#).

Recovery and Electrification Rebate

Colorado Energy Office Recovery and Electrification Program

An energy performance upgrade opportunity exists with funding provided by SB22-206 through the Colorado Energy Office (CEO). CEO has provided DOLA with funding to implement a high-efficiency electrification rebate program. The basic Recovery and Electrification Program is a \$10,000 rebate available for high-efficiency electric primary homes or long-term rental units that are built to the 2021 International Energy Conservation Code standards statewide or a stronger standard as applicable.

Any homeowner whose home was damaged or destroyed in a declared disaster since 2018 and is rebuilding or repairing at the same location is eligible for this rebate. The rebate is available upon issuance of a certificate of occupancy by the local jurisdiction or other certification method that confirms the installation of the high-efficiency equipment. The amount of the rebate may vary based on local codes and it may also be increased for areas that are outside of the Marshall Fire area as a complementary rebate from Xcel Energy is not available outside of Boulder County.

Electrification Rebate: Marshall Fire and Straight Line Winds - Boulder County

For homeowners impacted by the Marshall Fire and Straight-Line Winds disaster, a \$10,000 rebate is available for households that have installed and made operational:

- a. NEEP certified cold climate heat pump or ground source (geothermal) heat pump;
- b. An electric resistant or induction stove; and
- c. A heat pump water heater.

To apply for this rebate please access the online application portal [here](#).

Electrification Rebate: East Troublesome Fire - Grand County

The Colorado Energy Office is developing a robust rebate program in Grand County in partnership with Mountain Parks Electric Inc. For any questions on this rebate and how to apply in Grand County, please contact **Christine Berg** at: [303.349.6122](tel:303.349.6122) or christine.berg@state.co.us.

Electrification Rebate: Other State or Federally-declared disasters since 2018

For homeowners impacted by other declared disasters in Colorado, the Recovery and Electrification Program three items listed above are required but the requirement to meet the 2021 International Energy Conservation Code (IECC) will be adjusted to be in line with locally adopted codes or an earlier version of the IECC.

To apply for this rebate please access the online application portal [here](#).

FREQUENTLY ASKED QUESTIONS

Household Income

How will major income changes due to the fire be considered?

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

Are award funds going to need an IRS 1099?

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 must be filed with the IRS or furnished to the recipient. However, if reporting a loss to the IRS, these funds would reduce that loss. Consult a tax professional for your individual situation.

Will the insurance funds that households received be counted as income?

No, insurance funds will not count toward your household income. However, they will be included in any duplication of benefits (DOB) calculation related to the resources you have for your rebuilding effort.

What is considered in "duplication of benefits" (DOB)?

A DOB occurs if an individual, business, or government entity receives assistance for a specific purpose from multiple sources that exceed the need for that particular purpose. For example, if a homeowner needs \$50,000 to repair their home and they receive \$10,000 from insurance and \$25,000 from FEMA, the maximum amount of money they can receive from another source for home repairs is \$15,000. The funds also must be spent on its intended purpose. In this case repairing or rebuilding the home.

Construction

How is the construction cost estimated?

The estimated cost of reconstruction is developed using estimating software (e2Value) and then additional costs that estimating software does not include (e.g. concrete flatwork, landscaping) are added to that estimated cost. The last step is that an additional 15% on the total estimated construction cost is added in order to account for the unique rebuilding environment in Colorado. For example:

- Estimated construction cost with estimating software	\$ 750,000
- Additional costs not included in estimating software	\$ 100,000
- Subtotal reconstruction cost	\$ 850,000
- Add 15% for unique rebuilding environment	\$ 127,500
- Total Estimated Reconstruction Cost	\$977,500

Can I rebuild in a floodplain?

Yes, however, it is mandatory to elevate the structure or flood proof all work within the 500-year floodplain (or 0.2% annual chance) to the higher of the 500-year floodplain elevation or 3 feet above the 100-year floodplain elevation (as per FEMA flood proofing standards at 44 CFR 60.3(c)(2)-(3) or a successor standard).

Can I change the footprint of my home?

Yes. Within the limitations in the next question on the total square footage of your reconstructed home and the setback requirements in your community, the footprint, or outer edge of your home measured at the foundation, can change quite a bit. For example: if a 2-story 2,000 square foot home (no basement) was lost in the disaster - the home had a footprint at its foundation of 1,000 square feet. The homeowner now wants to reconstruct it as a single-story home of 2,000 square feet (still no basement) and local regulations allow it. In this example, the footprint expands by 100% but the square footage of the new home does not change at all and is eligible for Housing Recovery Program funds.

Can I change the total square footage of my home?

Reconstruction of homes can be completed either larger or smaller than the original structure without affecting eligibility. However, the Housing Recovery Program is basing its award on the cost to reconstruct a home based on the original square footage of the residence that was lost. Costs associated with increasing the size of the home will be at the homeowner's expense. If the household is downsizing, the award will be based on the lesser of estimate based on the original square footage and the actual construction cost. Exceptions may be made on a case-by-case basis if the size increase is required to meet current code or to provide accessibility accommodations for elderly or disabled residents.

Small Business Administration

If I have Small Business Administration (SBA) assistance, can I still apply for housing assistance?

Yes. Homeowners who have SBA assistance **may still apply** for funding through the Housing Recovery Program especially if the household income is under 150% of the Area Median Income. Households that are under 150% of the Area Median Income that are eligible for the grant/forgivable loan should apply.

How does the grant/forgivable loan affect my SBA loan??

If receipt of this award causes your overall gap to be less than your SBA loan, you may need to reduce a portion of your SBA loan. SBA loans are subject to federal requirements for disaster assistance which prohibits them providing assistance that exceeds the funds needed for rebuilding. If your gap is still greater than your SBA loan (typically capped at \$200,000 for rebuilding), then there is no need to adjust the loan.

Can I receive a traditional loan if I have already been approved for an SBA loan??

Households above 150% AMI who already have an approved SBA loan are not eligible at this time. Due to limited funds, you cannot cancel your approved SBA loan in order to apply for the State's traditional loan program. Exceptions may be made on a case-by-case basis if the loan was approved, subsequently canceled, and they are unable to get their loan reinstated by the SBA.

If the household income is under 150% of the Area Median Income with an approved SBA loan, the household may still be eligible for an additional traditional loan provided there is still an outstanding gap in their rebuilding resources.

Small Rental Property Rehabilitation

Funds will be available for landlords once the federal sources of funding (CDBG and CDBG-DR) are available. These funds should be available in the second quarter of 2023. As these are federal dollars meant to provide affordable housing, there will be a five-year period of affordability required for any units reconstructed or renovated with these funds.

Who is eligible to receive funding for rental rehabilitation or reconstruction?

To be eligible, 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.
- Property owners must have been the owner of record of the damaged or destroyed property on the date of the disaster declaration and at the time of application.
- 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 must have 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, modular, manufactured (aka mobile) homes, or townhomes.
- The property must be utilized as a long-term rental. Short-term rentals (Airbnb, Vrbo, etc.) are not eligible.

What is the maximum award for rental rehabilitation or reconstruction?

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

What activities are not eligible for rental rehabilitation or reconstruction?

Any premium construction will be at the landlord's expense. Due to federal restrictions, landlords who rebuild must build to substantially the same footprint as the previous footprint of rental property.

Is there an affordability period required?

Yes. All rental units that receive funds must be rented to a low- moderate-income individual or family. Units must be affordable and available to renters earning 80 percent of the AMI or less for a period of five years from the certificate of occupancy for the renovated or reconstructed units.

Mitigation Funding

Fire and wind mitigation costs are additional costs meant to reduce future risk. Examples include fire and ember proof venting, steel fencing within 5' of the structure, home sprinkler systems, and tie-downs for mobile homes.

How are mitigation costs covered by the grant or loan?

Mitigation costs are considered legitimate rebuilding costs and not considered ‘premium’ construction for the purposes of estimating rebuilding costs. This can potentially increase the award amount that households are eligible to receive. However, Program grant and loan maximums will remain in place.

A limited amount of funding will also be available through the CDBG-DR Wind and Wildfire Housing Protection Program. Those funds will be available in the second quarter of 2023 and will be limited to households at 120% of the Area Median Income or less.