

FEMA Hazard Mitigation Grant Program (HMGP) Match

Eligible Activity: Local Cost Share Match, 24 CFR 570 Acquisition & Disposition, 24 CFR 570.203(a)

National Objective: Urgent Need

Activity Allocation: \$1,500,000

On November 9, 2017, the date Action Plan Amendment #1 was submitted to HUD, the City received a notice of award for HMGP applications 269 and 270. In the interest of leveraging all potential funding sources, the City is requested that \$2 million in CDBG funding previously allocated to the Columbia Buyout Program (CBP) be transferred to the FEMA HMGP Match program. The CBP has been closed and existing applicants have been transferred to HMGP Match. The HMGP Match Program will assist approximately 21 property owners still interested in selling homes damaged by the October 2015 flood in meeting the 25% local cost share match requirement.

Upon approval of Action Plan Amendment 1, the Disaster Recovery case manager contacted the 16 eligible CBP applicants (one property owner sold his lot to a developer) to discuss the program change, explain how the City's decision will maximize disaster recovery funds, describe the next steps in the process, and answer any questions. The CDBG DR case manager will monitor the acquisition process for all participants and maintain all documentation necessary for program files.

The acquisition process is essentially the same for both programs, although appraisals, title searches, and the duplication of benefits analysis have already been completed for former CBP applicants. The City has received approval from HUD to adopt FEMA's environmental reviews. Boundary surveys will be scheduled and offer letters drafted and reviewed by the City Legal and Real Estate Departments before presenting closing documents for City Council approval and homeowner execution. Deed restrictions will mandate that all properties be demolished and dedicated in perpetuity to a public use compatible with open space, recreation, natural floodplain functions, ecosystem restoration, or wetlands management practices.

Tenants displaced by the storm from rental units receiving CDBG Disaster Recovery assistance as a result of acquisition or clearance under this program, in whole or in part, are eligible for compensation under the Uniform Relocation Act (URA). Procedures and forms shall be in accordance with the HUD Relocation Handbook 1378, as revised.

Connection to Disaster and Unmet Needs

Proper land use management is essential to any long-term recovery strategy. By purchasing properties that underwent substantial damage during the October 2015 flood, the City seeks to establish a safer, more sustainable development pattern that protects properties in the flood plain from future damage and creates opportunities for open space. Open spaces adjacent to waterways have numerous benefits for long-term flood recovery and resilience, including flood storage, reduced storm water runoff velocity, removal of pollutants, and protection of streambanks.

Under HMGP, the purchase price of these properties will be based upon the pre-disaster Fair Market Value (FMV) established by an independent appraisal less the Duplication of Benefits amount. Program funds will be used for tenant relocation assistance and property disposition costs including appraisals, surveys, asbestos testing and abatement, demolition and seeding. The City is considering options for future land use.

Eligible Applicants

Eligibility requirements for participants in this program are:

- Damaged residences within Columbia City limits in a designated floodway or floodplain.
- Applicants must have owned the damaged property as of and prior to the October 5, 2015 storm. Rental investment properties are eligible; but *second homes*, as defined in IRS Publication 936, are not eligible to participate.
- Applicants must have applied for FEMA HMGP under applications 269 or 270.
- Damaged residence must be a single-unit structure, duplex, townhome, or condominium.

Applicants without flood insurance who have received prior federal assistance requiring the maintenance of flood insurance in perpetuity are not eligible.

The FEMA HGMP team will be responsible for administering the program; the CDBG Disaster Recovery Match Program will assist approximately 21 property owners in meeting the 25% local cost share match requirement. All residential properties acquired will be demolished and dedicated in perpetuity to a public use compatible with open space, recreation, natural floodplain functions, ecosystem restoration, or wetlands management practices. The City has executed a Memorandum of Understanding between the Community Development Department and the Flood Recovery Group that addresses roles and responsibilities, cost share strategy, drawdown process, DOB monitoring, recordkeeping, staffing and expenditure deadlines.

National Objective Documentation and Records

All Local Cost Share Match Programs using CDBG DR funds must demonstrate that activities meet a national objective as required by HUD. The City of Columbia HMGP Match Program will meet the national objective of Urgent Need. Under the Federal Register Notice dated June 9, 2016, the CDBG certification requirements for documentation of urgent need located at 24 CFR 570.208(c) and 24 CFR 570.483(d) have been waived until 24 months after HUD first obligates funds to the grantee. Recognizing the urgency in addressing serious threats to community welfare following a major disaster, the Department has initiated the following streamlined alternatives.

Grantees need not issue formal certification statements to qualify an activity as meeting the urgent need national objective. Instead, each grantee receiving a direct award under this notice must document how all programs and/or activities funded under the urgent need national objective respond to a disaster-related impact identified by the grantee in their action plan needs assessment and describe the type, scale, and location of the disaster-related impacts that each program and/or activity is addressing.

Application:

HMGP staff will follow the application process established under the CDBG Disaster Recovery program. When a homeowner responds to program outreach and expresses an interest in this program, they complete a brief Pre-Application (Phase 1), which is reviewed for basic program eligibility. Homeowners are contacted by Disaster Recovery/HMGP staff and asked to schedule

an appointment to complete an application, submit required program documents, sign release forms to have information verified by outside sources, sign a certification that all information in the application is true, and verify receipt of the following: *Asbestos in your Home, Protect your Family from Lead in your Home, Voluntary Acquisition Notice, Disaster Recovery Grievances and Complaints, When a Public Agency Acquires Your Property*. In addition, applicants will sign a FEMA Statement of Voluntary Participation. After verification of all required documentation, the applicant will be notified electronically, or in writing if necessary, that they are eligible to participate in the Buyout/HMGP program.

Duplication of Benefits Review

Properties will be purchased based upon the pre-disaster Fair Market Value (FMV) as established by an independent appraisal less the amount of Duplication of Benefits (DOB), which occur when a beneficiary receives financial assistance from multiple sources for the same recovery activity. These funding sources include:

- ❖ FEMA,
- ❖ Small Business Administration,
- ❖ National Flood Insurance Program,
- ❖ Other federal, state or local funding
- ❖ Nonprofit, private sector and charitable funding.

A Quality Assurance/Quality Control (QA/QC) review will be conducted to ensure all applications are complete and DOB calculations are correct before executing closing documents. When the grant award is made, the subrogation agreement will include a requirement that any additional assistance received for the same purpose as CDBG Disaster Recovery funds must be returned to the City of Columbia. The term of the subrogation agreement begins upon the date signed by the owner and ends one year from the date of final disposition of the property, unless terminated sooner by the City.

Program Policies and Procedures address the following:

- Environmental Review
- Appraisals and Appeals Process
- Legal review and contract closing
- Restrictive Covenants and Subrogation Agreement
- Relocation Assistance (URA)
- Asbestos remediation and disposition
- Monitoring and compliance
- Grant closeout process

Use of Funds

The City of Columbia proposes to use CDBG DR funds to meet the Local Cost Share Match of its FEMA Hazard Mitigation Grant Program. Owners will be paid the pre-disaster Fair Market Value of the damaged residence as determined by a primary appraiser. The final award will be calculated after a duplication of benefit analysis. Program funds may also be used to address tenant relocation assistance and property disposition costs including appraisals, surveys, asbestos testing and abatement, demolition and seeding.

Monitoring

Monitoring of program compliance will be performed by the City's Community Development compliance staff and the Internal Auditor in accordance with program policies and procedures, the Disaster Recovery QA/QC Plan, and the CDBG-DR Monitoring Plan

Start and End Date: April 2018 – December 2021