



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001**

August 16, 1993

**The Honorable Terry Branstad
Governor of Iowa
State Capitol
Des Moines, IA 50319**

Dear Governor Branstad:

In response to the devastating floods that have affected your community and your state, the Department of Housing and Urban Development will sponsor a conference for all the Midwest flood states on August 26th and 27th beginning at 8:30 am at the City Convention Center in Des Moines, Iowa. I am writing to you today to urge you to attend.

This Mid-West Flood Disaster Work Session will include officials from HUD, the Department of Agriculture, the Federal Emergency Management Agency, the Small Business Administration and the Department of Veteran Affairs as well as local and state government officials and housing providers in a forum to discuss the short and long term needs of your community. With your input we can start to develop a federal plan to help flood victims recover from this terrible disaster. The goals of this conference are as follows:

- devise a relief system to deliver the highest level of assistance and service to the maximum number of victims;
- provide a quick response to the questions and technical needs of the providers of housing relief services; and
- assess federal programs in light of the current situation.

After the opening general session, participants will organize into groups to address specific housing related topics with principal staff from the various federal agencies. On the second day, technical assistance will be provided on a state by state basis. This two day conference will provide you with every opportunity to discuss your community's specific problems with key federal government officials.

We feel it is urgent that we hold this conference as quickly as possible in order to get flood victims into housing; therefore we are still in the process of finalizing the details. If you

DRAFT

**Mid West Flood Disaster Housing Work Session
Des Moines Convention Center
August 26 and 27, 1993**

DAY 1

8:30 - 9:00 Registration

9:00 - 11:30 Plenary Session

 Welcome and introduction: Mayor John (Pat) Dorrian

*\ Governors role
here*

Opening Remarks and introductions:
Henry Cisneros, Secretary of HUD

Videotaped message from President Clinton

Mike Espy, Secretary of
Agriculture (unconfirmed)

OR

Oleta Fitzgerald, Acting
Director Intergovernmental
Affairs, USDA

James Lee Witt, Director of FEMA

Erskine Bowles, Admin. SBA

Sharron Longino, Acting Admin.
Farmers Home (unconfirmed)

Keith Pedigo, National Loan
Guaranty Representative, VA

Jed Harrison, RTC

Elizabeth Dole, Pres. Red Cross
(unconfirmed)

- Roundtable:
- 1) The Emergency Response Effort -- providing temporary housing for flood victims
 - a) Efforts to date
 - 2) Supplemental Appropriations
 - a) allocations to states, localities

- b) timing of assistance delivery; planning, applications, funding and implementation
 - c) permitted uses and priority of uses
 - d) waivers and other steps to simplify and expedite funding and implementation of flood recovery
 - e) transition between agencies, re: funding duplication
- 3) Long-term recovery -- putting people back in their homes
- a) Interagency coordination - transition of assistance between agencies
 - b) Development in the flood plain

11:30 - 12:00 Break, during which there is a press availability

12:00 - 1:00 Lunch

1:00 - 3:00 Public Forum

1:30 - 3:00 Breakout session 1

HUD TOPICS: CDBG, HOME, FHA homeowners assistance, public housing assistance, (fair housing addressed in each session)

FEMA TOPICS:

FARMERS' HOME TOPICS:

VA TOPICS:

SBA TOPICS:

3:00 - 4:30 Breakout session 2

Same sessions repeated

4:30 - 5:30 Wrap-up session

DAY 2

9:00 - 5:00 Open availability in rooms for state-by-state technical assistance

by state

- COAG money very popular in states
- Housing Emotional issue

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have questions, please contact Choco Meza, Deputy Assistant Secretary for Intergovernmental Relations at (202) 708-0030 or Bill McNarney, Manager of the HUD Office in Des Moines, at (515)-284-4512.

We are aware of the prolonged and severe emergency conditions you have been dealing with and want to assist you. If you cannot attend, please have your office represented. I look forward to meeting with you and your staff in Des Moines.

Sincerely yours,



Henry G. Cisneros



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

September 24, 1993

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Ms. Kathi Way
Special Assistant to the President
for Domestic Policy
Old Executive Office Building - Room 218
The White House
Washington, DC 20500

Dear Ms. Way:

Enclosed are documents you requested that describe HUD's efforts to address the problems of Midwest flood victims. HUD moved quickly to devise single-family and multifamily initiatives that would offer a package of services ranging from immediate shelter in vacant HUD-owned properties to issuance of a moratorium on foreclosures. Until recently, our Field Offices monitored activities on a weekly basis.

HUD staff continued discussions with FEMA representatives at a meeting on Thursday morning. I believe all present have a better understanding of the needs for assistance and the constraints and concerns related to implementation of the proposed Kansas Plan.

If I can provide additional information, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, reading "Jeanne K. Engel", is written over a horizontal line.

Jeanne K. Engel
General Deputy Assistant Secretary
for Housing

Enclosure



July 15, 1993

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

MEMORANDUM FOR: Regional Administrators-Regional Housing
Commissioners and
Field Office Managers in flood-affected areas

FROM: Nicolas P. Retsinas, Assistant Secretary for Housing-
Federal Housing Commissioner, H *NPR*

SUBJECT: Flood Response

In response to the flooding that is devastating the midwest, we must quickly take every step possible to aid the flood victims. To this end, we have sent to every FHA Approved Mortgagee the attached Mortgagee Letter, which contains a moratorium on foreclosures and a series of recommended actions in regard to servicing mortgages on affected properties. In addition, HUD field and regional staff should take the following steps:

Single Family Housing Development

1. Provide mortgage insurance for persons purchasing a principal residence (with up to 100% financing) after being displaced by the flood under Section 203(h), Single Family Home Mortgage Insurance for Disaster Victims.

2. Encourage the use of Section 203(k) and Title I financing for the repair of damaged properties. With respect to Section 203(k) loans, HUD shall waive the requirement that the property be at least one year old.

Secretary-Held Single Family Mortgages

1. Postpone foreclosures of Secretary-held mortgages in the affected areas for 90 days. Field Offices shall review all cases in foreclosure in declared disaster areas to determine the status of the hazard insurance on the property. If the property is covered by hazard insurance, and has been demolished or substantially damaged, Field Offices shall withdraw the case from foreclosure, satisfy the mortgage with the hazard insurance proceeds, and write off any difference between the proceeds and the payoff amount due on the loan. If the property was not covered by hazard insurance, and has been demolished or substantially damaged, Field Offices shall withdraw the case from

foreclosure, satisfy the mortgage, and write off the payoff amount due on the loan.

2. For 120 days, accept compromise offers on Secretary-held mortgages in the affected areas in which the difference between the net proceeds that the Department receives and the payoff amount due on the loan is less than or equal to \$25,000. If the difference exceeds \$25,000, Field Offices shall obtain advance written Headquarters approval from the Office of Insured Single Family Housing.

3. Waive all regulatory deadlines concerning requests for assignment, assignment conferences, and submission of documents required by the Single Family Mortgage Assignment Program are waived for 90 days.

4. When considering assignment requests from affected mortgagors:

- (a) give the benefit of the doubt to the mortgagor when required documents (receipts, expense records, etc.) needed to meet assignment criteria cannot be provided because of flood loss or damage;
- (b) give the mortgagor the benefit of the doubt when the mortgagor is dependent upon a secondary source such as his or her employer, utility company, physician, etc., and flood damage has affected the ability to provide documentation;
- (c) waive the primary residence criterion for owner-occupants temporarily dislocated by the flood whenever the property is substantially damaged or does not have electricity or water service;
- (d) evaluate reasonable prospects in the usual manner, giving the benefit of the doubt to the mortgagor; i.e. if the mortgagor's place of employment has been damaged or destroyed, Field Offices will assume that the mortgagor will regain comparable employment and income within 36 months; and
- (e) disregard the condition of the property (even if demolished or substantially damaged).

5. Make hazard insurance payments resulting from flood damage, which are mailed to the Department and made payable jointly to the Department and the mortgagor, available to the mortgagor, notwithstanding existing arrearages.

6. For the next 120 days, satisfy the mortgage and write-off the payoff amount due on Secretary-held mortgages where the property was not covered by hazard insurance and has been demolished or substantially damaged by the flood.

Multifamily Housing

1. Work with owners of FHA-insured and HUD-held multifamily projects to determine the need for capital to cover repairs and revenue losses not covered by insurance proceeds or other sources, including FEMA. Possible sources of HUD funding include: (a) the Flexible Subsidy Program; (b) Section 202/811 Capital Advance Program; (c) and releases from existing project reserve accounts.

2. Contact owners of subsidized FHA-insured and HUD-held multifamily properties to determine need for emergency Section 8 assistance (under the Loan Management Set-Aside program) for eligible families affected by the flood.

3. Encourage owners of subsidized FHA-insured and HUD-held multifamily properties to give priority admission to vacant units to income-eligible disaster victims.

4. Make vacant, habitable units in HUD-owned multifamily properties available on a priority basis to those displaced by flooding. In this regard, HUD shall permit shorter lease terms and waive certain aspects of pre-admittance screening (i.e. income) to facilitate prompt availability of housing.

5. Give priority for use of contracting resources for repairs to HUD-owned or mortgagee-in-possession multifamily properties damaged by flooding.

Headquarters Actions

Finally, for your information, in headquarters the FHA Comptroller is taking the following steps:

1. Accelerating payment of single family insurance premium refunds to residents of affected areas, by cutting processing time from 30 to 3 days.

2. Exercising forbearance for HUD Title I debtors affected by the flooding by: (a) temporarily suspending repayment plans; (2) extending work-out agreements; and (3) suspending credit bureau reporting.



U. S. Department of Housing and Urban Development
Washington, D. C. 20410-8000

July 15, 1993

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

MORTGAGEE LETTER 93-20

TO: ALL APPROVED MORTGAGEES

ATTENTION: SERVICING MANAGERS (Single Family)

SUBJECT: Servicing FHA-Insured Mortgages Affected by
the Flood of 1993

The Department of Housing and Urban Development (HUD) is providing the following information to mortgagees and servicers of FHA-insured mortgages on one-to-four-family residences to assist them in responding to the flood victims. The relief measures described in this Mortgagee Letter are intended not only to mitigate the hardships faced by mortgagors with FHA-insured mortgages in areas affected by the flood, but also to allow mortgagees time to obtain the hazard insurance benefits that are available and to reduce the impact of the flood on claims submitted for FHA insurance benefits. Included are certain directives pertaining to a moratorium on foreclosures, as well as a series of recommended actions HUD/FHA would prefer that mortgagees take in regard to servicing the affected mortgages.

- I. **MORATORIUM ON FORECLOSURES.** The Department is hereby establishing a moratorium on the initiation of foreclosures in all the National Disaster Areas identified by FEMA, the Federal Emergency Management Agency, following the flood. The moratorium is effective as of the date of this Mortgagee Letter, and will expire in ninety (90) days, unless extended by HUD. Foreclosures already in process should be suspended for the duration of the 90-day period.

The property has to be directly affected by the flood to be included in the moratorium. All mortgagors affected by the moratorium on foreclosures should be seriously considered for the recommended servicing actions enumerated below. In those cases where the moratorium causes the initiation of foreclosure to occur past the applicable foreclosure timeframe, the Department will grant an extension of up to 90 days for the mortgagee to initiate foreclosure. Extensions will have to be requested in writing from the HUD Field Office with jurisdiction over the properties.

II. RECOMMENDED SERVICING ACTIONS. In addition to the above moratorium on foreclosures, HUD is strongly recommending that cases where the flood directly affected the condition of the property and/or the mortgagor's financial viability be given utmost consideration by mortgagees or their servicers for forbearance. The Department recommends exploration of one or more of the following, depending on the circumstances of each case. Refer to Chapter 8, "HUD-Approved Relief Provisions", of HUD Handbook 4330.1, REV-3, Administration of Insured Home Mortgages, for additional details.

1. Special (written) forbearance can be for up to 18 months, and mortgagors with no other property subject to an FHA-insured mortgage are eligible without HUD's advance approval.
2. Refinancing, reamortization or recasting the mortgage may be appropriate, especially where repairs to the property are necessary and secondary financing may be sought to complete the repairs.
3. Mortgagees should also consider waiving any late payment charges if the mortgagor's payment is late because he or she incurred added expenses or loss of income as a result of the flood, or if he or she needs additional time to receive a pending insurance settlement.
4. In addition, mortgagees or their servicers should temporarily suspend reporting delinquencies to credit bureaus if they are aware that the mortgagor's delinquency is attributable to hardships he or she incurred as the result of the flood.
5. If a viable forbearance plan cannot be reached, servicers may accept deeds-in-lieu of foreclosure after the moratorium, if they are offered and the applicable criteria are met.

III. DEALING WITH PROPERTY DAMAGE. Mortgagees are expected to follow existing procedures pertaining to damaged properties unless instructed by HUD to do otherwise. No action should be taken (including the initiation or completion of foreclosure proceedings, after expiration of the foreclosure moratorium), if it will jeopardize the full recovery of a

hazard insurance settlement. Mortgagees or their servicers should take affirmative steps to ensure that hazard insurance claims are filed and settled as expeditiously as possible, and that the affected properties undergo full repair. In damage cases, insurance proceeds are payable jointly to the mortgagee and the mortgagor and are frequently mailed to the mortgagee. The mortgagee should expedite turning over proceeds to the mortgagor, in accordance with existing inspection and verification procedures, and should not retain proceeds to make up an existing arrearage without the written consent of the mortgagor. (See Handbook 4330.1, REV-3, Chapter 9, paragraph 9-10E; also, refer to Instructions for Single Family Application for Insurance Benefits, page 8.)

Property damage caused by the flood and its aftermath, whether or not a given mortgage delinquency preceded the flood date, should predispose the mortgagee to consider forbearing on the loan in order to allow the mortgagor additional time to stabilize his or her financial situation, as well as to arrange with the insurance carrier for repair and restoration of the premises. The goal should be a formal relief provision that will cure the delinquency as soon as possible without imposing an undue hardship on the mortgagor.

Headquarters has instructed HUD Field Offices with jurisdiction over the areas affected by the flood to have available a complete list of FHA-approved fee appraisers who can be called upon to perform inspections as the repair work progresses on damaged properties. Mortgage servicers should contact the Loan Management Branch Chief to obtain a copy of this list.

If the premises has been totally destroyed, the mortgagee should compare the unpaid principal balance with the anticipated insurance proceeds and any other circumstances affecting the case, for example, local laws barring reconstruction of the destroyed property. If, after referring to HUD Handbook instructions, questions regarding the most appropriate course of action remain, they should be directed to the Property Disposition Branch Chief in the HUD Field Office with jurisdiction over the property.

IV. PROCESSING ASSIGNMENT APPLICATIONS. Mortgagees are encouraged to send the HUD Exhibit Letters (pertaining to the assignment program) via Certified Mail-Return Receipt Requested, as well as by first class mail, to mortgagors in the identified disaster areas. Also, mortgagors affected by the flood should generally be granted "good cause" deadline extensions by mortgagees for responding to these letters.

V. SECTION 203(h). The Section 203(h), "Single Family Home Mortgage Insurance for Disaster Victims," is also available to assist displaced persons who meet the eligibility requirements caused by a disaster. (See attached.)

The Department appreciates your cooperation and your attention to the directives and the recommendations contained in this Mortgagee Letter. Servicers are reminded to document fully their mortgage files regarding all servicing actions relating to the flood and its aftermath. Reasonable doubts as to the flood effect on a property's condition or a mortgagor's income or employment status should either be resolved in the mortgagor's favor, or else cause any proposed action against the mortgagor to be suspended until a definite determination can be made.

Questions pertaining to this Mortgagee Letter should be directed to the HUD Field Office which has jurisdiction over the properties affected by the flood.

Sincerely yours,



Nicolas P. Retsinas
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachment

SECTION 203(h)

Single Family Home Mortgage Insurance for Disaster Victims

Purpose

Provides mortgage insurance for a person to purchase a principal residence after being displaced by a disaster. The residence to be purchased need *not* be located in the same area as the disaster.

Eligibility Requirements

- Borrower must meet standard FHA credit qualifications.
- Borrower's previous residence must have been destroyed or damaged to such an extent that reconstruction or replacement is necessary. The borrower may be the owner of the property or a renter of the property destroyed.
- Borrower is eligible for 100% financing. No downpayment is required. The upfront mortgage insurance premium can be financed into the mortgage and the borrower will pay an annual premium.
- Borrower must purchase a one family unit; two, three, and four unit properties *may not* be purchased under this program.
- Adjustable rate mortgages cannot be used with this program.
- Mortgage limits are the same as for Section 203(b)
- The borrower's application for mortgage insurance must be submitted within one year of the President's declaration.

Flood Relief Program

Housing

I. Name and function of program?

Section 203(h), mortgage insurance for disaster victims.

HUD Housing can provide sec. 203(h) mortgage insurance on loans originated by private sector lenders; these loans can be used to obtain 100 percent financing for the purchase of a one-family dwelling by the victim of a disaster. In order to qualify, the house previously occupied must have been damaged or destroyed by a catastrophe and the area must have been designated by the President to be a major disaster area.

II. Funding levels currently available for effort and what can be accomplished with this resource?

Section 203(h) is a program in the FHA's Mutual Mortgage Insurance (MMI) Fund; any insurance written to purchase properties pursuant to sec. 203(h) would be written against the existing insurance commitment authority for the entire MMI Fund.

III. Projected funding necessary by fiscal year, and what can be accomplished?

Insurance commitment authority is \$100 billion for FY '93 and \$64.6 billion for FY '94. Commitment authority for '93 is adequate; it is unknown whether commitment authority for '94 will be adequate.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

This program is available immediately. The only closure on availability is the availability of commitment authority.

b) Time needed to process an application and disburse benefits?

From application to endorsement a minimum of 30-60 days.

c) Are there regulatory or other changes required to make program function more expeditiously?

None needed.

V. a) Name the agency contacts.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
(913) 236-2162, FAX (913) 236-2116

Minnesota

Thomas Feeney, Manager
(612) 370-3288, FAX (612) 370-3220

Missouri

Kenneth Lange, Manager
(314) 539-6560, FAX (314) 539-6575

Nebraska

Roger M. Massey, Manager
(402) 492-3101, FAX (402) 492-3150

North Dakota

Donald J. Dirksen, Deputy Regional Administrator
(303) 844-4513, FAX (303) 844-2475

Keith Elliot, Chief
(701) 783-5136, FAX (701) 783-5249

South Dakota

Donald J. Dirksen, Deputy Regional Administrator
(303) 844-4513, FAX (303) 844-2475

Donald Olson, Chief
(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Housing counseling agencies can be useful in advising disaster victims of the availability of sec. 203(h)

financing. Also, mortgage lenders can be a conduit for information to families in need of financing to relocate.

See attached state-by-state list of counseling agencies.

VII. Please give your worst case scenario and how it would be covered.

A family finds that its home is utterly destroyed. The family determines that it does not want to repair or rebuild its old house and would rather buy in a new area. Unfortunately, the family does not have money for a down payment on a new house. Section 203(h) could be used to obtain a 100 percent loan for this purchase.

VIII. Please describe outreach activities.

HUD has alerted both its own field staff and the mortgage lending community of the suitability of sec. 203(h) in assisting flood victims find new housing. Field offices are encouraged to advise housing counseling agencies of this program.

IX. Explanation of any needed waivers.

None required.

X. Description of delivery system.

Program delivery is made through local mortgage lenders and the local HUD field office. Individuals seeking sec. 203(h) financing make application with local lenders; cases are later reviewed and endorsed by the local HUD field office.

Flood Relief Program

Housing

I. Name and function of program?

Section 203(k), Rehabilitation Home Mortgage Insurance.

HUD Housing can provide section 203(k) mortgage insurance on loans originated by private sector lenders; these loans may be used to: (1) purchase a dwelling and the land on which the dwelling is located and rehabilitate it; (2) to purchase a dwelling on another site, move it onto a new foundation on the mortgaged property and rehabilitate it; (3) to refinance existing indebtedness and rehabilitate such a dwelling; or (4) to rehabilitate such a dwelling.

II. Funding levels currently available for effort and what can be accomplished with this resource?

Section 203(k) is a program in FHA's General Insurance (GI) Fund; any insurance written to repair properties damaged by the flood would be written against the existing insurance commitment authority for the entire GI Fund.

III. Projected funding necessary by fiscal year, and what can be accomplished?

Insurance commitment authority is about \$5.2 billion for FY '93 and \$6.13 billion for FY '94. Whether additional funding or subsidy would be required to support disaster relief efforts is unknown at present.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

This program is available immediately although, from a practical standpoint, it cannot be employed until the waters recede. The only closure on availability is the availability of commitment authority.

b) Time needed to process an application and disburse benefits?

From application to endorsement a minimum of 30-60 days; complicated repair cases could take more time.

c) Are there regulatory or other changes required to make program function more expeditiously?

The standard requirement that the property be one year

old will be waived; this does not require a regulatory waiver.

V. a) Name the agency contact.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

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b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Housing counseling agencies can be useful in advising disaster victims of the availability of sec. 203(k) financing. Also, mortgage lenders can be a conduit for information to families in need of financing for repairs.

See attached state-by-state list of counseling agencies.

- VII. Please give your worst case scenario and how it would be covered.

A homeowner returns to find his or her house severely damaged by flooding. That homeowner could finance the repair by contacting an FHA-approved lender regarding the financing of the repairs. The homeowner would work with a contractor to develop repair costs, etc., these would be approved by the lender and the loan could be approved, closed, and insured by HUD.

- VIII. Please describe outreach activities.

HUD has reminded its field staff of the suitability of sec. 203(k) financing for repairing flood damaged properties. Field offices are encouraged to alert housing counseling agencies of this program.

- IX. Explanation of any needed waivers.

See IVc above.

- X. Description of delivery system.

Program delivery is made through local mortgage lenders and the local HUD field office. Individuals seeking sec. 203(k) financing make application with local lenders; cases are later reviewed and endorsed by the local HUD field office.

Flood Relief Program

Housing

I. Name and function of program?

Title I Home Improvement Loans.

Under the Title I program, approved lenders (banks, savings and loans, thrift and loans, credit unions, etc.) make loans from their own funds to eligible borrowers to finance property improvements, and HUD insures the lender against loss if the borrower defaults. Credit is granted based on the applicant's credit history and ability to repay the loan in regular monthly payments.

II. Funding levels currently available for effort and what can be accomplished with this resource?

Title I is a program in FHA's General Insurance (GI) Fund; any insurance written pursuant to Title I would be written against the existing insurance commitment authority for the entire GI Fund.

III. Projected funding necessary by fiscal year, and what can be accomplished?

Insurance commitment authority is about \$5.2 billion for FY '93 and \$6.13 billion for FY '94. Whether additional funding or subsidy would be required to support disaster relief efforts is unknown at present.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

This program is available immediately although, from a practical standpoint, it cannot be employed until the waters recede. The only closure on availability is the availability of commitment and subsidy authority.

b) Time needed to process an application and disburse benefits?

An application can be processed and funds disbursed within an average of 7 days.

(Funds are not disbursed until work is completed).

c) Are there regulatory or other changes required to make program function more expeditiously?

In order to make Title I loans available more quickly and to ease the financial burden on borrowers in the flood impact areas, we are processing waivers of several provisions of the Title I regulations to:

- i) Exempt flood victims from the equity requirement normally applicable to property improvement loans over \$15,000. Because of extensive damage to their homes, many flood victims cannot obtain appraisals or otherwise demonstrate that they have enough equity to qualify for loans up to \$25,000. Without a waiver, flood victims would effectively be limited to a maximum loan of \$15,000.
- ii) Increase the maximum dollar amount on loans to repair manufactured homes classified as personal property from \$5,000 to \$7,500, and increase the maximum term of such loans from 12 years and 32 days to 15 years and 32 days. Increasing the loan limit and maximum term would expand the availability of the Title I program for repairing these damaged homes.
- iii) Permit flood victims to finance certain fees and charges which the lender normally collects from the borrower as part of the borrower's initial payment. This change would reduce the initial cash investment required to obtain these loans. The fees and charges that would be allowed to be financed would be:
 - (a) An origination fee, not to exceed one percent of the loan amount;
 - (b) Recording fees, recording taxes, and filing fees;
 - (c) Documentary stamp taxes; and
 - (d) Appraisal fees that are not normally eligible for financing.

V. a) Name the agency contact.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

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- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Housing counseling agencies can be useful in advising disaster victims of the availability of Title I financing. Also, approved Title I lenders (banks, savings and loans, credit unions, etc.) can be a conduit for information to families in need of financing for repairs.

See attached state-by-state list of counseling agencies.

- VII. Please give your worst case scenario and how it would be covered.

A homeowner returns to find his or her house damaged by flooding. That homeowner could finance the repair by contacting his or her bank, credit union, etc. regarding a

Title I home repair loan.

VIII. Please describe outreach activities.

HUD has reminded its field staff of the suitability of the Title I home repair loan program for repairing flood damaged properties. Field offices are encouraged to alert housing counseling agencies about this program.

IX. Explanation of any needed waivers.

See IVc above.

X. Description of delivery system.

Program delivery is made through local HUD approved Title I lenders; this includes many banks, credit unions, savings and loans, etc.. Individuals seeking Title I financing make application with local lenders; cases are later reviewed and endorsed by the local HUD field office.

Flood Relief Program

Housing

I. Name and function of program?

Single Family Property Disposition Program - Lease of Acquired Properties to Disaster Victims.

Make HUD-owned properties available for temporary housing to flood victims.

II. Funding levels currently available for effort and what can be accomplished with this resource?

The properties provided for displacees are assets of the various FHA mortgage insurance funds. The principal costs of making properties available are the continuing expense of keeping properties in HUD's inventory (taxes, management costs, property depreciation, etc.) and the opportunity cost of delaying the sale of such properties. These expenses are absorbed by the FHA mortgage insurance funds and are offset, at least in part, by FEMA which subsidizes the leasing of these properties.

III. Projected funding necessary by fiscal year, and what can be accomplished?

Not available.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

Properties can be made available immediately.
Properties may not be leased longer than one year.

b) Time needed to process an application and disburse benefits?

Available properties can be leased within 1 workday of notification. Properties are currently being made available to FEMA for displacees.

c) Are there regulatory or other changes required to make program function more expeditiously?

An updated memorandum of understanding between HUD and FEMA is being completed which will further clarify the respective agencies' roles and responsibilities.

V. a) Name the agency contact.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
(913) 236-2162, FAX (913) 236-2116

Minnesota

Thomas Feeney, Manager
(612) 370-3288, FAX (612) 370-3220

Missouri

Kenneth Lange, Manager
(314) 539-6560, FAX (314) 539-6575

Nebraska

Roger M. Massey, Manager
(402) 492-3101, FAX (402) 492-3150

North Dakota

Donald J. Dirksen, Deputy Regional Administrator
(303) 844-4513, FAX (303) 844-2475

Keith Elliot, Chief
(701) 783-5136, FAX (701) 783-5249

South Dakota

Donald J. Dirksen, Deputy Regional Administrator
(303) 844-4513, FAX (303) 844-2475

Donald Olson, Chief
(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

None.

- VII. Please give your worst case scenario and how it would be covered.

Families displaced can go to FEMA disaster office and seek temporary housing and FEMA would make alternate, temporary housing available to the displacees. Should the family apply directly to the HUD field office, that office will refer them to FEMA and, if appropriate, lease the property directly to the family.

VIII. Please describe outreach activities.

HUD field offices are currently making HUD-owned, vacant, habitable properties available to FEMA.

IX. Explanation of any needed waivers.

See IVc above.

X. Description of delivery system.

Program delivery is generally made through FEMA, although the local HUD field office may make properties available directly to displacees. Individuals seek temporary housing through the local FEMA disaster office.

Flood Relief Program

Housing

I. Name and function of program?

Forbearance on HUD-owned loans.

HUD acquires defaulted mortgages and Title I loans from the lenders (mortgage companies, banks, etc.) by paying off the lender's claim for mortgage insurance, and services the loan itself. HUD can provide relief to the victims of the flood by suspending foreclosures, not reporting Title I loan defaults to credit agencies, reducing payments, and compromising on debts where appropriate on damaged property.

II. Funding levels currently available for effort and what can be accomplished with this resource?

HUD-held loans are assets of the various FHA mortgage insurance funds. Forbearance, per se, requires no funding. Compromises of debt arise only when the debt exceeds the value of the property in question and there is no likelihood of HUD ultimately recovering the debt.

III. Projected funding necessary by fiscal year, and what can be accomplished?

None needed to take these relief measures.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

Forbearance has already begun. HUD's suspension of foreclosures will continue for 90 days from July 15, 1993, and the special compromise provisions will continue for 120 days; both time frames can be extended if necessary.

b) Time needed to process an application and disburse benefits?

These functions are carried out continuously.

c) Are there regulatory or other changes required to make program function more expeditiously?

HUD can effect these provisions administratively without any waiver of regulation.

V. a) Name the agency contacts.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
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Donald Olson, Chief
(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

None.

- VII. Please give your worst case scenario and how it would be covered.

A homeowner, whose mortgage is held by HUD, finds that his or her house has been utterly destroyed by HUD; moreover, insurance coverage does not cover the mortgage debt and the homeowner for one reason or another cannot rebuild on the site. HUD can compromise the debt and satisfy the mortgage in exchange for whatever insurance coverage there may be, even if there is none.

or

A homeowner, whose mortgage is held by HUD, was in default on the mortgage and HUD had commenced foreclosure proceedings before the flood. If the homeowner is in the flood impacted area, HUD will postpone foreclosure proceedings for 90 days, giving the homeowner the benefit of continued occupancy during the disaster period.

VIII. Please describe outreach activities.

HUD has implemented this policy in the disaster area. No outreach is required.

IX. Explanation of any needed waivers.

See IVc above.

X. Description of delivery system.

Suspension of foreclosure and reporting to credit bureaus is done automatically by HUD field offices and Title I debt collection centers. Homeowners must apply to the field office for compromise of debts on damaged property.

STATE OF ILLINOIS

HUD-APPROVED COUNSELING AGENCIES

CITY OF CHICAGO

Chicago Urban League
4510 Michigan Avenue
Chicago, IL 60653
Telephone: (312) 285-5800

City of Chicago
Department of Housing
318 South Michigan Avenue
Chicago, IL 60604
Telephone: (312) 744-8000

Community and Economic Development
Association of Cook County (CEDA)
224 North Des Plaines Avenue
Chicago, IL 60606
Telephone: (312) 207-5444

NOTE: The following seven (7)
agencies are CEDA Satellite Offices:

- 1) Evanston Neighbors at Work
1229 Emerson
Evanston, IL 60201
Telephone: (708) 328-5166
- 2) CEDA Northwest Self-Help
Center Inc.
120 West Eastman Street
Suite 105
Arlington Heights, IL 60004
Telephone: (708) 450-2332
- 3) Proviso-Leyden Council
for Community Action
1108 West Madison Street
Maywood, IL 60153
Telephone: (708) 450-3500
- 4) Southwest Development Association
5818 South Archer Road
Summit, IL 60501
Telephone: (708) 458-2736
- 5) Harvey Area Community Development
Center
53 East 154th Street

New Cities Community Development
Corporation
1912 West 170th Street
Hazel Crest, IL 60429
Telephone: (708) 335-2891

Lake County Community
Action Project
106 South Sheridan Road
Waukegan, IL 60085
Telephone: (708) 249-4330

Consumer Credit Counseling Service
of East Central, IL Inc.
363 S. Main Street, Suite 505
Decatur, IL 62523
1-800-373-2227 (Appointments)

NOTE: The following two (2) agencies
are Consumer Credit Counseling
Satellite Offices:

- 1) Consumer Credit Counseling Service
#8 Harrison
Danville, IL 61832
Telephone: (217) 431-1751
- 2) Consumer Credit Counseling Service
44 Main Street
Champaign, IL 61820
Telephone: (217) 398-2232
(Open only on Monday and Friday)

Spanish Coalition For Housing
3439 West North Avenue
Chicago, IL 60647
Telephone: (312) 342-7575

Springfield Human Relations Commission
227 S. 7th Street, Suite 204
Springfield, IL 62701
Telephone: (217) 789-2271
or (217) 789-2272

STATE OF ILLINOIS

HUD-APPROVED COUNSELING AGENCIES

Telephone: (708) 339-3610

- 6) CEDA Bloom-Rich Community
Development Association
a. Ford Heights Community
Service Center
1647 Cottage Grove Avenue
Ford Heights, IL 60411
Telephone: (708) 758-2510
- b. Chicago Heights Community
Service Center
1203 West End Avenue
Chicago Heights, IL 60411
Telephone: (708) 754-4575
- 7) Southwest CEDA
3518 West 139th Street
Robbins, IL 60472
Telephone: (708) 371-1522

Housing Authority of the
County Lake, Illinois
33928 North Route 45
Grayslake, IL 60030-1700
Telephone: (708) 223-1170

Community Service Council
of Northern Will County
719 Parkwood Avenue
Romeoville, IL 60441
Telephone: (815) 886-5000 or
(708) 759-9494

Chicago Roseland Coalition for
Community Control
11015 South Michigan Avenue
Chicago, IL 60628
Telephone: (312) 264-3500
or (312) 264-3939

Urban League of Metropolitan
St. Louis/St. Clair County
Operations
3500 State Street
East St. Louis, IL 62205
Telephone: (618) 274-1150

Economic Opportunity Corporation
(CEFS)
101 N. Fourth, 4th Floor, Box 928
Effingham, IL 62401
Telephone: (217) 342-2193

NOTE: The following eight (8)
agencies are satellite offices for
Economic Community Corporation (CEFS):

Clay County Outreach
832 West North Street
Flora, IL 62839
Telephone: (618) 662-4024

Effingham County Outreach
204 West Washington Street
Effingham, IL 62401
Telephone: (217) 347-7514

Fayette County Outreach
City Hall, Box 44
Vandalia, IL 62471
Telephone: (618) 283-2631

STATE OF ILLINOIS

HUD-APPROVED COUNSELING AGENCIES

Kankakee Neighborhood Housing Services
1006 East Maple Street
Kankakee, IL 60901
Telephone: (815) 939-9700

Shelby County Outreach
County Courthouse
Shelbyville, IL 62565
Telephone: (217) 774-4541

Moultrie County Outreach
County Courthouse
Sullivan, IL 61951
Telephone: (217) 728-7721

Christian County Outreach
1104 West Spresser Street
Taylorville, IL 62568
Telephone: (217) 728-7721

West Pana Township Building
Raymond and Route 16
Pana, IL 62557
Telephone: (217) 562-2311

Montgomery County Outreach
South Route 27
Taylor Springs, IL 62089
Telephone: (217) 532-5971

BOLD - New agency

STATE OF IOWA

HUD-APPROVED COUNSELING AGENCIES

Hawkeye Area Community
Action Program, Inc.
5560 6th Street, SW
Cedar Rapids, IA 52406
Telephone: (319) 366-7361
(This is the Main Office)

Hawkeye Area Community Action
Program Inc.
1300 South Gilbert Street
Iowa City, IA 52240
Telephone: (319) 351-1214
(This is a Satellite Office)

Assisted, Information and Direction
(A.I.D. Center)
206 6th Street
Sioux City, IA 51101
Telephone: (712) 252-5666
or Toll-free: 1-800-798-1861.

Department of Community Development
Housing Services Division
226 West 4th Street
Davenport, IA 52801
(319) 326-7748

Neighborhood Place, Inc.
809 W. 6th Street
Davenport, IA 52805-0367
Telephone: (319) 322-7754

SHARP Division
Armory Building
E. 1st and Des Moines Streets
Des Moines, IA 50307
Telephone: (515) 283-4575

Bold - New agency or new name

STATE OF KANSAS

HUD-APPROVED COUNSELING AGENCIES

STATE OF KANSAS

HUD-APPROVED COUNSELING AGENCIES

Economic Opportunity Foundation
1542 Minnesota Avenue
Kansas City, KS 66102
Telephone: (913) 371-7800

Urban League of Wichita, Inc.
1405 N. Minneapolis Street
Wichita, KS 67214
Telephone: (316) 262-2463

Housing and Credit Counseling,
Inc.
1195 S.W. Buchanan, Suite 203
Topeka, KS 66604-1183
Telephone: (913) 234-0217

Consumer Credit Counseling
Service, Inc.
742 Duvall
Salina, KS 67402
Telephone: (913) 827-6731

United Methodist Urban
Ministry of Wichita
1611 North Mosley
Wichita, Kansas 67214-1399
Telephone: (316) 267-4201

STATE OF MINNESOTA

HUD APPROVED COUNSELING AGENCIES

MINNEAPOLIS

Consumer Credit Counseling Service
of Minnesota, Inc.
1111 Third Avenue South, Suite 336
Minneapolis, MN 55404
Telephone: (612) 339-1485

Pilot City Regional Center
1315 Penn Ave. North
Minneapolis, MN 55411
Telephone: (612) 348-4752

Family Service of Winona
157 Lafayette Street, 2nd Floor
Winona, MN 55987
(507) 452-7292

ST. PAUL

SERVICE AREA: Dakota, Ramsey, Goodhue
and Washington Counties

Southern Minnesota Regional Legal
Services, Inc.
300 Minnesota Building
46 East Fourth Street
St. Paul, MN 55101
Telephone: (612) 222-5863

SERVICE AREA: Carver, Rice and Scott
Counties

Southern Minnesota Regional Legal
Services, Inc. (Branch Office)
16174 Main Avenue
Prior Lake, MN 55372
Telephone: (612) 440-1040

Senior Housing Inc.
(Home Equity Conversion (HECM)
Counseling Only)
1885 University Ave. West
St. Paul, MN 55104
Telephone: (612) 645-0261

St. Paul Housing Information Office
21 West Fourth Street
St. Paul, MN 55102
Telephone: (612) 298-5591

St. Paul Urban League
401 Selby Avenue
St. Paul, MN 55107
Telephone: (612) 224-5771

STATE OF MISSOURI

HUD-APPROVED COUNSELING AGENCIES

St. Louis Urban League
City Office
3701 Grandel Square
St. Louis, MO 63108
Telephone: (314) 289-0304

St. Louis Urban League
County Office
#72 Northland
Jennings, MO 63136
Telephone: (314) 389-9338

North East Community Action Corp.
16 N. Count, P. O. Box 470
Bowling Green, MO 63334
Telephone: (314) 324-2231

North Area Community Forum
1005 Dunn Road
Florissant, MO 63031
Telephone: (314) 921-7473

Housing Options Provided
for the Elderly (Elderly Only)
4265 Shaw
St. Louis, MO 63110
Telephone: (314) 776-0155

CMC Human Development Corp.
P.O. Box 1038
Providence & 4th Avenue
Columbia, MO 65201
Telephone: (314) 443-8706

Housing Information Center
3810 Paseo
Kansas City, MO 64109
Telephone: (816) 931-0443

Metropolitan Lutheran Ministry
3031 Holmes
Kansas City, MO 64109
Telephone: (816) 931-0027

West Central Missouri Rural
Development Corporation
1010 East Fourth Street
Pst Office Box 125
Appleton City, MO 64724
Telephone: (816) 476-2184

Missouri Valley Human Resource
Development Corporation
1415 South O'dell Avenue
Post Office Box 550
Marshall, MO 65340-0550
Telephone: (816) 886-7476

Northside Residential Housing
5647 Delmar Boulevard
St. Louis, MO 63112
Telephone: (314) 361-8835

Consumer Credit Counseling
Services
1425 Hampton Avenue
St. Louis, MO 63139
Telephone: (314) 647-9004

Bold - New agency

STATE OF NEBRASKA

HUD-APPROVED COUNSELING AGENCIES

Family Housing Advisory
Services, Inc.
2416 Lake Street
Omaha, NE 68111
Telephone: (402) 444-7921

SERVICE AREA: Lancaster and
Saunders Counties

Lincoln Action Program, Inc.
2202 South 11th Street
Lincoln, NE 68502
Telephone: (402) 471-4515

SERVICE AREA: Greater
Metropolitan Area of Omaha, NE

Holy Name Housing Corporation
3014 North 45th Street
Omaha, NE 68104
Telephone: (402) 453-6100

SERVICE AREA: Nebraska, except
Omaha, Lincoln, & Grand Island

Nebraska Department of Aging
101 Centennial Mall South
Lincoln, NE 68509
Telephone: (402) 471-2306
Only offers counseling on Home
Equity Mortgage Program

SERVICE AREA: Six Rural Counties:
Hall, Hamilton, Howard, Adams,
Buffalo, Merrick

Goodwill Center for Independent
Living
1804 South Eddy Street
Grand Island, NE 68802
Telephone: (308) 384-7896

STATE OF WISCONSIN

HUD-APPROVED COUNSELING AGENCIES

ASHLAND COUNTY

Lake Superior Self-Help
Homes, Inc.
514 1/2 West Second Street
Ashland, WI 58409
Telephone: (715) 682-3535

MILWAUKEE COUNTY

Community Advocates
4906 West Fond du Lac Avenue
Milwaukee, WI 53216
Telephone: (414) 449-4777

Milwaukee United for Better Housing,
Inc.
4011 West Capitol Drive
Milwaukee, WI 53216
Telephone: (414) 445-6677

Westside Home Buyer's Clinic
3209 W. Highland Boulevard
Milwaukee, WI 53208
Telephone: (414) 933-2300

RACINE/KENOSHA

The Racine/Kenosha
Community Action Agency, Inc.
72 Seventh Street
Racine, WI 53403
Telephone: (414) 637-8377

Neighborhood Housing Services
of Kenosha, Inc.
5605 16th Avenue
Kenosha, WI 53140
Telephone: (414) 652-6766

ROCK COUNTY

Community Action, Inc.
1013 Burbank Avenue
Janesville, WI 53546
Telephone: (608) 755-2487

Community Action, Inc.
503 East Walworth Ave.
Delavan, WI 53115
Telephone: (414) 728-8296

DANE COUNTY

Dane County Housing Authority
2825 University Avenue
Madison, WI 53705
Telephone: (608) 266-6509

Coalition of Wisconsin Aging
Groups, Inc.
1245 East Washington Avenue
Madison, WI 53703-3040
Telephone: (608) 257-0023

Tenant Resource Center
14 West Mifflin Street
Madison, WI 53703
Telephone: (608) 257-0006

BOLD - New Agency

STATE OF NORTH DAKOTA

HUD-APPROVED COUNSELING AGENCIES

Community Action Opportunity, Inc.
420 3rd Street, S.W.
Post Office Box 1057
Minot, ND 58702-1057
Telephone: (701) 839-7221

Community Action and Development
Program
652 West Villard
Dickinson, ND 58601
Telephone: (701) 227-0131

Community Action Program
Region VII, Inc.
2105 Lee Avenue
Bismarck, ND 58504
Telephone: (701) 258-2240

Community Action
Region VI, Inc.
Highway 281 North
Post Office Box 507
Jamestown, ND 58402
Telephone: (701) 252-1821

Quad County Community Action
Agency
27 1/2 South 3rd Street
Grand Forks, ND 58201
Telephone: (701) 746-5431

Southeastern North Dakota
Community Action Agency
3233 South University Drive
Fargo, ND 58104
or P.O. Box 2683
Fargo, ND 58108
Telephone: (701) 232-2452

STATE OF SOUTH DAKOTA

HUD APPROVED COUNSELING AGENCIES

Consumer Credit Counseling Service
of the Black Hills
Post Office Box 14
621 6th Street, #201
Rapid City, SD 57709
Telephone: (605) 348-4550

Luthern Social Services
Consumer Credit Counseling
617 West 11th Street
Sioux Falls, SD 57104
Telephone: (605) 336-2005

FLOOD RELIEF PROGRAMS

HOUSING

I. Name and function of program?

Section 8 Loan Management Set-aside Program (LMSA)

Provides project-based rental assistance for eligible families in FHA-insured or HUD-held multifamily housing.

II. Funding levels currently available for effort and what can be accomplished with this resource?

\$17.9 million is available from current FY 93 allotment for use by FHA-insured projects in an emergency. Owners of habitable FHA-insured multifamily projects may apply for LMSA funds to house income-eligible families made homeless by the flood.

III. Projected funding necessary by fiscal year, and what can be accomplished?

It is difficult to project funding requirements until damage and displacement assessment is complete.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

FY '93 emergency funds are available currently. Funds should be reserved by September 30, 1993

b) Time needed to process an application and disburse benefits?

30-45 days.

c) Are there regulatory or other changes required to make program function more expeditiously?

To use the remaining FY 1993 funding for projects other than fully insured projects would require a waiver. The FY 1994 Notice of Funds Availability (NOFA) could be drafted to target some funds to the affected areas.

V. a) Name the agency contact

Illinois

Joseph P. Garaffa, Deputy Regional Administrator

(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
(913) 236-2162, FAX (913) 236-2116

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(612) 370-3288, FAX (612) 370-3220

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Keith Elliot, Chief
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South Dakota

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Donald Olson, Chief
(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

None known.

- VII. Please give your worst case scenario and how it would be covered.

An owner of a HUD-insured project has vacancies and would like to make units available to eligible families made homeless by the flood. The owner applies to HUD for rental assistance for these affected families.

VIII. Please describe outreach activities.

HUD offices have been advised and will contact affected project owners in their respective areas.

IX. Explanation of any needed waivers.

See IVa and IVc above.

X. Description of delivery system.

Application is submitted to field office for review and rating before being forwarded to the Regional Office for its recommendation to HUD Headquarters where final selection is made. In emergencies, applications can be sent from the field simultaneously to Region and Headquarters.

FLOOD RELIEF PROGRAMS

HOUSING

I. Name and function of program?

Flexible Subsidy (Section 201)

Two components: Operating Assistance Program and Capital Improvement Loan Program.

Operating Assistance Program provides funds that will assist in restoring the financial and physical soundness of federally-insured multifamily housing, improve on-site management, and maintain the low- and moderate-income character of the project.

Capital Improvement Loan Program provides funds for federally insured multifamily housing projects to implement major repairs and replacements of building components, and certain limited supplements or enhancements to mechanical equipment.

II. Funding levels currently available for effort and what can be accomplished with this resource?

Approximately \$73 million remain for FY 1993 and could be made available this year provided the Notice of Funding Availability ("NOFA") process is waived to allow reopening of the recently closed application round. Without the waiver, potential applicants would have to wait until the FY 1994 appropriation, in which case funding would be available in early 1994 (calendar year), assuming timely receipt of the appropriation.

Funds for repairs and operations can be made available to projects in the disaster area which demonstrate emergency need and are otherwise eligible.

III. Projected funding necessary by fiscal year, and what can be accomplished?

It is difficult to project funding requirements until damage assessment is complete.

IV. Program time-line.

a) When can program be utilized (beginning period and closure)?

If the FY 1993 NOFA deadline is waived, then emergency applications can be accepted immediately. If the FY

1993 process is not waived, program utilization would occur in the FY 1994 funding cycle, which follows FY 1994 appropriation of funds. If FY 1994 funds are appropriated on a timely basis, funds could be available in early 1994 (calendar year).

- b) Time needed to process an application and disburse benefits?

90 days.

- c) Are there regulatory or other changes required to make program function more expeditiously?

None currently known.

- V. a) Name the agency contact:

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
(913) 236-2162, FAX (913) 236-2116

Minnesota

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Missouri

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Nebraska

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(303) 844-4513, FAX (303) 844-2475

Donald Olson, Chief

(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown at this time.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Unknown.

- VII. Please give your worst case scenario and how it would be covered.

A project is rendered uninhabitable as a result of flooding, hail, rain and wind damage. The owner's casualty insurance does not cover replacement costs. Rent interruption insurance coverage is only for two months. The project needs funds to pay for the shortfall in repair costs and cover revenue losses. The owner applies for capital improvement or operating assistance funds (or both) and within 90 days the application is reviewed, approved and funded by HUD. Without HUD's assistance, the project could be forced into default.

- VIII. Please describe outreach activities.

HUD offices have been advised and will contact affected project owner in their respective areas.

- IX. Explanation of any needed waivers.

See IV.a) above. Not yet determined if necessary or desirable.

- X. Description of delivery system.

Application is submitted to field office for review and rating before being forwarded to Regional Office for final selection.

FLOOD RELIEF PROGRAMS

HOUSING

I. Name and function of program?

Supportive Housing for the Elderly (Section 202) and
Supportive Housing for Persons with Disabilities (Section 811)

Sec. 202/811 are capital advance programs that provide housing and rental assistance for the elderly and disabled. Capital advances are made to eligible private, nonprofit sponsors (also public entities may be 811 sponsors) to finance the development of new rental housing with supportive services for the elderly and disabled. In addition, existing projects not currently in the 202 or 811 programs may apply for 202 or 811 funds for rehabilitation of an eligible project.

II. Funding levels currently available for effort and what can be accomplished with this resource?

\$571.5 million in capital advances for the elderly housing, and \$139.6 million in capital advances for housing for people with disabilities, is available in the FY 1993 funding round now underway. Of that amount, the following has been allocated to the affected areas:

	<u>Elderly</u> <u>Units/Dollars</u>	<u>Disabled</u> <u>Units/Dollars</u>
Region V	1,551 / \$95.8 M	400 / \$24.2 M
Region VI	683 / \$33 M	233 / \$11.1 M
Region VII	385 / \$20.3 M	84 / \$ 4.3 M

(Sufficient funds are also available for the rental assistance that accompanies these capital grants.) These funds will be awarded by September 30, 1993. The next funding round is expected to be announced early in the second quarter of FY 1994, and could provide a special allocation for housing in the disaster areas or a preference for those areas within the Regional allocations.

New housing facilities for the elderly or disabled could be constructed to replace damaged or destroyed units/projects or otherwise met needs of elderly or disabled individuals in the flood-impacted area.

III. Projected funding necessary by fiscal year, and what can be accomplished?

It is difficult to project funding requirements until damage assessment is complete.

IV. Program time-line.

- a) When can program be utilized (beginning period and closure)?

As indicated in II. above, the FY 1993 awards will be made by September 30. Assuming timely receipt of appropriation, the next earliest opportunity for utilization would be in early 1994 (calendar year).

- b) Time needed to process an application and disburse benefits?

90 days; but applications can only be received in response to a Notice of Funding Availability and must be awarded competitively.

- c) Are there regulatory or other changes required to make program function more expeditiously?

See IV.a) above.

- V. a) Name the agency contact.

Illinois

Joseph P. Garaffa, Deputy Regional Administrator
(312) 353-5680, FAX (312) 353-0121

Iowa

William H. McNarney, Manager
(515) 284-4512, FAX (515) 284-4743

Kansas

Elmer C. Binford, Deputy Regional Administrator
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Minnesota

Thomas Feeney, Manager
(612) 370-3288, FAX (612) 370-3220

Missouri

Kenneth Lange, Manager
(314) 539-6560, FAX (314) 539-6575

Nebraska

Roger M. Massey, Manager
(402) 492-3101, FAX (402) 492-3150

North Dakota

Donald J. Dirksen, Deputy Regional Administrator
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Keith Elliot, Chief

(701) 783-5136, FAX (701) 783-5249

South Dakota

Donald J. Dirksen, Deputy Regional Administrator
(303) 844-4513, FAX (303) 844-2475

Donald Olson, Chief
(605) 330-4223, FAX (605) 330-4465

Wisconsin

Delbert F. Reynolds, Manager
(414) 297-1493, FAX (414) 297-3949

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown at this time.

- VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Sponsors must have resources to assist in repairs or new construction.

- VII. Please give your worst case scenario and how it would be covered.

A project is destroyed and leaves the community without appropriate and necessary permanent supportive housing for the displaced, very low-income elderly households. An application is made for a capital grant to construct a new project. HUD receives, reviews, approves and funds the grant.

- VIII. Please describe outreach activities.

HUD offices have been advised and will contact affected project owners in their respective areas.

- IX. Explanation of any needed waivers.

None currently known.

- X. Description of delivery system.

The application is submitted to the field office where it is reviewed and rated before being forwarded to the Regional office for selection.

FLOOD RELIEF PROGRAMS

HOUSING

I. Name and function of program?

HOPE 2 Homeownership of Multifamily Units (Title IV)

HOPE 2 in FY 1993 is providing implementation grants to organizations that will help families purchase and maintain units in multifamily projects that are owned by the government, or are subject to mortgages that are insured or held by HUD (including distressed properties.)

II. Funding levels currently available for effort and what can be accomplished with this resource?

\$102 million was recently announced for the national competition; from this amount, a statutory set-aside of \$10 million was earmarked for mutual housing applications and a priority was announced for applications from the South Florida disaster area. The application deadline is 10/15/93.

There are two possibilities for assistance here, although neither can offer immediate relief:

- o If unreserved funds remain after selection of applications submitted in October, the competition could be reopened to applications from the disaster area.

- o An announcement amending the current NOFA could be published, announcing a priority for applications from this disaster area in addition to the South Florida area. However, this is not a practical option because preparation of an application (which must be project specific and must include a current appraisal of the property and rehabilitation specifications, among other things) could probably not be carried out for some time while damage from the flood is assessed.

These funds can support acquisition and rehabilitation of damaged multifamily properties to convert to homeownership by low-income families. A wide range of hard and soft costs are eligible, including economic development and operating assistance for a five-year period.

III. Projected funding necessary by fiscal year, and what can be accomplished?

It is difficult to project funding requirements until damage assessment is complete.

IV. Program time-line.

- a) When can program be utilized (beginning period and closure)?

Application process is open until 10/15/93 with an estimated award date of 2/11/94.

- b) Time needed to process an application and disburse benefits?

Maximum 180 days.

- c) Are there regulatory or other changes required to make program function more expeditiously?

No.

V. a) Name the agency contact.

- b) Do you have sufficient administrative resources to maintain staff effort throughout recovery?

Unknown at this time.

VI. Please list any private or non-profit funding sources or organizations that could be used in the recovery effort.

Unknown.

VII. Please give your worst case scenario and how it would be covered.

A 250-unit HUD-insured multifamily project is severely damaged by the flood. The owner indicates a willingness to sell the property. The city and a nonprofit organization jointly submit a HOPE 2 application proposing to acquire and rehabilitate the property and convert it to cooperative housing. The city agrees to forego taxes and fees, thus providing part of the required 33% match from nonfederal funds, and also pledges to provide the maximum match allowed in CDBG funds for administrative costs. The application is funded at \$5 million for the comprehensive homeownership program. The grant application is received, reviewed, approved and funded by HUD.

VIII. Please describe outreach activities.

No activity at this time.

IX. Explanation of any needed waivers.

N/A

X. Description of delivery system.

The application is submitted to the field office for review. The field office then forwards the application to HUD Headquarters for rating and selection.

Copy to Chris Edley, ~~Kevin Way~~,
Kevin Heyland

TJG



ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

P.O. Box 2051 Madison, Wisconsin 53701-2051 (608) 266-1926

Post-It™ brand fax transmittal memo 7871		# of pages
To: Bruce Long	From: Doug Plasencia	
Co:	Co:	
Dept:	Phone #	
Fax # (202) 395-4652	Fax # (404) 201-2620	

September 16, 1993

MEMORANDUM

TO: Katie McGinty
T. J. Glauthier

FROM: Doug Plasencia, Chair ASFPM

CC: James Lee Witt - FEMA
Bruce Long - OMB
Brian Burke - Domestic Policy Council
Mark Schaefer - OSTP
Bob Stearns - Deputy Assistant Secretary of Army
Russ Earnest - USFWS
Ed Hecker - Corps of Engineers

RE: Recent HUD Policy Decision that Could Harm the Flood Recovery

This morning I received an urgent phone call from the field that HUD acquisition offers in the flood area will be based on an "as is" basis. Attached is the specific policy being promoted by HUD faxed to me from a larger document of questions and answers. This means that any offer for acquisition would be based on the value of the damaged structure. Financially, people would be forced between deciding to restore the structure as best they could and wait for the next flood, or to suffer a significant financial loss due to accepting an "as is" offer. This will merely perpetuate the cycle of rebuilding at-risk structures in the floodplain.

This policy could have significant ramifications on the recovery. It will undermine the credibility of disaster field programs that have provided previous information that HUD money

Chair

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Katie McGinty
T. J. Glauthier
September 16, 1993
page two

will be based on the pre-disaster value of the structure. Apparently this already has started to unravel weeks of work in South Dakota. This will cause people to stay in the floodplain creating pressure to extensively upgrade and expand the federal levee system. It will promote increased political pressure to overturn the substantial damage provisions of FEMA.

The administration needs to deal with this issue rapidly. It will undermine the administration's initiatives for this recovery if it is not dealt with promptly. It will undermine long term policy analysis of how we deal with the management of our floodprone lands. Please call me at (804) 371-6136 to discuss this further. I will be checking voice mail through the evening and will be in early tomorrow so please leave a message if I am unavailable.

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Although the acquisition of floodplain property generally does not qualify for the "voluntary transaction" exemption under 49 CFR 24.101(a)(1), the grantee is free to carry out an acquisition program that it limits to amicable agreements. If the property is not occupied and the funding is not subject to Section 414 of the Disaster Relief Act, such an acquisition program should not present any significant cost differences. If the property is occupied, the grantee could condition its purchase on the owner's waiver of all or part of the relocation payments otherwise payable.

Acquisition Prices

QUESTION: How do you determine the acquisition price of property damaged by a flood?

ANSWER: Under the URA and most state eminent domain laws, the grantee must offer the current "as is" market value of the property, determined on the basis of an appraisal.

NOTE: In an unusual case, a state eminent domain law (e.g., Pennsylvania) may require the grantee to offer the greater of (1) the "as is" market value at the time of the acquisition, or (2) the "pre-flood" market value. HUD recognizes this method only when mandated by State law for all public acquisitions. Where State law is discriminatory (e.g., applies only to federally assisted projects), or the policy is adopted unilaterally by the grantee but is not required by State law, HUD does not recognize as eligible those costs in excess of the "as is" market value.

Impact of Flood Insurance on Relocation Payments

QUESTION: How do flood insurance payments affect relocation payments?

ANSWER: Duplicate compensation is prohibited. The amount of any insurance proceeds which the person receives to cover damages to the realty caused by the flood is added to the acquisition payment to determine the "acquisition cost" for purposes of computing a URA replacement housing payment for a 180-day homeowner. (The "acquisition cost" is subtracted from the cost of a replacement dwelling to determine the price differential component of a replacement housing payment.)