



**TESTIMONY OF THE MAYOR'S OFFICE OF HOUSING RECOVERY OPERATIONS
BEFORE THE NEW YORK CITY COUNCIL
COMMITTEE ON RECOVERY AND RESILIENCE**

Thursday, September 18, 2014

Introduction

Good morning Chairperson Treyger and members of the Committee on Recovery and Resiliency.

Thank you for having us here today to provide an update on continued progress on Sandy recovery. When I last testified before this committee in March, the Build it Back program had just issued its first reimbursement checks, 200 projects had started design, and the first homes were starting construction. Approximately 750 homeowners had selected their pathway. Since that time, a variety of new policies and improvements have been put into effect that have accelerated the progress and efficiency of the program and helped get desperately needed relief to homeowners.

On April 17, 2014, Mayor de Blasio announced the release of the "One City, Rebuilding Together" report that detailed how the City is overhauling its Sandy recovery programs and set Labor Day goals of 500 construction starts and 500 reimbursement checks. On September 2, 2014, the Mayor announced that Build it Back had surpassed those Labor Day goals. To date, there have been 573 construction starts, 591 reimbursement checks sent out and 87 homes fully repaired.

The Build it Back Program is committed to continuing to speed up recovery so that every homeowner gets the relief they need. My testimony this afternoon will focus on the ongoing changes and improvements that we are making to the program to help impacted homeowners. Specifically I will outline:

- Progress on all pathways and expanded financial relief for homeowners;
- Efforts to increase capacity and accelerate recovery;
- Improvements to better serve homeowners; and
- An expanded focus on Sandy impacted communities through workforce development and engagement of local businesses.

Progress on all pathways and expanded financial relief for homeowners

The City has made significant progress on all pathways. Over 3,000 homeowners have selected their options and 1,300 homeowners have started design. The City has elevated homes in each Borough. The 573 construction starts reflect significant progress on all program pathways,

including full rebuilds, elevations, and repairs. The City has expanded the Choose Your Own Contractor pathway to include elevations. The first complete rebuild project was finished before Labor Day and that homeowner is now back in his home. In total, there are 87 complete homes to date and that number grows nearly every day.

The 591 checks reflect almost \$10 million in reimbursements that have gone out to homeowners who completed repairs themselves. The City and State are making progress on the acquisition pathway.

Multifamily homes

The Multifamily Repair Program has provided \$8.3 million in funding to multifamily rental, condominium and cooperative developments and homeowners spanning Brooklyn, Queens, Staten Island, and Manhattan. Eight multifamily developments have begun construction or received reimbursement checks under the Program, and these developments represent over 2,200 households, 86% of whom are Low to Moderate Income (LMI).

Reimbursement checks

The Administration designed a first-of-its-kind program to provide reimbursements to eligible applicants who have already completed work on their Sandy-damaged homes: it was launched in January, and homeowners began to see checks in March.

The program ensures compliance with federal requirements and gets money back into the pockets of Sandy-impacted homeowners who used personal funds to repair or rebuild Sandy-damaged homes. The reimbursement amount is determined on a case-by-case basis and for single-family homeowners is 60 percent of out-of-pocket expenses that were expended on eligible repairs or repair-related expenses over and above the funds an applicant already received from other sources. These sources include SBA loans, FEMA awards, and insurance payouts.

While the program was initially limited to LMI households, beginning in late March, the Administration expanded eligibility for reimbursements so homeowners can receive assistance regardless of income level or Program priority status.

Over the last 6 months, the Administration has made significant progress in accelerating the reimbursement process. HRO has mailed out 591 checks to homeowners totaling approximately \$10 million.

TDAP

The Temporary Disaster Assistance Program (TDAP), which offers a temporary rental subsidy to eligible applicants, successfully gained the United States Department of Housing and Urban Development (HUD) approval to expand its eligibility criteria to Build It Back applicants who had relocated as a result of Sandy but who are now experiencing a high rent burden. To date, HPD has 144 TDAP households who are currently receiving rental subsidy assistance (leased up) and a further 239 households who are either in the rental search process or completing intake.

Through a grant from the American Red Cross and in partnership with the Mayor’s Office of Immigrant Affairs, community-based organization partners (Catholic Charities Brooklyn and Staten Island; Council of Peoples Organizations; El Centro; Faith in New York; Make the Road; Project Hospitality and Shorefront YM-YWHA) and the larger disaster case management and non-profit community, we are able to provide rental subsidies to up to 200 households through TDAP Private. HPD has registered 170 households to date. Of these registrants, 125 have attended an application workshop and 65 TDAP Private households have received their coupons and have started the rental search process.

Financial relief

Since March, the City has taken steps to expand eligibility and eliminate priority levels, so that every homeowner—regardless of income—is able to move forward. The City and HUD worked closely together to ensure that we can meet the needs of New Yorkers. In May, HUD announced that it was allocating \$640 million for housing recovery in the Tranche 3 Community Development Block Grant – Disaster Recovery (CDBG-DR) funding. With this new funding and the housing recovery funds the City has already received, we are able to provide support to every homeowner in the Build It Back pipeline.

The City has provided direct financial relief to homeowners by:

- Passing state and City legislation to provide property tax relief to homeowners that rebuilt after Sandy;
- Passing City legislation to waive Department of Building fees for Build It Back projects; and
- Allowing homeowners rebuilding their homes to use their “transfer amounts” for temporary relocation expenses during construction.

As outlined in the report, *One City, Rebuilding Together*, the City committed to provide additional financial relief support to impacted homeowners by offering relief from NYC water bills for vacant homes. Working with NYC Department of Environmental Protection (DEP), the Housing Recovery Office (HRO) identified over 1,500 homeowners eligible for this relief. This list was compiled after a review of Build It Back and other properties by both HRO and DEP. These homeowners are receiving a NYC Build it Back non-refundable credit of \$750 on their water bill. These people have been determined to have been out of their homes for a significant period of time between November 1, 2012 and June 30, 2014. Although they may not have consumed water, properties that remained connected to DEP water service during that time incurred a minimum charge to their DEP water and sewer account.

While the City used a number of factors and data sources to identify these homes, it is possible that homeowners who have been out of their homes for a significant period of time were not included in this initial list. HRO and DEP are continuing to take inquiries from individuals who were not included in this original list and believe they are eligible for the Credit. Since August, HRO and DEP have received over 100 inquiries. This list is currently being reviewed by both agencies for a final determination of eligibility for the Credit.

Efforts to increase capacity and accelerate recovery

The City is committed to expanding our capacity at all levels to provide relief faster to homeowners and to move more homeowners into design and construction. The City has:

- Renegotiated case management contracts that secured 45 percent savings while expanding capacity;
- Added Build it Back staff to allow the City to take over direct management of all aspects of the program;
- Increased contract capacity for damage assessments, environmental review, and appraisals; and
- Added Construction Management capacity.

The administration recently renegotiated its case management contracts, held by URS, Solix, and the Center for New York City Neighborhoods. The contractual services provided by URS, which covers Customer Operations, Project Management, and Facility Management, were renegotiated to provide the City flexibility to further ramp up case management capacity to meet applicants' needs, while ensuring that dedicated senior City staff will continue to manage day-to-day operations at the Centers. The services performed by Solix, which covers Eligibility Review, were negotiated to secure additional field and project management staff—allowing the City to increase capacity in the Centers, while expediting the review process for homeowners. The services provided by the Center for New York City Neighborhoods, which covers counseling, were renegotiated to ensure continued counseling opportunities directly in Centers, while adding outreach capacity, such as for low-income populations.

Additionally, the administration is amending its contract with Dewberry, to increase the City's capacity for damage assessments, environmental reviews, lead assessments, and appraisals, to better match the needs of the program. To date, Build it Back has completed nearly 10,400 damage assessments, the vast majority of which were done since January; this contract amendment will allow the program to finish the remaining assessments.

We also continue to expand the Choose Your Own Contractor program, which now includes elevations. Seventeen contractors have registered for the repair and elevation program. Many of the contractors are local to the affected areas such as Staten Island, Breezy Point, and Broad Channel. Several of them are family-owned and operated and/or M/WBE. By lowering the insurance and bonding requirements earlier this spring, we were able to attract and accept smaller contractors into the program.

The City is committed to including voluntary organizations in the Build It Back program and leveraging their capacity to assist with the rebuilding effort. St. Bernard's Project/Friends of Rockaway is now on the approved Choose Your Own Contractor list and working with homeowners in the Build It Back program.

This summer, we kicked off another round of outreach to small to mid-sized, local, M/WBE contractors, starting with a contractor information session for the CYOC program in Staten Island. We are continuing to work with Chambers of Commerce, the Department of Small Business Services, and other local business associations to plan outreach events in the boroughs.

Involving small businesses from the affected areas in the CYOC program provides a great opportunity for them to participate in Sandy recovery work.

In early September, in partnership with the Department of Design and Construction (DDC), Hill International came on board as the program's Construction Management firm to help streamline and manage construction operations. In addition, in partnership with the School Construction Authority, we are currently working on additional design services capacity to help us move applicants through the process faster and focus on some of the more difficult projects, such as attached homes.

The City will issue a new Community Recovery CM Request for Proposals for pre-construction, design, and construction services in the coming weeks, and has already hosted a pre-solicitation conference with potential bidders. This new procurement will allow the Housing Recovery Office to dramatically increase its design and construction capacity while further accelerating housing recovery, especially the elevation of homes (including attached homes). Projects will be coordinated through design and construction at the neighborhood level to minimize impact to communities.

This new RFP will help address complex design and construction issues by neighborhood. Throughout Sandy impacted neighborhoods, the City faces complex pre-construction and design issues when rebuilding and elevating homes. These include flood elevation requirements, coordinating the needs of multiple homeowners in attached homes, BSA issues including narrow lots; no legal street frontage; street widening, wetlands and Coastal Erosion Hazards Areas (CEHA), and unmapped streets and connections to City infrastructure.

Coordination with other agencies

The design and construction work undertaken as part of Build It Back requires an unprecedented level of cooperation between government agencies. The City continues to develop streamlined processes for review with the Department of Buildings, the Department of Environmental Protection, the Board of Standards and Appeals, the Fire Department, and other agencies.

The Dept. of Buildings has been actively collaborating with the City's Housing Recovery Office. DOB flags Build it Back properties on the Intranet of their Buildings Information System (BIS) to allow DOB's BiB team a way to identify and track progress and service levels for plan reviews and inspections. DOB has set up teams of dedicated Build It Back plan examiners, inspectors and administrative staff who will operate out of a central location for more efficient management. DOB's Build it Back team is working with HPD to review their projections for demolitions and rebuilding to help manage work flow and output. For rebuilds, DOB agreed to review and accept prototype designs so that when site specific plans are submitted to DOB, the review would be limited to zoning only, thus reducing the review time. As needed, Build it Back Administrative staff support the Build It Back centers in Brooklyn, Queens and Staten Island.

To better work through complex cases, the City established a Technical Review Committee which is composed of members from the Housing Recovery Office, the Department of Housing Preservation & Development, the City Planning Department and the Mayor's Office of Long-

Term Planning and Sustainability. The committee meets twice a week to review applications whose pathways cannot be clearly determined for a variety of complex reasons. The committee has reviewed or has under review homes whose complications include:

- Homes with multiple undocumented buildings or dwelling units on the property, exceeding those in the records of the Department of Buildings or the Department of Finance;
- Homes that were destroyed or damaged and were completely or partially over water;
- Attached homes, both semi-attached and row homes; and
- Homes that exist on unmapped streets or “courts” without street frontage.

DEC Coordination

Working with the New York State Department of Environmental Conservation (DEC) we have developed a Build it Back-specific “general permit” that covers construction activities in areas adjacent to wetlands that are within DEC’s jurisdiction. This pertains to over 1,000 properties, both Rebuilds and Elevates. We are collaborating with DEC to develop sample application materials and expedited processes with a 15-day turnaround for properties that are within a wetland or within a coastal erosion hazard area (CEHA).

BSA Unmapped Streets/Bed of Mapped Streets /Narrow Lots

The Housing Recovery Office and HPD are working closely with the Board of Standards and Appeals to expedite and batch approvals for homes in the Build It Back program. This issue potentially affects a significant volume of reconstructions. We have organized interagency coordination with DOB/DCP/FDNY/Law Department and BSA. State legislation as was accomplished for Breezy Point, may be the best way to remove this construction roadblock, and we are exploring this option.

We are developing a proposed “neighborhood” filing that would include all Build it Back homes in a specific geography. Because fire safety is paramount, HPD is working with FDNY to incorporate all necessary fire safety features into building design, which includes changes in roof pitch, structure height, sprinkler systems, increased fire ratings of building materials, and linked fire alarm systems.

We also developed a streamlined application and batch filing and review process for narrow and shallow lots in the rebuild program. Seven applications for zoning special permits have been approved on Staten Island, and seven were filed in Queens Community Board 14 and will have a public hearing on September 23rd. A combination of community outreach and simplified procedures have reduced application periods down to the legally mandated notification period and review procedures, which is less than three months.

Improvements to better serve homeowners

The Mayor’s Office of Housing Recovery Operations has significantly improved our capacity to effectively manage applicant cases by improving communication with applicants, expanding

outreach in the community, streamlining internal processes, and increasing and improving staffing. Efforts to date include:

- Assigning homeowners a single application coordinator, case manager, and financial or legal counselor to provide singular points of contact as they move through the application process.
- Creating greater flexibility; for example, allowing homeowners to move into design consultation before selecting an option. This allows the homeowners to meet with an engineer or architect at their home, discuss their options, and have a better understanding of what their homes will look like.
- Expediting cases in which the applicants are in dire need of immediate assistance, such as in homes that require lead or mold remediation and may be causing major health concerns.
- Providing special assistance to families of military personnel overseas and conducting approximately 75 home visits per month for applicants with special needs.
- Hiring bilingual staff that speak Spanish, Russian, and Cantonese.
- Improving the functionality of Build it Back centers by bringing in technical experts (including engineers and construction managers), financial and legal counseling, Department of Buildings representatives, and NY Rising representatives to assist with the acquisition process, comprising a one-stop-shop for homeowners.
- Hiring a Deputy Director for Homeowner Services to prioritize customer service and ensure homeowners receive the support they need in partnership with other City agencies and nonprofit providers.
- Expanding the referral process and communication with Disaster Case Managers, including through joint trainings.
- Reaching out to unresponsive applicants to bring them back into the program; to date, Build it Back, in collaboration with its community partners, has knocked on over 5,000 doors. Through these efforts, over 2,000 applicants have re-engaged with Build It Back.
- Connecting ineligible applicants with non-profit partners for financial and rebuilding support.
- Providing free mortgage counseling for applicants facing foreclosure.
- Hosting a series of information sessions in Sandy-impacted communities to discuss specific aspects of the program, such as lead-based paint abatement.

Counseling

The Build It Back counseling program, in partnership with the Center for New York City Neighborhoods and local community-based organizations, is a vital resource for homeowners who are seeking financial and legal assistance related to their application. Applicants can request an appointment with a local non-profit partner providing service at no charge to the applicant. Over 1,500 applicants have worked or are currently working with a counselor to resolve a range of issues including cancelled SBA loans, insurance issues, and mortgage distress and foreclosure.

Starting in July 2014, counseling services are now available at the Build It Back Centers. Homeowners can speak with a counselor to help resolve issues and receive a referral for a more in depth consultation. Close to 400 applicants have utilized the Counseling desk to date.

Community outreach

The Housing Recovery Office has significantly increased our presence in impacted communities. Partnering with local elected officials, HRO established satellite offices in the Bronx, Howard Beach, Mill Basin, and Ozone Park. We are co-locating with City Council members and other elected officials in Staten Island, Arverne, Coney Island, Rockaway, Brighton Beach, Sea Gate, and Gerritsen Beach. I would like to thank all of the elected officials that have generously worked with our office, offered space in your offices, and dedicated your staff's time to working with us to help homeowners. Your commitment to serving your community, coupled with the homeowners' comfort in working with you and your staff, has resulted in real progress for many homeowners. More than 2,900 homeowners have received services in these locations since April.

Working in conjunction with the Department for the Aging and Catholic Charities, HRO identified senior applicants that have been hard to reach. We are starting to conduct door to door outreach, in an effort to engage them in our program and link them to additional social services.

Accountability

The Housing Recovery Office has an intensive internal and external monitoring, audit and review process developed in partnership with the Office of Management and Budget. Both HUD and DOI also conduct their own independent, external monitoring and audit functions. All told, the internal and external program oversight, at both a programmatic and applicant-by-applicant level, exceeds even the oversight historically employed by CDBG-DR programs.

In addition to vendor-level QA-QC processes, HRO also conducts regular internal audits of vendor deliverables and, where necessary, requires vendor corrective actions to resolve issues with particular applications and standard operating procedures. On top of the HRO-level review, OMB also conducts regular auditing, testing the Program's internal controls and working with HRO to address any potential deficiencies.

Department of Housing and Urban Development (HUD)

HUD conducts management reviews, in conjunction with monitoring visits, to ensure that CDBG-DR programs are carried out efficiently, effectively and in compliance with applicable laws and regulations and established policies. These reviews are intended to assist grantees -- New York City -- in improving performance, developing or increasing capacity, and augment management and technical skills. A management review is part of an ongoing process that assesses the quality of our performance over a period of time and requires effective communication and cooperation between Federal, State and local partners. These reviews occur

at least every six months. Since September 2013, HUD conducted four monitoring visits and two Technical Assistance visits.

The HUD Inspector General will also review the City's use of the CDBG-DR grant, including reviews of the City's program management and to ensure against waste, fraud and abuse, much like the City's own Department of Investigation.

NYC Department of Investigation (DOI)

Under the supervision of DOI, four firms have been hired to provide integrity monitoring (IM) services to Build It Back through a Memorandum of Understanding between HRO and DOI. At the onset of the monitorship, the IMs were tasked with auditing a percentage of homes during scoping, construction and inspection, as well as performing random audits throughout the project. Additionally, DOI and their monitors have recently assisted HRO with policy and procedure recommendations to aid in increasing the speed and efficiency of the program.

The duties of the IM include, but are not be limited to:

- Conduct audits and investigations to ensure contractors(s)' compliance with all the terms and conditions of the contracts and agreements they enter into with the City in connection with Build It Back;
- Examine documents related to the operation of Build It Back in the possession of the construction contractors that may relate to their respective responsibilities;
- Review payment requisitions for accuracy;
- Audit disposal of contaminated and hazard waste;
- Review payrolls and refer anomalies to HRO/DEP;
- Report any integrity issue immediately to DOI and HRO/DEP;
- Refer any work quality and/or safety issues immediately to HRO/DEP and to DOI if the issue related to the integrity of the construction contractor;
- Review subcontractor approval documents;
- Maintain a field site presence;
- Investigate allegations of fraud in connection with Build It Back;
- Maintain a 24 hour hotline - 212-825-5959 - for complaints about the construction contractors, as well as for complaints of fraudulent conduct related to Build It Back, and post notice of the hotline at central locations for each geographic area being served;
- Follow investigative leads developed from all of the above at the direction of DOI;
- Provide testimony and participate in court or administrative proceedings as needed.

Expanded focus on Sandy-impacted communities

The City is committed to focusing on engaging local communities in the rebuilding process by supporting a high-quality, local workforce with a focus on hiring New Yorkers impacted by Hurricane Sandy.

The Housing Recovery Office (HRO) will partner with the Department of Small Business Services (SBS) on workforce development. As part of that partnership, contractors, consultants, and vendors receiving Build It Back Sandy recovery funds from the city will be required to post job opportunities and work with Workforce 1 on employment requirements. Residents in Sandy-impacted neighborhoods will be able to register for opportunities with the rebuilding effort at Workforce1 and Build it Back centers. The administration will formally launch this partnership at the upcoming Opportunity Fair, which will provide assessments, initial employment opportunities, and referrals to suggested training in anticipation of upcoming jobs.

The new Community Recovery Construction Management RFP will focus on our commitment to helping Sandy communities recover through its workforce and local businesses. The contracts will require a pathway for local residents to access jobs with the Sandy rebuilding and a pathway to careers through a connection to apprenticeship and job training programs. The City will host a forum to connect local businesses and minority and women-owned businesses with firms interested in submitting proposals. Inclusion of local businesses and minority and women-owned businesses will be considered in the selection process.

As part of this commitment, the administration will host an Opportunity Fair, in collaboration with the Alliance for a Just Rebuilding, in October. The Opportunity fair will connect Sandy impacted residents with jobs, training opportunities, and community-based organizations.

Conclusion

I look forward to continuing to work with this Committee and the entire Council to rebuild communities devastated by Hurricane Sandy. This progress on all program pathways, combined with expanded financial relief for homeowners, a dramatic increase in capacity and homeowner service, and a real focus on local workforce development, is only the beginning. We're committed to pushing Build it Back forward until every homeowner gets the relief they need. With your help we will get families back in their homes and build stronger, more resilient communities. I am happy to take your questions.