



Mayor's Office of Operations
253 Broadway, 10th Floor
New York, NY 10007

April 4, 2013

The Center for NYC Neighborhoods (“CNYCN”) and its Network Partners respectfully submit the following comments on the City’s Action Plan for its first allocation of federal Community Development Block Grant – Disaster Relief (CDBG-DR) funding provided to assist the City to respond to the devastation wrought by Hurricane Sandy. CNYCN values and appreciates and the leadership that Mayor Bloomberg and the City of New York have shown thus far in this disaster and we look forward to continuing to work closely with all of our partners in City government throughout the Sandy recovery effort.

CNYCN applauds the comprehensive approach outlined in the plan but urges the City to leverage the strength and expertise of existing organizations and networks in the City to provide the most efficient and sustainable response to Sandy. We believe that CNYCN and the network of 38 housing counseling and legal services organizations we represent are well-equipped to play a lead role in serving homeowners impacted by the storm. Homeowners in distressed neighborhoods *already* see housing counselors and lawyers as local advocates and mortgage specialists. Large numbers of homeowners in flood zones are turning to housing counselors and legal services providers for advice and guidance about homes damaged by Hurricane Sandy. Services provided include helping homeowners to apply for Federal Emergency Management Agency (“FEMA”) benefits, U.S. Small Business Administration (“SBA”) loans, and repair grants and loans; assisting homeowners to file insurance claims and appeals; providing mortgage and loss mitigation counseling; developing budgets; providing referrals for financial counseling and resources; and offering information and advice about the timing and availability of additional benefits and rebuilding requirements.

In this letter we provide a brief background on the work CNYCN and our Network Partners have already provided for homeowners impacted by Hurricane Sandy. We then provide comments on the City’s proposed NYC Houses Rehabilitation program.

Background on CNYCN’s Sandy Relief Work

Since 2008, CNYCN and our Network Partners have worked closely with the City’s Department of Housing Preservation and Development (“HPD”) and a host of government, private, and nonprofit partners throughout the City to build an effective response to the foreclosure crisis. Additional information about the background on the foreclosure prevention response of CNYCN and our Network Partners is provided in Attachment A. CNYCN’s infrastructure – established to support homeowners threatened with foreclosure – proved a powerful platform from which to launch Sandy relief.

CNYCN Network Partners have played a critical role in conducting outreach in affected areas – disseminating information, connecting homeowners to needed resources, and providing direct legal and

housing counseling through the use of mobile legal assistance vans. CNYCN Network Partners provided services to affected homeowners and tenants at all of the outreach events coordinated by the City's Housing Recovery Office. The ability of Network Partners to provide language assistance services to people of Limited English Proficiency greatly enhanced the efficacy of these outreach events.

Sandy-affected homeowners have also connected to the CNYCN Call Center through outreach at the Restoration Centers, via 311 and (in very high numbers) by word of mouth. As of March 4, our Call Center received over 1,090 calls related to Sandy, distributed as below:

- 408 from Staten Island homeowners,
- 393 from Queens homeowners,
- 278 from Brooklyn homeowners,
- 8 from Bronx homeowners, and
- 6 from Manhattan homeowners.

CNYCN Network Partners have helped well over 1,000 homeowners to navigate the complex process of FEMA and SBA applications, redress problems with insurance and FEMA denials, negotiate forbearance agreements and loan modifications with mortgage servicers, apply for low-interest repair loans and grants, and understand how new flood plains and building codes will affect rebuilding and recovery options. Housing counselors and legal services providers across the network report that most of their clients who were affected by Hurricane Sandy will need long-term counseling and assistance to handle a variety of issues related to the storm. The long-standing trust community members have in these service providers also enables the groups to serve as a line of defense against repair scams by providing scopes of work and evaluation of contracts to ensure work is being done by licensed contractors at a fair price.

CNYCN has been able to quickly raise and disburse funds to support this work by augmenting housing counseling and legal services capacity in the flood zones. CNYCN also organized training for housing counselors and legal services providers on homeowners insurance, flood insurance, the FEMA and SBA processes, and other relevant topics. With \$750,000 in funding – \$500,000 from the Mayor's Fund to Advance NYC – CNYCN was able to provide support to 13 legal and housing counseling groups. The demand for funding, however, significantly outstripped supply, with requests from 20 groups totaling \$2.29 million. The allocated funds quickly met their program objectives, assisting nearly 700 people in 2 months. CNYCN was recently approved for another \$500,000 grant from the Mayor's Fund to Advance NYC which will fund additional capacity for CNYCN and nine housing counseling and legal services organizations. CNYCN also monitors an additional \$500,000 of funding to increase staff capacity for Sandy relief activities provided by the Office of the Attorney General to housing counseling and legal aid groups that are part of the Homeowner Protection Program ("HOPP").

In January, CNYCN launched the Neighborhood Recovery Fund ("NRF") with a generous contribution from [Goldman Sachs Gives](#), enabling our Network Partners to connect homeowners in need with emergency grant and loan funds. NRF provides \$5,000 grants or 0% loans to homeowners who need help with maintaining financial stability and making repairs to their homes. To date, we have deployed over \$610,000 in NRF grants and loans to 127 households. We have received approximately 140 additional applications and our Network Partners have another 900+ applications in varying stages of completion, though as of now we are no longer accepting new applications. Given the immense need, we are continuing to raise funds for the program and hope to be able to raise enough to serve a total of 800 families with the NRF before the roll-out of CDBG-DR-funded repair programs. A recent grant of

\$250,000 from the Robin Hood Foundation is helping us toward that goal. The NRF program has been especially critical to low and moderate income households who have not qualified for SBA loans and/or have not had access to other financing. Of the applications CNYCN has funded to date, 65% have been from households below 50% of Area Median Income.

Comments on the NYC Houses Rehabilitation Program Proposed in the City's Action Plan

Leverage Local Expertise

CNYCN applauds the multiple references in the Action Plan to the City's intention to leverage the capacity of private non-profits and community based organizations in the implementation of the NYC Houses Rehabilitation program. However, the Action Plan does not make clear whether any funds will be dedicated to supporting the increased capacity of these organizations to meet the needs of homeowners impacted by Hurricane Sandy, and CNYCN strongly urges the City to do so. Leveraging the expertise and community relationships of private non-profits and community based organizations in the NYC Houses Rehabilitation program will enable the program to roll out efficiently and effectively. As noted above, homeowners see housing counselors and lawyers at these organizations as their advocates, and have already been turning to these service providers for advice and guidance about homes damaged by Hurricane Sandy. These organizations also have existing capacity to provide language access in affected communities.

In addition, the involvement of local organizations in program delivery will ensure greater continuity of services for community residents. These organizations pre-date the storm and will remain active in these communities throughout and beyond the recovery period. As noted in the paper recently published by the U.S. Department of Housing and Urban Development (" HUD ") entitled *HUD Housing Counseling Program Guide for Superstorm Sandy Disaster Relief*: " Housing counseling agencies are uniquely situated to assist with long-term recovery . . . Most of them have worked in the communities for long periods of time, with neighborhood-based staff and board members, and are known and trusted by the residents . . . They have a long history as responsible stewards of federal, state and local funds. They will be in the neighborhood long after FEMA and the first responders have left."¹

Outreach

As noted on pg. 57 of the Plan, the City plans to leverage the expertise of private non-profits and community-based organizations to provide community outreach about the NYC Houses Rehabilitation program. CNYCN commends the City for recognizing the importance of involving in its outreach efforts service providers that already serve as trusted front-line responders for affected households. The City should provide more details about the resources it will direct to integrating these organizations into its outreach strategy.

CNYCN believes that the City should capitalize on the positioning of housing counselors and legal services providers to effectively and efficiently market the NYC Houses Rehabilitation program and connect homeowners to other services and resources. Specifically, CNYCN recommends that the City should provide funding for housing counselors, attorneys, and other trusted local services providers to conduct outreach at community events and on-site at Housing Recovery Program designated locations.

¹ U.S. Department of Housing and Urban Development, *HUD Housing Counseling Program Guide for Superstorm Sandy Disaster Relief*, March 14, 2013, pg. 6.

This outreach should be supplemented by direct mailings, community door-knocking campaigns, and phone calls to FEMA registrants and homeowners who have already sought services from local service providers. While such outreach may be conducted most cost-effectively by volunteers, coordinating with experienced and trusted service providers for such outreach is likely to result in more reliable information reaching homeowners, enhance access to a broad set of benefits and resources, and reduce the unmet needs of homeowners approved for the NYC Houses Rehabilitation program.

Funding should also be provided to community organizations to develop and distribute marketing materials and messaging to their clients on-site and on their websites. According to HUD, “To maximize the potential of any housing counseling program, it is critical that this work be coupled with a robust plan for community outreach and engagement . . . HUD recommends budgeting funds both for uniform statewide messaging and also grassroots materials that housing counseling agencies can customize for their audiences and communities.”² Providing community organizations with the license and financial resources to tailor marketing materials results in much more effective outreach; the staff of these organizations have the content and language expertise to restate technical messages into colloquial language that the community can more easily understand.

CNYCN can help the City to strategically deploy more intensive outreach to higher risk homeowners through the data it receives from the New York State Department of Financial Services on a monthly basis for outreach purposes. This data shows that more than 9,000 households affected by Sandy flooding have received a 90-day pre-foreclosure notice at some point within the past three years.

Funding for housing counselors, legal services providers, and other social service providers to assist the City in developing its outreach strategy and to conduct direct community outreach to homeowners about the NYC Houses Rehabilitation program will not only result in better results for homeowners, but will also help the City to identify and redress any problems with the program more quickly. As noted by HUD, “Housing counseling agencies often serve as early warning signs of gaps in public and private initiatives, and serve an important role in spotting systemic issues that manifest from individual cases.”³ CNYCN recommends that funding for outreach by these organizations extend the full timeline of the program to trouble-shoot any problems encountered by participating homeowners and to maintain active prevention and awareness efforts about predatory lending and scams.

Housing Recovery Specialists

As the sole point of intake for clients of the NYC Houses Rehabilitation program, Housing Recovery Specialists will play a critical role in the success of the program. CNYCN encourages the City to provide more detail about the proposed entity that will manage the Housing Recovery Specialists, the required qualifications for Housing Recovery Specialists, and the rigor of job training that will be provided for Housing Recovery Specialists. In addition, CNYCN suggests that the City provide more information about how it will determine the number of Housing Recovery Specialists that the City needs to either hire or procure in order to serve the greatest possible number of eligible program participants.

The Action Plan states on page 50 that the City “will use the City’s procurement procedures to leverage the expertise and capabilities of private non-profits, community based organizations, community development financial institutions, and contractor and consultant support.” We encourage the City to

² *Ibid.*, pg. 13.

³ *Ibid.*, pg. 5.

consider selecting at least a portion of its Housing Recovery Specialists through a procurement opportunity that is open to private non-profits and community-based organizations. Providing an opportunity for experienced community-based housing counselors and other social service professionals to serve as Housing Recovery Specialists would leverage existing capacity at private non-profits and community based organizations. Criteria used to select Housing Recovery Specialists should give priority to individuals and organizations with experience in affected communities and expertise in homeowner services and disaster relief.

To ensure the coordination of all services being provided to homeowners whose homes were damaged by Hurricane Sandy, CNYCN also suggests that the City consider including non-profit service providers to serve in an advisory role to the dedicated team of City staff responsible for overall program administration of NYC Houses Rehabilitation.

Integrating Housing Counseling and Legal Services

It is essential that the City's Action Plan place a higher priority on meeting the mortgage-related needs of homeowners whose homes were damaged by Hurricane Sandy. These homeowners face a complex set of needs related to their mortgages. Rehabilitation and reconstruction of home structures will not succeed in furthering homeowner stability or community recovery if the finances of homeownership are neglected. The City must make an initial consultation session with expert housing counseling and legal services available to all homeowners impacted by Hurricane Sandy as soon as possible, and should consider strongly suggesting that homeowners attend such a consultation as part of the application process for City funding. CNYCN also suggests that CDBG-DR funds be used to make financial counseling and coaching services available to all affected households by the City's Office of Financial Empowerment and/or other providers. We have a limited timeframe in which to prevent the mortgage distress and foreclosures that hit communities after Hurricane Katrina, and the sooner our Network Partners can engage with at-risk homeowners, the better our chances of securing a positive and sustainable outcome.

Not surprisingly, homeowners burdened with repair or reconstruction of their homes, overcoming loss or reduction of employment and/or rental income, replacing personal property, and covering the costs of temporary housing are struggling to remain current on their mortgages. Many of the homeowners in Sandy-affected areas were having difficulty making ends meet even before the storm hit – as noted above, over 9,000 households in these areas received 90-day pre-foreclosure notices in the past three years. Housing counselors and lawyers can help homeowners to navigate the maze of mortgage options available to them, including forbearance, loan modifications, foreclosure, short sales, and deed-in-lieu transactions. A homeowner's financial situation and mortgage status may be key factors in a homeowner's decision about whether to select a core or additional path in the NYC Houses Rehabilitation program.

Providing early access to financial and housing counseling, legal services, and disaster case management services is a critical component of success for the NYC Houses Rehabilitation program. Many homeowners meeting with Housing Recovery Specialists will still be in the process of applying for or appealing the level of assistance available to them from FEMA, SBA, insurance, and other sources, and negotiating forbearance and loan modification agreements with their mortgage servicers. Early access to these services would also enable the Housing Recovery Specialist and financial and eligibility review team to make a more accurate determination of a homeowner's unmet need. As described by HUD: "A successful expansion of housing counseling can result in every low- or moderate income homeowner

having the opportunity to work one-on-one with a trained housing counselor who will identify barriers to safe, stable and affordable permanent housing and assist the homeowner to develop an action plan to overcome those barriers. Many disaster stricken and victimized homeowners, once capable of making logical decisions and competent plans, are now experiencing post traumatic shock stemming from massive loss or damage to their home, a reduction of income, and increased living expenses. Housing counselors are trained experts who have the skills to work with troubled borrowers. Housing counselors can sort through the emotion, direct conversations, and identify next steps for borrowers as they work towards solutions for permanent and sustainable housing.”⁴

We urge the City to consider strongly encouraging homeowners to participate in an initial consultation session with a housing counselor or legal services provider as part of the application process for City funds to rehabilitate or reconstruct their homes. These sessions should be provided in a centrally-coordinated manner to ensure effective and efficient service delivery. The City could even consider providing a case management team for each homeowner entering the NYC Houses Rehabilitation program that would include not only a Housing Recovery Specialist, but also a disaster case manager or a housing counselor. While many program participants may benefit from an initial, brief session in which a housing counselor or legal services provider assists them to understand and evaluate their housing options, others may elect to receive ongoing housing counseling and legal services or to access such services later in the program.

Even this brief exposure to housing counseling and legal services will facilitate appropriate utilization of such resources by homeowners in need of counsel throughout program delivery. According to HUD, “The most effective way to drive homeowners to get help from housing counseling agencies is to tie benefits to them. In other words, homeowners can be required to go to housing counseling as a condition of financial assistance IF the housing counseling capacity has expanded successfully to meet the demand. This model is used by the Center for NYC Neighborhoods, which offered a \$5,000 emergency grant to Sandy survivors funded by a private source that could only be accessed through housing counseling agencies. In the Gulf Coast, housing counseling was a condition of accessing some CDBG-DR funds such as downpayment [sic] assistance.”⁵ Such a requirement may prove to be a more effective and appropriate mechanism for the City to assist homeowners to maintain homeownership during and after the construction period than the enforcement mortgage proposed on page 51 of the Action Plan.

CNYCN and its Network Partners also suggest that the City consider: (a) collocating housing counseling, legal services, financial counseling, disaster case management, FEMA staff, insurance representatives, and other technical experts at the Housing Recovery designated locations where the Action Plan indicates that homeowners would be able to meet in person with Housing Recovery Specialists, and (b) building capacity for existing referral systems, such as 311 and the CNYCN Call Center, to connect homeowners with needed services that cannot be provided on-site. We believe that collocating services would be a particularly powerful way for the City to provide homeowners with comprehensive and continuous services, to reduce frustration for homeowners, and to better inform their disaster-related decisions.

We also urge the City to provide more information about the protocols that will be adopted for Housing Recovery Specialists to refer homeowners to housing and financial counseling, in order to ensure that

⁴ *Ibid.*, pg. 4.

⁵ *Ibid.*, pg. 13.

homeowners requiring mortgage and/or financial counseling are readily able to access these services. The Action Plan states that the Housing Recovery Specialist “may also recommend partners that can provide an applicant technical counseling (legal, home finance, etc.)” on page 57. The examples of expected typical scenarios provided in the Action Plan highlight scenarios such as, “If Mrs. Smith is not comfortable with deciding on her assistance path, the Housing Recovery Specialist can refer her to outside counseling for financial or legal guidance (e.g., financial analysis of each option, including the possible costs of relocating and the fair market value of similar homes in her area)” on pages 59-60. Furthermore, on page 58, the Action Plan states that “specific ‘customer service’ and housing counseling” will be provided to the homeowner throughout the rehabilitation or reconstruction process. It is not clear whether the housing counseling mentioned on page 58 will be delivered through referrals, as mentioned elsewhere in the description of the NYC Houses Rehabilitation program, or through another delivery mechanism. We are concerned that the ambiguity surrounding the protocol for such referrals may result in homeowners being connected to housing, financial, and legal assistance too late in the program process and urge the City to encourage referrals early on in the screening and application process.

Funding for Housing Counseling and Legal Services

The capacity of housing counseling and legal services organizations has been augmented in the wake of the storm by funding from the Robin Hood Foundation, the Mayor’s Fund, other charitable gifts, and the Attorney General’s HOPP, for activities specifically related to assisting households affected by Sandy. However, these funds are far from sufficient to support the increased capacity at these organizations throughout the recovery period. These organizations will likely need to reduce the level of services provided in communities impacted by Sandy when this funding has been spent down, leaving insufficient capacity to meet the needs of homeowners referred by the NYC Houses Rehabilitation program.

In regards to general funding for housing counseling and legal services, HOPP has committed \$60 million over the next three years to these services for New York homeowners struggling with their mortgage payments. City CDBG funds could leverage this State funding to boost capacity to a level necessary to meet Sandy-related demand. As noted by HUD, “housing counseling agencies need adequate funding, tools, and training to meet the unique needs present in the aftermath of Sandy.”⁶ The City’s expanded financing of housing counseling and legal services should be designed in a manner that is flexible enough to support fluctuating demand for such services from program participants over the life of the program. The HUD study provides guidance on the fee structures for housing counseling services that may be a useful resource for the City in determining how best to finance housing counseling services. The NYC Department of Consumer Affairs’ Office of Financial Empowerment can likely provide similar guidance for the City on how best to finance financial counseling and coaching services for program participants.

To ensure the highest quality of housing counseling and legal services, and to ensure that these services are effectively integrated with all other services available to homeowners impacted by Hurricane Sandy, we also recommend that the City fund and organize training for housing counselors and attorneys. As noted in the HUD study, “Housing counseling agencies played key roles in recovery from Hurricanes Katrina and Rita in the Gulf Coast and numerous hurricanes on the Carolina coast and in Florida. Their experience indicates several critical ways that counseling post-disaster is different from standard housing counseling . . . Many housing counseling agencies have experience in this areas [sic] already;

⁶ *Ibid.*, pg. 2.

others will have to develop their skills or make referrals to agencies with sufficient capacity to handle these types of cases. As the foreclosure crisis demonstrated, housing counseling agencies can scale skills and services quickly to meet new needs if provided sufficient resources to do so.”⁷

The City should also consider making funds available to build capacity to record client data and integrate conventional mortgage-related data fields with disaster management data fields. As noted by HUD: “Housing counseling agency [sic] will need funding to customize existing housing counseling systems to track disaster victim client data.”⁸ We also recommend that the City facilitate the sharing of client-level data collected by Housing Recovery Specialists with other service providers, including housing and financial counselors, lawyers, and disaster case managers, either through the Coordinated Assistance Network or another mechanism.

Mortgage Distress: Other Program Design Features

As noted above, many homeowners whose homes were damaged by Hurricane Sandy are either delinquent on their mortgages or at risk of becoming delinquent. Due to the immense financial hardship Hurricane Sandy has placed on homeowners, particularly those who depended on rental income from properties that were damaged during the storm, we believe that homeowners who have fallen behind on mortgage payments should be eligible for the NYC Houses Rehabilitation program. In many instances, reconstruction or rehabilitation of a home through the NYC Houses Rehabilitation program will be essential to rebuilding a homeowner’s financial stability and precede a homeowner’s ability to make current mortgage payments. Housing counselors and attorneys can support homeowners during the construction period to negotiate mortgage relief, such as forbearance and loan modification agreements with their mortgage servicers.

The Action Plan should make clear that mortgage delinquency will not preclude homeowners from eligibility for the NYC Houses Rehabilitation program. We are concerned that any requirement that homeowners remain in their homes for five years and/or be subject to an enforcement mortgage as contemplated on page 51 of the Plan may preclude such homeowners from eligibility. The City should also make clear that any other liens attached to a particular property will not impact that homeowner’s eligibility for the program.

The Action Plan should also make the Additional Cost Assistance described on page 55 more easily accessible to homeowners who require interim assistance payments before they are able to regain financial stability. We applaud the City’s focus on meeting the highest priority needs of homeowners and we agree that Additional Cost Assistance should only be available to households with a high level of financial need. However, we are concerned that in limiting the availability of such assistance to a small subset of homeowners in need, the City could be underestimating the financial burden that Hurricane Sandy placed on affected homeowners. We are not certain from the layout of pages 55 and 56 of the Action Plan whether the City intends to limit interim assistance payments for additional cost burdens such as mortgage payments or flood insurance to households with incomes at or below 50% of Area Median Income. We recommend that the City clarify the eligibility criteria for Additional Cost Assistance and avoid imposing such a low-income limitation on the program as the storm has created unmanageable housing cost burdens for households across a wide range of income levels.

⁷ *Ibid.*, pg. 9.

⁸ *Ibid.*, pg. 16.

We strongly urge the City to make Additional Cost Assistance available to any homeowners whose homes were damaged by Hurricane Sandy and whose housing costs are unaffordable. Eligible homeowners should be provided with access to Additional Cost Assistance as soon as possible. Limiting this assistance to homeowners having program-funded rehabilitation and resilience measures performed would negatively impact homeowners conducting their own reconstruction or rehabilitation or relying on volunteer labor through Habitat for Humanity or other organizations. Delaying access to Additional Cost Assistance for those homeowners applying for a rehabilitation or reconstruction program until the City determines that higher level needs have been met or until a homeowner receives program approval may exacerbate short-term hardships for homeowners and undermine their long-term financial stability. Without access to interim assistance payments, homeowners may become delinquent on their mortgages or fall into foreclosure. Mortgage delinquency could make homeowners ineligible for other benefits or programs in the short-term; mortgage delinquency may also result in program expenditures for construction that do not ultimately benefit homeowners who lose their homes to foreclosure in the future. Early interventions to assist homeowners struggling with unaffordable housing costs will lead to better outcomes for homeowners, enhance the effectiveness of program-funded rehabilitation and reconstruction, and reduce the amount of money paid to mortgage servicers in delinquency, legal, and other fees.

Additional Cost Assistance should not be limited to households whose properties are uninhabitable. This restriction overlooks the fact that a homeowner's housing costs may be unaffordable due to loss of income or inadequate mortgage relief even if their home is habitable. We interpret 78 FR 43, p. 14345 to describe uninhabitability as an example of when interim payments might be used, not to restrict payments to those situations alone. We caution the City to consider carefully the requirement that owners have expended prior personal funds to be eligible for the Additional Cost Assistance program as this may place an undue burden on very low-income households and those dependent on fixed incomes. We also think it is important for the City to clarify that homeowners in multi-family buildings, particularly those in co-ops with fewer than five units would be eligible for this type of assistance, either through the Additional Cost Assistance program or the proposed mortgage assistance program described on page 64, and that single-family co-op loans would be eligible (such as those issued to shareowners of the Breezy Point Cooperative). Finally, we recommend that the City require housing and/or financial counseling for any homeowners receiving Additional Cost Assistance.

Housing Programs and Program Priorities

The two housing programs proposed in the Action Plan – NYC Houses Rehabilitation and Multi-family Building Rehabilitation – focus predominantly on reconstructing and rebuilding homes and multi-family rental buildings damaged by Hurricane Sandy. CNYCN welcomes the City's inclusion of the Rental Assistance for Extremely Low Income Households proposed on pages 55 and 56 of the Action Plan to address the needs of renters affected by the storm. According to research by New York University's Furman Center for Real Estate & Urban Policy, 55.4 percent of FEMA registrants are renters and 44.6 percent are owners.⁹ The Furman Center warns that "Given the extremely low incomes of the renters claiming damages, they are particularly at-risk of being unable to locate new housing that is affordable to them."¹⁰ CNYCN recommends that the City carefully assess the needs of this population of renters

⁹ Furman Center for Real Estate & Urban Policy, New York University, "Sandy's Effects on Housing in New York City," March, 2013, p. 7.

¹⁰ *Ibid*, p. 8.

and ensures that its rental assistance program is designed to support those renters in need to identify and transition into affordable housing solutions. As a part of this effort, we strongly urge the City to finance housing counseling and legal services for all renters affected by Hurricane Sandy, particularly those who occupied 1 - 4 unit buildings prior to the storm. It is critical that funding for such services include adequate support for language access services for this population.

CNYCN also encourages the City to adopt mechanisms to prioritize the unmet needs of lower income homeowners who may have experienced a lower level of property damage. We are pleased that the City's program priorities, as described on pages 49, 52, and 53, prioritize assistance for those with the highest level of financial need, and also base the determination of damage on the severity of damage rather than the cost of reconstruction or repair. However, in order to assist families to return to safe, sustainable housing as soon as possible, the City should be careful not to penalize families who may have lower levels of damage, but greater unmet need. For example, a homeowner whose home was destroyed but whose reconstruction can be financed in full by their insurance provider may have less unmet need than a family with less damage, but fewer resources. CNYCN supports the City's proposal to include assistance for resilience measures for homeowners with less severe damage, as proposed on page 52.

The examples of expected typical scenarios included on pages 58-63 of the Action Plan all presuppose that a homeowner has received funds from FEMA, SBA, insurance companies, and philanthropic organizations, but have not yet spent any of these funds. The City's program design must recognize the reality that many homeowners have already begun spending received funds on home repairs. The Rapid Repair program emphasized that "the best temporary housing is permanent housing" and many homeowners have made that choice themselves—or have no other option for alternative housing. Homeowners have already been living in damaged homes for more than five months. It has been necessary for homeowners to begin repairing their homes to make the safe and habitable. CNYCN therefore strongly urges the City to set up a system to reimburse homeowners for repairs funded with private resources, especially if funded through short term and high cost debt. Without such a mechanism, families who have tried to put their lives back together as quickly as possible, often with whatever means available, could be unfairly disadvantaged. The City could base its reimbursement levels on prior documentation of damage, contractor scopes of work, receipts, and analysis by assessment experts. Instances may arise in which the City's cost to complete estimate is less than the cost of repairs that have been completed or are in progress and have been funded with private resources. To resolve any such disagreements, CNYCN recommends that the City put in place a mediation program or a process to appoint a third-party adjuster; the mediator or third-party adjuster would be responsible for making a final determination of the level of financial assistance that the City will provide to reimburse the homeowner and/or to complete repairs.

Core Path Selection

The City has been appropriately sensitive to the fact that homes have a great deal of personal and sentimental value for homeowners and that decisions about one's home involve a complex set of personal and financial considerations. We were therefore concerned that the Action Plan appears to contemplate that the decision of whether to reconstruct or rehabilitate a given home would be based on the City's determination of which path would be more cost effective. The decision of whether a home should be reconstructed or rehabilitated is a decision that should ultimately rest with the property owner. The analysis conducted by the City's assessment expert and financial and eligibility

review team could be used to determine the amount of financial assistance that the City will provide to a given homeowner. But the decision of how those funds should be used – whether for reconstruction or rehabilitation – should be left to a homeowner, regardless of which decision the City determines would be more cost effective.

The design of the program should provide homeowners with as much decision-making authority as possible and practical. Incorporating housing counseling into the program could help to ensure that CDBG-DR funds are used to support a realistic, affordable plan for a homeowner to return to safe, sustainable housing, and to monitor the homeowner’s progress toward meeting that objective. CNYCN also urges the City to coordinate with the New York State Homes and Community Renewal regarding the offering of the two “buy-out” options, so that homeowners can make a realistic decision between a buy-out and rebuilding with CDBG-DR funding which could include the requirement of maintaining ownership of the home for a period of up to five years, as proposed on page 51 of the Action Plan. We encourage the City to maintain the ability to waive residency requirements in cases where such requirements and lack of homeowner funds would lead to the abandonment of unfinished construction projects.

We recommend that the City incorporate a mechanism for homeowners to appeal the City’s assessment of the homeowner’s unmet need. Such a mechanism is particularly important as a homeowner’s unmet need may change due to decisions by FEMA, SBA, insurance providers, mortgage servicers, and other providers of grants and loans. For example, it is highly possible that homeowners applying for the NYC Houses Rehabilitation program could be in the process of appealing an insurance adjustment or negotiating a forbearance agreement with a mortgage servicer. (Should the City choose to retain the decision-making authority to determine a homeowner’s core or alternative path, it is particularly essential that the City incorporate a process for a homeowner to appeal the City’s determination.)

Contractors

In its effort to ensure that the amount of funds provided to a given homeowner do not exceed the City’s calculation of the homeowner’s unmet needs, and to provide homeowners with access to reconstruction programs that can be quickly brought to scale, the City should make sure that its processes allow for homeowners’ input regarding the use of funds. As noted above, the City should focus its decision-making processes on the amount of financial assistance provided to a given homeowner and allow for as much homeowner autonomy in determining the use of those funds as possible, so long as the homeowner can demonstrate that they have a realistic and timely plan to complete rehabilitation or reconstruction.

Homeowners should be free to select their own licensed contractors and to use funds for in-kind replacements. Restricting City permission for custom construction to homeowners who agree “to contribute a substantial amount relative to the overall cost to complete” as proposed on page 53 of the Action Plan unfairly discriminates against lower-income households and homeowners living on fixed incomes. Similarly, restricting homeowners to a pool of qualified contractors selected by the City rather than providing this as an option may unnecessarily create a bottleneck in the construction process and could spark homeowner dissatisfaction. Homeowners should be able to select their own contractors without facing penalties that reduce the amount of recovery funds they would receive through other program pathways. The City should also make sure to include local, licensed contractors in its pool of qualified contractors so that these contractors have the opportunity to provide services directly and are not dependent on less profitable subcontracting agreements with larger contractors.

Finally, the City should consider providing an alternative structure of payments for homeowners, particularly those who have lower incomes, since they may wish to perform construction with the help of volunteers rather than through contractors. One potential mechanism the City could use to facilitate the use of volunteers to perform construction would be to ensure that CDBG-DR funds can be used by qualified voluntary agencies included in the Non-profit Rebuilding/Repairs Consortium, described on pages 32 and 33 of the Action Plan, to purchase building materials for homeowners who qualify for the NYC Houses Rehabilitation program but elect to work with a voluntary agency.

CNYCN and the non-profit organizations that have signed on below thank the City for this opportunity to comment on its CDBG-DR Action Plan. We care deeply about the effective use of the City's CDBG-DR funds in communities affected by Hurricane Sandy and look forward to working with the City to support the success of the NYC Houses Rehabilitation program.

Sincerely,

The Center for NYC Neighborhoods

AAFE Community Development Fund

Bedford Stuyvesant Community Legal Services

Bridge Street Development Corporation

Brooklyn Bar Association Volunteer Lawyers Project Inc.

Brooklyn Housing and Family Services, Inc.

Brooklyn Legal Services Corp. A

CAMBA

Chhaya CDC

City Bar Justice Center

Common Law

Cypress Hills Local Development Corporation

Fifth Avenue Committee, Inc.

Greater Sheepshead Bay Development Corporation

Grow Brooklyn, Inc.

JASA/Legal Services for the Elderly in Queens

Legal Services NYC - Bronx

Legal Services of New York City

Margert Community Corporation

MFY Legal Services Inc.

MHANY Management Inc.

Neighborhood Economic Development Advocacy Project (NEDAP)

Neighborhood Housing Services of Bedford-Stuyvesant

Neighborhood Housing Services of East Flatbush

Neighborhood Housing Services of Jamaica, Inc.

Neighborhood Housing Services of New York City

Neighborhood Housing Services of Staten Island

Neighborhood Housing Services of the North Bronx

Neighborhood Housing Services of the Northern Queens
Neighborhood Housing Services of the South Bronx
Neighbors Helping Neighbors, Inc.
New York Legal Assistance Group (NYLAG)
New York Mortgage Coalition
Northfield Community Local Development Corporation
The Parodneck Foundation
Pratt Area Community Council
Queens Legal Services
Queens Volunteer Lawyers Project, Inc.
South Brooklyn Legal Services
Staten Island Legal Services
The Rockaway Development & Revitalization Corporation

Attachment A: Background on CNYCN's Foreclosure Prevention Response

CNYCN was created in 2008 through the collaborative efforts of Mayor Bloomberg, the New York City Council, community advocates, foundations and corporate leaders to coordinate New York City's response to the foreclosure crisis. CNYCN's mission is to promote and protect affordable and sustainable homeownership in New York City, focusing on those neighborhoods hardest hit by foreclosure. As the central hub of a diverse network of 38 service providers, CNYCN leverages private and public resources to ensure that homeowners have citywide access to high quality foreclosure prevention services. CNYCN's unifying role allows it to provide streamlined funding, services and communications between homeowners, lenders and funders; design and implement new initiatives and programs; highlight neighborhood and citywide trends; and promote systemic reforms to encourage household stability. CNYCN's programs include a call center, training and technical assistance to providers, escalating unresolved cases with banks, direct financial assistance to homeowners through loans and grants, funding to community based non-profits, re-granting, contract management and program evaluation.

CNYCN has leveraged over \$7 million in City funding with \$17 million in private funding to deliver over \$20 million in grants to its network. Since 2008, CNYCN and its Network Partners have helped over 18,000 homeowners across NYC struggling with mortgage delinquency and foreclosure:

- 12,300 homeowners received housing counseling and 5,700 received legal services help.
- Over 7,400 homeowners worked with our Network Partners to submit loan modifications to their mortgage servicers.
- 3,300 homeowners have achieved modifications, reducing their mortgage payments by an average of \$1,000 a month.
- Over 680 homeowners were able to secure other sustainable outcomes that avoided foreclosure, such as bringing their mortgages current, refinancing their mortgage or selling their home.
- Over 15,000 homeowners have called our Call Center since 2009.

CNYCN's Mortgage Assistance Program (MAP), launched in 2011, has provided over \$1.8 million in 0%, 30 year foreclosure prevention loans to 86 families. MAP is a partnership with HPD and is funded by Battery Park City Funds, as well as philanthropic funding, including a grant from the Ford Foundation.

In June 2012, New York Attorney General Eric Schneiderman named CNYCN one of two Anchor Partners in the state's Homeowner Protection Program (HOPP), which will commit \$60 million over the next three years to fund housing counseling and legal services for struggling New York homeowners. Drawing on our experience in supporting our own network, CNYCN is providing contract management, data collection, and program evaluation services for the New York City grantees in the Attorney General's statewide program. Grant awards were announced in October 2012, and CNYCN is managing almost \$7 million in awards to 35 organizations in New York City, as well as offering services from our Call Center and escalation to the entire statewide network. The Attorney General's innovative program draws on many of the key components of CNYCN's model, recognizing the importance of a coordinated and integrated foreclosure prevention response, and an endorsement of the vision of founders and early

supporters such as Mayor Bloomberg and the NYC City Council. CNYCN and the Attorney General launched the new state-wide HOPP hotline in January 2013.