



Frequently Asked Questions
NCORR ReBuild NC CDBG-DR Buyout Program

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Overarching Questions on Program and Funding

Funding Sources

What do CDBG-DR and CDBG-MIT stand for?

CDBG-DR stands for Community Development Block Grant – Disaster Recovery, and is a grant that is appropriated by the U.S. Congress and allocated by the U.S. Department of Housing and Urban Development after certain major disasters in states and local governments to help them fund their recovery from those disaster events. CDBG-DR programs generally include infrastructure, housing, economic development, public services and planning activities.

CDBG-MIT funding is similar to CDBG-DR funds but are allocated for the purposes of mitigating against future disasters (e.g., flooding). CDBG-MIT funds can similarly be used for infrastructure, housing and economic development, and geared toward enhancing existing mitigation and resiliency plans at the state and local levels.

Buyout programs generally fall within housing programs that utilize either CDBG-DR or CDBG-MIT funding, and they can have clear benefits for public infrastructure, economic development and jurisdictions' planning processes.

Buyouts 101

What is a buyout program and where are they occurring?

Property buyout programs are used by state and local governments to buy, demolish and clear properties that are located in high-risk areas. The ReBuild NC Program has preliminarily identified high-risk areas in certain Hurricane Matthew counties that are at greatest risk of damage from future flood and hurricane events. The state is working with local governments to determine the final eligible Buyout Zones and Disaster Risk Reduction Areas, or DRRAs. **Only property owners in Buyout Zones or these DRRAs are eligible for assistance.**

There may be additional Buyout Zones that become eligible for assistance once federal funds are allocated for Hurricane Florence. Currently, North Carolina is going through the approval process to receive CDBG-MIT funds for that disaster as well.

What is a Buyout Zone?

Buyout Zones are areas that are in the floodway or the 100-year flood plain and include demonstrably high-risk areas that fall outside the floodway or 100-year flood plain on the Federal Emergency Management Agency maps.

Are property owners required to participate in a buyout program if they fall within a Buyout Zone?

No, the buyout programs are entirely voluntary for eligible property owners. Neither state nor local governments are allowed to use their powers of eminent domain under this program.

What happens with Buyout Zone properties once the property is acquired by the state?

Once a property is acquired by the program, the property is demolished, the debris cleared, and the property is restored to a natural condition (e.g., green space for parks) or held for flood storage or overflow area and may not be redeveloped.

Buyout programs help the community at large, but what is the benefit of using taxpayer money to buy, then demolish, residences. Why not rebuild them?

Buyout programs provide several disaster recovery solutions: aiding at-risk property owners, improving the natural functions of flood plains, reducing flood risk and repeated damage to developed areas, and contributing to a program that can offer savings on local flood insurance premiums.

1. Like other grantees, North Carolina hopes that by providing disaster-stricken property owners with the financial resources to move into reduced risk areas, North Carolina won't have to suffer such a tremendous loss of property and life in the face of the next flood event.
2. Next, by demolishing these structures and returning the land to open, green space, the land can naturally absorb and retain stormwater, reducing runoff and flooding into surrounding residential communities. In addition, this reduces the demand on public resources and prevents the local economy from being disrupted due to recovery needs. Buyout/acquisition programs are being implemented in other at-risk communities as a better, more cost-effective use of taxpayer funds than repairing structures that are at high risk of being flooded again.
3. Finally, buyout/acquisition programs, as a flood mitigation measure within your community, contribute to reduced yearly flood insurance premiums. Indeed, programs such as this one can result in automatic discounts between 5% and 45% if your community is part of the Community Rating System.

This sounds too good to be true. What costs does the program cover, and what does it not cover? Buying and selling a home is not cheap – are there hidden fees?

CDBG-DR funding covers the purchase of the home, as well as appraisals, legal, survey, title preparation and insurance, and limited legal services for title clearance (for certain title issues), and does not impact the award amount. In addition, program funds cover demolition, site work, lead-based paint and asbestos mitigation/remediation, and disposition costs. Applicants only need to meet the eligibility requirements that can be explained further by a ReBuild NC Case Manager(s).

Questions of Eligibility and Other Requirements of the Program

Duplication of Benefits and Award Calculations

What is a duplication of benefits?

A duplication of benefits (DOB) calculation is required for all CDBG-DR award calculations to ensure that funds received by an applicant for their recovery are not paying for the same item twice. For example, if a property owner has received Hazard Mitigation Grant Program funds for the buyout of their property, CDBG-DR cannot award funds to that property owner for buyout because it was already paid for. In addition, Buyout Program staff also will conduct property inspections to calculate the costs of previous repairs done to the property and offset assistance that might count against the property owner's buyout award.

Why does the program perform a DOB calculation?

CDBG-DR funds are federal assistance and, as such, must abide by all federal rules and regulations, one of which is the federal Stafford Disaster Relief and Emergency Assistance Act. By performing a DOB analysis, not only does the program ensure compliance with this essential federal requirement, but from a practical standpoint this enables the program to better assess the unmet needs of the applicant population. Calculating an applicant's true unmet needs is essential to

ensuring that the grant funds are used as effectively as possible for the community at large. Accurate calculations may make the difference in denying an otherwise eligible applicant any assistance through the program due to the availability of funds.

I applied for, but then declined a Small Business Administration (SBA) loan. Is this a duplication of benefits that I need to report on my application?

No. Declined loans are non-duplicative.

What about my parents' SBA home loan – they also applied, were awarded, and then canceled their SBA loan. Can they exclude that loan?

Your Case Manager will review the documentation to determine how much of the loan to include. They will ask for a written communication from the SBA confirming that the loan has been canceled and undisbursed amounts are no longer available, or an agreement that the period of availability has passed and that you do not take actions to reinstate the loan. If these cannot be obtained, then the approved, undisbursed loan portion must be included in the DOB.

My neighbor is getting the same amount of assistance as I am from the program, but he received so much more money from insurance, and I didn't have insurance at the time of the storm. How is this fair?

There are several reasons why neighboring homes with similar damage may result in vastly different (or similar) awards. While the amount of damage and location are important, awards are highly specific and dependent on a variety of factors.

In addition, the home to which you relocate (whether inside the county, outside the county or outside of North Carolina entirely), the amount of DOB funds received and applicable offsets, and appraised values can change your award. For this reason, you should not focus on a neighbor's award determination. If, however, you want to dispute your calculation, you will need to submit a timely appeal within 30 days of receipt of your preliminary offer, and explicitly state why you believe that your calculation is incorrect. For example, if you believe that the program should use an alternate structure/land value from your own appraisal, please submit that appraisal to be evaluated by the program.

I am actively suing my insurance company because they improperly denied me assistance following Hurricane Matthew. My attorney is confident that we will recover a substantial award from the insurer. If I receive funds after the application is submitted or buyout closing completed, what do I do?

As part of the closing process, you will execute a Grant and Subrogation Agreement. As part of this agreement that you will review with your Case Manager, any funds that are received for repairs to the damaged property, whether before or after your application, may be considered and must be reported to the program. If necessary, the program will recalculate your award and may require that a portion of the funds already paid be repaid to the state/program. If attorney fees and/or court costs were paid from your settlement, or if a portion was required to be used to pay down your mortgage by your mortgage company or banking institution, those funds may be excluded as non-duplicative assistance.

My house is currently on the private market and I'm trying to figure out whether it's worthwhile to go through with a buyout through ReBuild NC. If I am deemed eligible, how much money can I expect through the ReBuild NC Buyout Program, and are there limitations on those funds?

Each property owner is likely to receive different award amounts based on the pre-storm fair market value of their property, up to the current year's Federal Housing Administration (FHA) limit. Pre-storm property values are determined through a certified appraisal and are often higher than post-storm property values.

The maximum award that any eligible property owner might receive is the pre-storm fair market value of their property up to the current year's FHA limit minus any duplication of benefits, plus a Risk Reduction Incentive, plus an Affordability Incentive.

How much money can property owners receive from the program?

The FHA 2019 mortgage limits represent the maximum amount of assistance that can be offered through the Buyout Program. These values will change in 2020. Currently, the FHA forward mortgage limit is \$314,827, the Home Equity Conversion Mortgage (HECM) limit is \$726,525 and the Fannie Mae/Freddie Mac limit is \$484,350. Your award cannot exceed the HECM cap.

How much money can property owners receive through incentives?

The Affordability Incentive offers up to \$50,000 for property owners receiving a CDBG-DR buyout to purchase a new home in a location with less risk of storm-related damage than the home they are selling to the Buyout Program. In addition, the Affordability Incentive is determined by the financial need of each individual property owner. The Risk Reduction Incentive is designed to allow and encourage property owners receiving a CDBG-DR buyout to move to a location with less risk of storm-related damage than the home they are selling to the Buyout Program. The Risk Reduction Incentive is \$10,000 if the participant moves to an area that is less at risk for damage from future storms as long as the move is to a residence within the same county in which the participant currently resides. However, if the applicant relocates to an area in North Carolina outside of their current county, then the incentive is \$5,000.

Eligibility: Primary Residency

I bought the damaged property a month before Hurricane Matthew. I intended to live there and had started moving my belongings into the property. Is this sufficient to prove primary residence?

Your Case Manager will review the documentation that you have available (e.g., tax returns, government-issued ID, utility bills) in order to make a determination of primary residence. If your documentation does not meet the basic eligibility requirements, and you are denied assistance for this criteria item, you may appeal within 30 days of the program's determination.

I have two homes and consider myself living in both 50% of the time. I am disclosing this upfront, and don't want to be accused of submitting fraudulent information for the purposes of primary residence. I consider both homes to be my primary residences.

According to IRS Publication 936, Home Mortgage Interest Deduction, your primary residence is your main home, where you live most of the time. While you may consider both of your homes to be your primary residences, the program will evaluate your documentation to determine which one is your primary residence. You can only have one primary residence – you cannot suddenly have another one for the purposes of becoming eligible for buyout assistance.

For example, from which property do you file your taxes, and do you receive any tax advantages from one of the properties on the basis of primary residence? From which address are you registered to vote? If you were to submit electricity and gas bills for both homes, would they look similar throughout the year, or do you use more electricity in the summer for air conditioning and more gas in the winter for heat in one of those homes? The program can only rely on the documentation that you submit for evaluating your primary residence.

Eligibility: Ownership and Property Structure

What types of properties are eligible under the Buyout Program?

Properties with detached, one-unit, single-family residences – including mobile homes where owners own the land as well – that were occupied at the time of the disaster, can verify that they were damaged by Hurricane Matthew, and are located in a Buyout Zone are eligible for buyouts.

My neighbors moved away after Hurricane Matthew, but they still own the home. Are they eligible for a buyout?

Property owners who still own the land and who owned and occupied the residence at the time of the storm may still be eligible for funding. If you still talk to your neighbors who moved away, and you believe that their house is in the Buyout Zone, please share information about the program with them and encourage them to call 211 to set up an appointment with an Intake Specialist.

The application asks for a recent mortgage statement, but I have long paid off my mortgage. Do I still have to look for mortgage statements?

No. Mortgage statements are only required if you still have a mortgage on the damaged property in order to determine whether you are current, or delinquent, on your mortgage obligations.

What are some examples of ineligible property types?

The following structure types are ineligible for assistance: contaminated sites, duplexes, triplexes, multi-unit homes, second homes, non-residential structures, cooperatives, condominiums and other residential housing with associations, rental properties, vacant land and properties that have received other federal disaster recovery funding for elevation, reconstruction and acquisition from the same disaster or CDBG-MIT funding source.

However, if federal funding has been offered to elevate, reconstruct or acquire the property due to damage sustained from the Presidentially declared disaster, but was not accepted as indicated by an applicant's written refusal letter, the property may be eligible for the Buyout Program if all other program eligibility criteria are met.

Eligibility: Uniform Relocation Act

At the time of the storm, a friend occupied one of the bedrooms of the damaged property. I didn't charge him rent and we had no lease agreement – he just contributed to shared utilities, groceries, that sort of thing. Do I need to report him as a tenant?

Yes. The program will review the information of anyone considered a tenant and will determine whether the person is eligible for the Uniform Relocation Act, which protects all non-owner, non-household member occupants of your home.

I heard that my home has to be vacant before I can close. Can I evict my tenant now?

Evicting your tenant **may** jeopardize your eligibility to participate in the program. Your tenant has rights under the Uniform Relocation Act and will be contacted by a Relocation Specialist. Any questions you have regarding your tenant should be directed to the Relocation Unit.

Eligibility: Citizenship

I have a neighbor who is nervous about applying for assistance because they are undocumented and fear deportation. Are they still eligible for assistance?

In order to be eligible for the full benefits of this program, including the incentives, this program requires that you certify, and can prove through documentation, that you are legally present in the United States, either as a U.S. citizen, a national of the U.S., or as a qualified alien. If a household is unable or unwilling to certify that their citizenship status, they may still be eligible to receive the current fair market value of their property.

While U.S. citizens can use either a U.S. passport, birth certificate or Certificate of Naturalization, qualified aliens may use the following instead:

- Form I-551, Alien Registration Receipt Card
- Form I-94, Arrival/Departure Record, annotated with one of the following:
 - Admitted as a refugee pursuant to Section 207
 - Section 208
 - Section 343(h) or “Deportation” stayed by the Attorney General
 - Paroled pursuant to Section 221(s)(5) of the Immigration and Nationality Act
- Form I-94, Arrival/Departure Record, with no annotation, accompanied by one of the following:
 - A final court decision granting asylum
 - A letter from a United States Citizenship and Immigration Services (USCIS) asylum officer granting asylum (if the application is filed on or after 10/01/1990) or from a USCIS district director granting asylum (if the application is filed before 10/01/1990)
 - A court decision granting withholding of deportation
 - A letter from an asylum officer granting withholding of deportation (if the application is filed on or after 10/01/1990)
 - A receipt issued by USCIS indicating that an application for issuance of a replacement document in one of the above categories has been made and the applicant’s entitlement to the document has been verified
- Unexpired Employment Authorization Document (Form I-766 or I-688B)

Eligibility: Relocation Location

Are there any limitations on where property owners can go after they get money from the Buyout Program?

The Buyout Program does not restrict property owners from moving to or from any specific areas. However, incentives are available to eligible low- to moderate-income (LMI) owners who can demonstrate that they have secured new housing in an area of lower flood risk that is in the same county (\$10,000) or within North Carolina (\$5,000). Another incentive of up to \$50,000 is available to property owners who can demonstrate that they have secured new housing in an area of lower flood risk within the same county.

My home was so terribly damaged that I already moved to a reduced-risk area after 10/08/2016. Am I still eligible for the Risk Reduction Incentive?

Yes, as long as you are LMI, or up to 80% of the area median income.

Eligibility: Income

My household is LMI, but when I add in my live-in aides, we are no longer considered LMI for the purposes of prioritization. Can we appeal this?

There is no need to appeal, as the income of live-in aides is excluded when calculating annual household income.

I am not required to file taxes, but the application asks for my adjusted gross income on my last 1040 tax form. Am I still eligible?

Yes, you are still able to proceed with the application process. If you are not required to file a federal tax return because your gross income falls below a certain level, your Case Manager will calculate your income based on the current income received by the household through the submission of other documentation listed in the application.

Eligibility: Other Miscellaneous Questions

I am now married, and my name is different from what it was at the time of the storm, so all of my documentation will not match what I submitted on my application. Am I still eligible?

Yes, although you may need to complete a same name affidavit (Affidavit of One and the Same Person) prior to proceeding to closing.

Procedural and Administrative Questions

Ineligibility and Withdrawal

I live down the street from a Buyout Zone or Disaster Risk Reduction Area and I want to participate. Am I eligible?

Unfortunately, we are only able to support buyouts within the defined Buyout Zones.

I have been denied assistance due to ineligibility. What do I do now?

You are permitted to appeal any program determination within 30 days of receipt of that written determination. If you miss this deadline, you may not have another opportunity to participate in the Buyout Program.

My Case Manager informed me that I was withdrawn – I never indicated that I wanted to withdraw. I simply wanted more time to decide whether to continue or not. Selling my home is a huge financial and emotional decision. Why was I withdrawn?

You have an obligation to keep the program informed of current contact information and to update your records if your situation changes. The program makes every attempt to remain in contact with you and advise you of additional

information needed. If you show a pattern of disengagement by failing to respond over four consecutive weeks to the once-a-week communications from your Intake Specialist or Case Manager, the program will institute due diligence communication procedures, and if you are unresponsive or fail to provide the necessary documentation to move forward, you may be involuntarily withdrawn. If you want to contest this determination, you must appeal within 30 days of the written decision.

I realized after reviewing my application with my Case Manager that this isn't the program for me, and I have an interested buyer with cash in hand who can close immediately. How do I withdraw?

You can voluntarily withdraw at any point until closing. You simply fill out a Voluntary Withdrawal Request Form and submit it to your Case Manager or Intake Specialist, and provide your reason for withdrawal. However, keep in mind that you cannot withdraw after you have received program funds.

I am going to be out of town during the next several months, tending to personal business. I still want to participate and do not want to be withdrawn during my absence. Can you accommodate this?

Yes. Much of the intake process can be completed remotely using your mobile device or personal computer. You can appoint a trusted person/entity as your Power of Attorney to act on your behalf during your absence.

Program Duration and Life Expectancy

Why does it take so long to get these grant funds?

CDBG-DR funds must be appropriated by the U.S. Congress. The program understands your concerns and appreciates your patience as we deliver a compliant Buyout Program. We are working diligently to ensure that policies and procedures are consistent with all federal, state and local laws, rules and regulations so that grant funds can make their way into the hands of North Carolina storm victims as soon as possible.

What is the overall process?

Here is a general overview for all steps involved in the buyout of each damaged property:

1. Application Intake and Review
2. Eligibility Review
3. Duplication and Verification of Benefits Review
4. Inspections
5. Offer to Purchase and Closing
6. Contractor Selection
7. Demolition
8. Completion

However, most applicant interactions with the program will end during Step 5, at the time of closing on the damaged property and replacement property (if applicable). The program continues to work to demolish the home and perform the required hazard abatement (if applicable), and complete other administrative or audit functions after closing on your home.

How long will the Buyout Program be available?

The application period for each Buyout Zone will be 180 days from the date that application intake opens.

How long will it take applicants to receive buyout awards?

Applicant awards can take a few to several months to issue, depending on the associated eligibility requirements, duplication of benefits review, title issues, property inspections, environmental reviews, and the completeness and accuracy of the application and supporting documentation submitted during your intake session. This is why thorough attention should be given to the application process so that deficiencies do not hold up your application.

What happens if there are more applications than funds to award?

The Buyout Program may not be able to serve all applicants due to limited funding; however, additional funds for buyouts are likely and will be used to serve additional eligible applicants, as feasible.

Other

Are these funds only for Hurricane Matthew?

The ReBuild NC Buyout Program is currently only accepting applications for Hurricane Matthew recovery and expects additional funds for CDBG-MIT and CDBG-DR allocations for Hurricane Florence. Public notices will be published once buyout programs are established for those allocations.

My neighbor submitted an application for assistance, but I know that her home was used as an Airbnb™ and never was her primary residence. What can I do?

The program has a strong anti-fraud, waste and abuse policy. If you have any suspicion of fraud, please do not hesitate to report it. You can report or submit a complaint of fraud, waste or abuse to the North Carolina Office of State Budget and Management (FWA@osbm.nc.gov) or the U.S. Department of Housing and Urban Development, Office of Inspector General, Fraud Hotline (hotline@hudoig.gov).

Why do you need such personal information as my race, ethnicity and gender? I don't want to disclose these items to the government.

These are required for quarterly reporting by the program to the federal government for Fair Housing and Equal Opportunity purposes in order to work toward the goals of eliminating housing discrimination, promoting economic opportunity and achieving diverse, inclusive communities.

If you do not wish to answer these questions, you may mark "Decline to Answer" in the application.

My friend wants to apply and participate in the program, but they have limited English proficiency. How do you ensure that they can have meaningful access to this program?

The program takes applicants as they are, with or without English proficiency. If an applicant requests Limited English Proficiency or Special Needs Services, either verbally, in writing or through an agent, a Case Manager can provide these services without requesting additional documentation or verification. Case Managers can use a 211 service through which they can communicate with the applicant.

Los documentos del programa pueden ser traducidos al español a pedido. Se pueden pedir documentos traducidos por correo electrónico (info@rebuild.nc.gov) o por teléfono (2-1-1) o a través de su administrador de casos si tiene uno asignado.