Testimony of the
Staten Island Interfaith & Community Long Term Recovery Organization
Before the New York City Council
Committee on Recovery and Resiliency

Hearing on Oversight: Update on Progress of the Build it Back Program

September 18, 2014

The Staten Island Interfaith and Community Long Term Recovery Organization submits this testimony with the support of the Brooklyn Long-Term Recovery Group.

The mission of the Staten Island Interfaith and Community Long Term Recovery Organization (LTRO) is to foster an effective long term recovery of Staten Island in response to Superstorm Sandy and provide a vehicle for disaster preparedness.

A diversity of representatives from our coalition—ranging from grassroots to national entities committed to recovery efforts on Staten Island—have interacted with the Build it Back program and its clients. The following testimony compiles their observations on issues in programmatic structure that have prevented effective response, along with recommendations for changes that could improve the efficiency of the program and its relationship with local service providers.

Many of the recommendations below have already been requested of the Build it Back program. The LTRO reiterates these recommendations and concerns with urgency, especially after our needs assessment of over 5000 Sandy-impacted residents on Staten Island from April to July 2014, which found 709 households calling for assistance with a Superstorm Sandy related need. Of the 709, 51% (363 households) expressed a need related to the Build it Back program, with 279 indicating issues exacerbated or caused by lack of communication, delay, inconsistent programmatic information, or unmet promises in their interaction with the Build it Back Program. (See attached LTRO Needs Assessment of Sandy Impacted Residents for further details.)
I. Very few renters have received assistance from Build it Back.

The Temporary Disaster Assistance Program (TDAP), under the authority of the Department of Housing Preservation and Development (HPD), was a limited program from its inception. It has failed to meet even its modest goals. According to the U.S. Department of Housing and Urban Development (HUD) July 2014 Monitoring Review Report on the City’s CDBG-DR program, only 83 households had leased units under the TDAP program as of March 2014.

The City estimated that it would serve approximately 600 families. Because of extremely limited and ineffective advertisement of the availability of TDAP assistance, HPD received only 483 applications. As of March 2014, HPD had issued coupons to only 232 households, and only 83 of those households had managed to find apartments before the coupon’s expiration. (HPD has since extended the coupon life from 60 to 120 days.) This performance cannot be considered anything but dismal.

HUD recommends in its Monitoring Review Report that HPD re-open registration for the TDAP program, something that the LTRO and many others have advocated for a long time. Most Sandy-displaced renters we encounter were entirely unaware of the TDAP program and therefore did not register before the application period closed. The City allocated $19 million for the TDAP program. Presumably most of that allocation remains unspent nearly two years out from Sandy’s landfall. In a rental market that is difficult for low-income renters even in the best of circumstances, a market that was made worse by Superstorm Sandy’s destruction of many affordable rental units, TDAP’s failure is all the more tragic.

Recommendations:

1. HPD should reopen registration for TDAP.
2. HPD should widely and effectively advertise the availability of TDAP vouchers for low-income, Sandy-displaced renters.
3. HPD should eliminate barriers, such as the need for registrants to travel to Manhattan for routine appointments and document submission, to speed the issuance of the full 600 vouchers.

II. Homeowners who will be displaced during reconstruction and elevation need financial support for temporary housing costs.

As more families move through the Build it Back program toward reconstruction and elevation of their damaged homes, many are facing the prospect of being displaced from their homes for months while the repairs, rebuild, or elevation work is being done. Many homeowners have not recovered financially from Superstorm Sandy, and simply lack any resources to cover the cost of temporary housing. For example:

Mr. and Ms. C of Staten Island are elderly and living on a fixed income of $17,000 per year from social security. Their home was formerly outside the FEMA flood hazard zone, but will be within the high risk flood zone (zone AE) in FEMA’s revised rate maps. This means they must elevate their home to avoid flood insurance rates that will quickly price them out of their home. They have no children to turn to put them up temporarily and
nowhere else to go. Mr. and Ms. C want to walk away from Build it Back’s offer to elevate their home, because they simply cannot afford temporary housing during the construction.

Currently, Build it Back will allow homeowners who are scheduled for rebuild help to draw down their “transfer amount” (their unspent FEMA or insurance funds that they will transfer to Build it Back) to cover temporary housing expenses during construction, but homeowners who are scheduled for repair may not, even if they will be displaced for weeks or months. In addition, many homeowners, particularly the lowest income, have no “transfer amount” to draw down. The Build it Back program has been trying to raise private funds to help homeowners with temporary living expenses, but it is our understanding that those efforts have been unsuccessful to date.

**Recommendations:**

1. On September 2, 2014, the Mayor’s Office announced $61 million in savings achieved in the Build it Back program from renegotiation of contracts with case management subcontractors. A portion of these funds should be used to create a temporary housing fund for displaced homeowners and tenants.

2. Homeowners with substantial or repetitive damage to the home who carried flood insurance are entitled to up to $30,000 in Increased Cost of Compliance (ICC) funding for home elevation under their flood insurance policies. Build it Back should have those homeowners assign their ICC claims to the City, and the City can then file for ICC funds on the homeowner’s behalf. Adding these ICC funds to pay part of the cost of elevation would result in significant savings for the Build it Back program. While the ICC funds themselves cannot be used for temporary housing, the savings to the program on elevation costs would free up CDBG-DR funding to pay for temporary housing costs. Even if only 1000 Build it Back applicants qualify for ICC claims, assignment of these claims to the City would bring in $30 million in funds for elevation costs, which would free up $30 million in CDBG-DR funds for temporary housing. This has the additional benefit of lifting the burden from the homeowner to file the ICC claim, a process that can be done more efficiently by the City.

3. Allow all homeowners who will be displaced by construction—whether repair or rebuild—to draw from their transfer amounts to pay for temporary housing.

**III. Build it Back applicants in foreclosure remain unfairly on hold for Build it Back help.**

Build it Back’s policy of placing a hold on the application of any homeowner whose mortgage lender has filed a *lis pendens* (“notice of pendency” of a foreclosure action) is overly broad and unfairly penalizes homeowners whose mortgage delinquency was caused or exacerbated by Sandy, particularly low- and moderate-income homeowners.

The filing of a *lis pendens* is the first step of a foreclosure proceeding against a property in New York State. In order for the Build it Back foreclosure hold to be lifted, the homeowner must prove that the foreclosure has been resolved. Otherwise, the homeowner is ineligible to receive Build it Back assistance for home repairs and reconstruction, or even to proceed through the application process. A study by New York University’s Furman Center showed that less than
10% of foreclosure filings result in bank ownership of the home. Mr. L is an example of someone who will not lose his home, if he can only get Build it Back help while he works to resolve the foreclosure.

Mr. L’s modest home in Staten Island’s Midland Beach neighborhood was so badly damaged by Superstorm Sandy that it had to be demolished. He, his partner and her son survived that harrowing night, but his partner’s sister perished. Mr. L, who is living with his partner and stepson in temporary rental housing, fell behind on his mortgage, and in 2013 the mortgage bank filed a foreclosure action against him. The bank never served him with the foreclosure papers: Mr. L only found out about the foreclosure action in mid-2014, when the Build it Back program referred him for legal services. Were it not for the foreclosure, Build it Back would be moving forward with a full rebuild of Mr. L’s home. Because of the foreclosure, Mr. L’s application is on hold. Mr. L is eligible for a modification of his mortgage under the federal Home Affordable Modification Program (HAMP), but he cannot even apply for a modification now for two reasons: 1) his home is “vacant” and mortgages on “vacant” (non-existent, in this case) homes cannot be modified; and 2) he could not afford the trial payments that precede a permanent modification, because he is currently paying rent for his temporary housing. Also, Mr. L received $160,000 in flood insurance, but that money is sitting in escrow at the mortgage bank, since it is insufficient by itself to rebuild the home. If he could move forward in Build it Back, the mortgage bank would release the $160,000 insurance funds to combine with Build it Back funds for the home rebuilding. If he cannot get Build it Back help, that $160,000 will simply revert to the mortgage bank, and the property will remain a vacant lot, blighting the neighborhood. Mr. L can save his home, but only if he gets Build it Back help.

The Staten Island LTRO (along with 13 other organizations) sent Build it Back Director, Amy Peterson, policy recommendations on the foreclosure issue on July 24, 2014 (see attached). It is our understanding that Build it Back has not changed its foreclosure hold policy, but is considering the recommendations that we and others submitted. We, therefore, reiterate those recommendations.

**Recommendations:**

1. Clear the foreclosure hold for those working with a legal or housing counselor: Working with a trained counselor mitigates the risk of a foreclosure auction by 30%. Build it Back could allow homeowners with *lis pendens* to move forward in the program if they present an action plan and proof of working with a counselor. This would allow for an individualized approach to addressing *lis pendens* filings.
2. Impose the foreclosure hold only if a judgment of foreclosure has been entered, and remove the hold if a counselor certifies the applicant’s viability for a home-saving solution.

**IV. Build it Back under-assessed the scope of the damage in many cases.**

Build it Back contracted with a company named Dewberry to conduct the assessments of the damage to applicants’ homes. Many clients feel that the Dewberry damage assessment did not
capture all the damage. LTRO member organization Staten Island Legal Services has observed
that the assessments frequently assessed the cost of repairs as even lower than the assessments by
flood insurance company adjusters, which notoriously undercounted damage. Several
homeowners have requested new damage assessments, which Build it Back has agreed to
provide once it completes renegotiation of its contract with Dewberry.

**Recommendations:**

1. Build it Back should re-assess the damage for any applicant whose initial assessment
   showed less damage than was found in the report of the insurer’s adjuster.
2. Build it Back should ensure that Dewberry quickly completes the re-assessments that
   homeowners have requested, since many homeowners have been waiting months for
   a response to their damage assessment challenges.

V. **Build it Back reimbursements to homeowners for out-of-pocket costs are unnecessarily
delayed when homeowners disagree with the amount of the reimbursement.**

We are pleased that more homeowners have begun to receive reimbursement offers. In some
cases, however, the homeowners believe that the amount of the offered reimbursement is too
low, not capturing all of their eligible expenses. To seek reevaluation of their reimbursement
amount, homeowners file a “Request for Review.” While the request for review is pending,
Build it Back will not issue a reimbursement check to the homeowner for the undisputed amount.
This practice causes unnecessary delay in getting much needed funds out to homeowners. In the
case of insurance payments, a homeowner can accept the initial payment the insurer offers while
still seeking additional payment. Build it Back should follow the same practice: pay the
undisputed amount and issue a supplement check if the homeowner is due more reimbursement.

**Recommendation:**

If a homeowner believes she is due more reimbursement than Build it Back has offered,
issue the undisputed funds to the homeowner while her appeal for additional funds is
under review.

VI. **Build it Back should not make homeowners choose between elevation and reimbursement.**

Under current Build it Back protocol, applicants whose homes were substantially damaged—
entitling them to elevation assistance—are ineligible for any reimbursement for the out-of-pocket
repair expenditures they incurred while they awaited Build it Back help. These were often vital
repairs, necessary to make the home minimally habitable. In many cases, these out-of-pocket
expenditures (not covered by insurance, FEMA, or SBA funds) are quite high. This Build it Back
protocol of making the most damaged households ineligible for reimbursement is having the
unintended effect of pushing homeowners to fight against elevation. This undermines the
City’s mission to help our coastal communities become more resilient. A few examples illustrate
the dilemma that homeowners may face:
Mr. and Ms. C of Midland Beach, Staten Island, whose story we told in section I above, are also caught in the dilemma of needing reimbursement, for which they are ineligible. Mr. and Ms. C, an elderly couple who live on a low, fixed-income from social security of $17,000 per year, used all their savings to make repairs to their home. But their savings were not sufficient, so they have been struggling to pay the contractor they hired through monthly installments. Were it not for Build it Back’s policy of denying reimbursement to those with major damage, Mr. and Ms. C would be eligible for $14,000 in reimbursement, which would be just enough for them to pay off the contractor bill. Otherwise, given their limited income, they will have to continue to draw from their very small monthly income to pay the contractor who performed the repairs. This need for funds to pay their contractor bill is pushing them to fight elevation in order to receive reimbursement.

Mr. and Ms. H of Midland Beach, a low-income couple nearing retirement, are scheduled to receive repair and elevation help from Build it Back. The elevation will make their home flood safe for the future. The couple spent approximately $50,000 so far out of pocket for home repairs, money they obtained by depleting their retirement savings and borrowing from family and friends. However, as much as Mr. and Ms. H want to make their home flood safe and affordable in the future (given steeply rising insurance rates for un-elevated homes), they badly need reimbursement as their only means of repaying the family and friends who stepped forward to help them.

While Build it Back, per HUD rules, may not pay twice for the same repair, Build it Back should not presume that the repairs these homeowners made using out-of-pocket funds would be undone by elevation or need to be redone by the Build it Back contractors. In many cases, for example repairs to roofs, Build it Back would not be duplicating work.

**Recommendation:**

Open reimbursement to applicants who sustained substantial damage.

VII. Build it Back applicants who must choose among pathway options need education on coming flood insurance rate increases.

Build it Back personnel have told us, and our own experience in Sandy-affected communities confirms, that a significant number of those to whom Build it Back has offered home elevation are resistant to it. Some are seeking to challenge the appraisal of their home’s value or the level of damage to “escape” elevation. Home elevation is critical for families to avoid dramatically increasing flood insurance rates. Some may believe that the federal Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) (which partially repealed the Biggert Waters Act of 2012), has solved the affordability crisis for homeowners in flood hazard zones. It has not: it slowed the rate increases, but it did not stop them.

Even with the HFIAA protections, a homeowner in an un-elevated home, who currently pays $1,800 annually ($150 per month) for flood insurance, will see 15% increases in their premium on average every year. This means that in five years this homeowner will be paying $3,620 annually ($302 per month) and in ten years will be paying $7,282 annually ($607 per month).
Essentially, flood insurance premiums will be doubling every five years, which will rapidly render these homes unaffordable and lead to widespread mortgage defaults (since insurance premiums are folded into monthly mortgage payments). Those without mortgages may have to forego flood insurance as it is simply too costly.

By contrast, once a home is elevated, the flood insurance premiums drop to levels comparable to those outside the flood hazard zones—around $500 per year—and they remain there. Advocacy groups across the city who are counseling homeowners on flood insurance rate increases report the same experience as a result of the counseling: the majority of people who initially oppose elevation of their homes change their mind after an informed advocate explains the benefits of elevation and the effect the flood insurance rate increases will have on not only affordability but also marketability of their home.

To help homeowners make fully informed decisions about their pathway options, Build it Back personnel should be required to offer applicants referral to counseling on flood insurance rate increase if the applicant expresses reservation about or opposition to elevation. (No homeowner should be required to receive counseling: we do not want to increase the burdens on anyone seeking assistance.) It is critical that this information be made available in a systematic, consistent way to applicants. Counselors can provide the information in a way that is specific to the individual homeowner’s property and circumstances.

**Recommendation:**

Mandate that all Build it Back personnel offer and encourage flood insurance rate increase counseling to all applicants who express concern about or opposition to home elevation. The counseling can be provided by the existing Build it Back counselor network, through the Center for New York City Neighborhoods.

**VIII. Homeowners in attached or semi-attached homes who are eligible for elevation appear to be stalled in the Build it Back process.**

Build it Back has not publicly discussed its plans for elevation of attached homes. Some homeowners in this circumstance are beginning to despair about whether Build it Back will be able to help them at all.

Mr. and Ms. E of Staten Island live in a row of attached homes. Some of the homes in the row are not registered with Build it Back and some were not deemed to have substantial damage (triggering elevation). Under these circumstances, Mr. and Ms. E believe that if they remain on the elevation pathway, they will remain in limbo indefinitely. They are therefore fighting their pathway to avoid elevation, believing that the only help they can expect from Build it Back is reimbursement (for which they are currently ineligible, due to their mandatory elevation pathway.) While Mr. and Ms. E, an elderly couple, have a critical need for the reimbursement they would be due if they were allowed to change pathways (about $22,000), leaving their home un-elevated leaves them exposed to significant risk in the next storm. (They will not be able to afford flood insurance, and therefore will become uninsured.)
We recognize that elevation of these homes is not a simple undertaking, even when the method of “elevation” is a second-story conversion (adding another story to the building, to allow the original first story to be used solely for parking or storage). We urge Build it Back to regularly update communities and applicants about the status of their planning for attached homes. We urge Build it Back to take a neighborhood approach to this problem, rather than focus on each individual property and that property’s applicant status and assessed damage level. We also urge Build it Back to take full advantage of the community relationships that members of the Staten Island LTRO have to help solve this problem: we can reach out to neighboring homeowners to discuss their options and potentially help build consensus within neighborhoods about how they would like to proceed.

**Recommendations:**

1. Inform communities and applicants of Build it Back’s progress on strategies for elevating attached homes, and obstacles to those strategies: communities can help problem-solve.
2. Use a cohesive, neighborhood approach to the problem of attached homes, regardless of whether all the attached neighbors are Build it Back applicants or are deemed “substantially damaged.”
3. Use community based organizations to reach out to affected neighborhoods to help build consensus where possible on a way forward.

**IX. Disputes regarding “transfer amounts” are unnecessarily delaying homeowners’ progress through the Build it Back program.**

An applicant’s “transfer amount” is the amount of unspent insurance or FEMA funds that the applicant must pay over to Build it Back before construction on their home can begin. In our experience, miscalculation of transfer amounts is common. These errors may occur because, for example, Build it Back has failed to remove insurance payments for replacement of lost contents rather than structural damage, failed to credit an eligible expense for which insurance funds were used, or because the homeowner failed to submit proof of all eligible expenses.

If a homeowner believes that Build it Back has made a mistake in the calculation of her transfer amount, she must file a Request for Review to have the error corrected. Due to the high volume of Requests for Review, it can take several weeks or even months for these Requests to be resolved. While these disputes are pending, it appears that homeowners cannot move to the next stage of the process (design consultation). More applicants could move forward in the process more quickly if they could progress to next steps while any transfer-amount disputes are being considered.

In addition, Build it Back recently instituted an apparently new policy that prohibits homeowners from correcting transfer amount errors if the homeowner has signed the “coordination of benefits” document. (This is the document which describes all the recovery benefits the applicant has received and all the applicant’s creditable expenses, and states what the applicant’s transfer amount is.) In our experience, some applicants are being asked to sign this document without understanding the consequences should they later discover an error. Those who have discovered errors after signing the document have been told that they may not seek correction of
the error, solely because they already signed the document. The error the applicant seeks to correct may involve a significant amount of money, and could mean the difference between the applicant being able to pay the transfer amount or having to decline Build it Back help solely because the transfer amount is insurmountable. There is no reason that a client’s signature on a coordination of benefits document should prevent correction of the document.

Recommendations:

1. Build it Back should allow applicants to advance to the next steps in the process while transfer amount disputes are pending.
2. Whether an applicant has signed the “coordination of benefits” document should make no difference in the applicant’s ability to correct errors in the document.

X. Sandy-impacted homes behind on their property tax and water bills may be on the Department of Finance lien sale list.

Many Sandy-affected households have fallen behind on bills, including property tax and water bills, as they struggle to recover financially. Some of these homeowners may not be aware of options available through the City to help them enter repayment plans or work out other affordable solutions. Once these debts are sold, those options disappear.

Recommendation:

Ensure that Sandy-affected properties are removed from the Department of Finance lien sale list before the annual sale of those liens in the spring.

XI. Build it Back contractors are missing appointments.

We have heard several reports of homeowners who have taken off work to meet with Build It Back-hired contractors for scheduled appointments, and the contractor has not shown up. Undoubtedly, Build It Back has provisions in their contracts with the registered contractors to require timeliness and keeping of scheduled appointments. We fear that this problem could worsen as we enter a phase of more construction activity. We urge Build It Back to develop an effective method for monitoring contractor behavior and ensuring that contractors keep appointments and otherwise adhere to schedules, as well as an efficient mechanism for homeowners to report contractors who miss or arrive late to appointments, or otherwise fail to meet their contractual obligations.

Recommendation:

1. Develop or strengthen measures to ensure that contractors keep scheduled appointments, or at minimum notify homeowners in advance when they will be unable to meet scheduled appointments.
2. Develop or strengthen measures to ensure that contractors fulfill all contractual obligations.
3. Develop a mechanism, such a hotline, for homeowners to report missed appointments or other unfulfilled obligations, a mechanism that ensures timely follow-up and sanctions to prevent further contractor failures.

XII. Some homeowners may be unable to pay their transfer amounts.

Even if all documentable, allowable expenses are credited in calculating an applicant’s transfer amount, some applicants may not be able to pay their transfer amounts. This may be because the applicant lacks receipts for all their creditable expenses, or because the applicant already spent their recovery funds on urgent but nonetheless uncreditable expenses, such as mortgage payments.

Build It Back intends to make allowance for these circumstances by reducing the scope of work they provide, where possible. In some circumstances the scope may not be reducible, given HUD requirements that Build It Back leave the home in safe, habitable condition. In the latter circumstance, the homeowner will become ineligible for the Build It Back repair or rebuild help. We urge Build It Back to partner with volunteer rebuild organizations to design a way to enable the volunteer organizations to supplement the Build It Back work to ensure that every eligible homeowner receives the full amount of recovery help, regardless of their ability to pay a transfer amount.

Recommendation:

If a homeowner is unable to pay the transfer amount, BiB should allow voluntary rebuild organizations to perform the work that Build it Back cannot perform due to missing transfer funds.

XIII. Voluntary rebuild organizations can provide strong community partnerships and local credibility along with the economic benefits of volunteer mobilization.

LTRO member organizations were on the ground fast and continue to help provide for homeowners in nearly every facet of their recovery and in almost every affected neighborhood. We have provided immediate and long term aid for nearly two years for thousands of Sandy-impacted residents.

The combined efforts of LTRO member grassroots and volunteer rebuild organizations have led to over 3000 muckouts and repair projects in over 500 homes, raised and distributed over one million dollars in donations of rebuild materials and household items, and mobilized thousands of volunteers. Member agency disaster case management programs have helped distribute over two million dollars in support for clients with unmet needs through the NYDIS Unmet Needs Roundtable, assisting nearly 400 households.

Despite their strong local presence and service, these leaders in the grassroots recovery effort have not been recognized by the Build it Back program as a partner and viable resource in recovery efforts. After pouring countless hours of labor and millions of dollars of materials into Sandy-impacted homes and communities, these volunteer rebuild organizations have now
exhausted their resources. The LTRO recommends the following programmatic changes to improve partnership.

**Recommendations:**

1. Add a “Choose your own volunteer group” option, similar to the “choose your own contractor” option, which would allow volunteer rebuild groups to be reimbursed for their costs, allowing them to continue the work that they have done so well over the past 23 months.
2. Provide direct financial support or reimbursement for voluntary rebuild groups assisting on homes in the Build it Back queue, since their volunteer work results in ultimate savings to the Build it Back program.
3. Design a subsidized insurance policy for voluntary rebuild groups, either on a case by case basis or through a consortium of voluntary rebuild groups. All but three of the voluntary rebuild organizations through the city were disqualified from working through the financial intermediary (previously LISC) due to steep insurance requirements.
4. Have a Build it Back representative regularly at monthly LTRO Rebuild Committee meetings.

**Attached Materials Referenced**

“LTRO Needs Assessment of Sandy Impacted Residents, April – July 2014”

“The Build it Back Program’s Policy on Homeowners in Foreclosure: Recommendations for Better Meeting Build it Back’s Mission” submitted by the LTRO on behalf of the NYC Sandy Housing Advocacy Group on July 24, 2014

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WHAT DO SANDY-IMPACTED RESIDENTS ON STATEN ISLAND STILL NEED?

35% of Sandy-impacted residents reached from April to July 2014 had needs remaining from the storm.

Nearly 2 years after Sandy, 709 households told us that they need...

BUILD IT BACK (BiB) ASSISTANCE
363 clients in need

- 279 BiB clients expressed concern, confusion, or dissatisfaction (62%)
- 70 BiB clients had no comment (16%)
- 9 BiB clients expressed satisfaction (2%)
- 84 Clients were not registered for BiB (19%)
- 9 Clients would register if BiB was reopened (2%)

DISASTER CASE MANAGEMENT (DCM)
557 clients in need

- 477 were referred to a DCM agency for follow up
- 85 accurately identified their DCM
- 17 wrongly identified their DCM
- 45 did not remember or were unsure whether they had a DCM
- 11 requested a new DCM
NEEDS ASSESSMENT OF SANDY IMPACTED RESIDENTS ON STATEN ISLAND
Phone Banking Period: 4/11/14 – 7/31/14
Staten Island Interfaith & Community Long Term Recovery Organization

REBUILD ASSISTANCE
451 homes in need

121 claimed priority needs including:
- nonfunctioning bathroom or kitchen
- foundation issue
- leaks & flooding
- electric & plumbing
- need affecting vulnerable residents (disabled, veterans, older adults, children)

260 claimed secondary needs including:
- basement & garage
- doors & windows
- landscaping & outdoor work
- painting, tiling, & finishing

70 claimed a need but hesitated to share details (waiting for Build it Back, Buyout, DCM consultations, etc).

OTHER NEEDS

- 232 with Financial Service Needs 33%
- 58 with Legal Service Needs 8%
- 45 are Waiting on a Buyout 6%
- 30 Requested Temporary Housing 4%
- 157 Requested Furniture/Household Goods 22%
- 78 Mentions of Mental Health Needs 11%
NEEDS ASSESSMENT OF SANDY IMPACTED RESIDENTS ON STATEN ISLAND
Phone Banking Period: 4/11/14 – 7/31/14
Staten Island Interfaith & Community Long Term Recovery Organization

PURPOSE

To call Sandy impacted residents on Staten Island in order to (1) assess continued needs and (2) make referrals for volunteer rebuild services and disaster case management directly to clients and on their behalf to LTRO members.

VOLUNTEER TRAINING

Volunteers were taught how to answer questions about/make referrals for rebuild needs, disaster case managers (DCM), Build it Back (BiB), and the goals of the Staten Island Long Term Recovery Organization (SI LTRO) and Needs Assessment project. Secure temporary cell phones were provided and waivers were signed to protect client confidentiality.

PHONE BANKING SESSIONS AND PARTNERS

Calls were made and data entered directly into an online form (or on paper scripts later submitted for entry) at weekly and weekend 3 to 5 hour sessions hosted from 4/11/14 to 7/31/14 at spaces provided by the following organizations: All Hands Volunteers, Project Hospitality, Richmond Senior Services’ Sandy Resource Center, RSVP/SERVE, Staten Island Alliance, St. John’s University, and the Tunnel to Towers Foundation. Volunteers were provided for these sessions by the host organizations, with additional volunteer and worker support from NY Cares, World Cares Center, Hope Worldwide, and the Student Youth Employment Program.

CLIENT FOLLOW UP

Data was sorted by need and forwarded weekly to the chairs of the following SI LTRO Committees: “Rebuilding and Mold Remediation,” “Disaster Case Management,” “Volunteer Coordination, Recruitment, and Housing,” and “Policy, Advocacy, and Legal Services.”

Committee Chairs are expected to justly distribute client needs among participating organizations and groups. Clients matched with an LTRO affiliate should expect to be reached by a representative of that supporting entity within two weeks of their initial phone banking assessment.

Clients with rebuild specific needs should expect an assessment on site two weeks after a representative of an LTRO affiliate group has followed up with them by phone (see timeline below for rebuild-specific follow up steps).
DATA SUMMARY

35% of Sandy-impacted residents who answered the survey claimed remaining Sandy needs. (709 households of 2,008 reached.)

Those 2,008 clients reached made up 39% of calls (5,128 total). 47% of total calls (2,389 clients) were referred to DCM and rebuild services via voicemail.¹

Of the 709 clients with remaining Sandy needs:

64% (451 clients) expressed a need for rebuild assistance and/or requested a voluntary rebuild organization to assess the damage in their home.

Of 451 clients designated as having rebuild needs:
- 121 claimed priority rebuild needs, including: nonfunctioning bathroom/kitchen; framing, insulation, & sheetrock; foundation issues; leaks & flooding; demolition; electric, plumbing, & heat; cleanup & gutting.
- 260 claimed second priority rebuild needs, including: basement & garage; doors & windows; stairs; landscaping & outdoor work; powerwash; painting, tiling, & finishing.
- 70 claimed that they had a rebuild need but hesitated to share details, requested to speak directly with a rebuild group, or were waiting on Build it Back/Buyout/DCM consultations.

LTRO Followup: Cases were referred to Rebuild Committee Chairs to distribute among five rebuild groups.
- 90 cases were given to each organization, separated into "1st priority need," "2nd priority need," and "Followup required for more info."
- 118 cases were followed up for further assessment by a rebuild organization.
- The remaining cases were referred to the Volunteer Recruitment, Coordination, and Housing Committee to distribute smaller rebuild needs to tertiary recovery organizations.

78% (557 clients) expressed a Disaster Case Management (DCM) need.

Of the 557 designated as having DCM needs:
- 477 claimed to not have a DCM.
- 17 misidentified their DCM as Build it Back, FEMA, or a rebuild organization.²
- 45 did not remember the name of their DCM/agency, were unsure if they had a DCM, or did not select to provide more details on the DCM agency.
- 11 expressed dissatisfaction with/requested a new DCM.

LTRO Followup: Cases were referred to DCM Committee Chairs for distribution among member agencies through the DCM hotline.
- 237 clients were assigned a DCM.
- 19 were already actively working with a DCM.
- 82 clients declined DCM services, 5 cases were already closed.
- 30 received information or referrals.
- 2 were ineligible.

The remaining 181 clients who could not be reached by DCM agencies attempting follow-up received voicemails containing information on how to reach a DCM agency or are still pending contact.

¹ 711 clients could not be reached because: phone was busy, out of service, or wrong number (333); client hung up (67); client requested a call back (311, of which 40 requested call back because a translator was required).
² Of 160 residents who had a DCM - 85 accurately identified their agency and contacts.
51% (363 clients) expressed a Build it Back (BiB) need.

Of the 363 designated as having BiB Needs:

- 279 registered BiB clients expressed issues exacerbated or caused by lack of communication, delay, inconsistent programmatic information, or unmet promises in their interaction with the Build it Back Program. Clients frequently indicated lack of an assessment visits for months since registration or a prolonged wait on reimbursement notification.
- 84 did not register for BiB.
- 9 identified that they would apply for BiB if registration reopened (3 waited for Buyout, 2 were unaware of the program, 3 would register if conditions changed, 1 had assumed better FEMA coverage).

LTRO Followup: Cases were referred to the LTRO Policy, Advocacy, and Legal Services Committee.
- The data (with anonymous client information) was also sent to representatives from Build it Back, NYC City Hall, and the Comptroller's office (as they carry out their audit of BiB).

Other Needs

- 232 clients requested financial services
- 157 clients requested furniture or household goods
- 58 clients required legal services
- 38 clients identified themselves as renters with Sandy needs
- 45 clients inquired about more information/claimed that they were waiting on Buyouts
- 30 client requested temporary housing while their homes are rebuilt
- 20 clients requested or appeared to require mental health services (among 78 mentions of psychological/emotional strain)
NOTES ON CLIENT NARRATIVE RESPONSE

Clients who still have major and minor rebuild needs—from cracked foundations to stripped basements to landscape cleanups—frequently show confusion, mistrust, and hesitancy to speak with volunteers or receive voluntary rebuild assistance. Some Sandy impacted residents with remaining needs were concerned about sharing information or requesting volunteer rebuild groups behind the back of their DCM, BiB, FEMA, and other agency contacts. The competing timelines of these programs (and lack of communication between them) leaves many clients uncertain of what services to seek or reject.

“I registered three months ago for Build it Back but I have been waiting for an assessment. I’ve waited on making repairs or receiving help until they come. But I have a feeling I'll get nothing, so I’m beginning to think that any help is better than none. But I don’t know if it will hurt me. Other friends are in the same position waiting on Buyouts.”

Suspicion to provide information after repeated contact with other government and grassroots organizations, combined with several long waits and complex registration processes, leave many with a sense of hopelessness or being “lost” in the system.

"Not only did we get slammed by the storm, but slammed by the system. All these charity events with money that went to this and went to that. We don't see where any of it goes."

“I am too disappointed with the system to even ask for help any more. I’ve had too many forms to fill out and too much rejection from potential help to get my hopes up.”

Many clients express a frustration with having rebuilt and refurbished their homes with their own funds but are now having trouble receiving reimbursement from their insurance, government programs, etc. A common confusion was whether a household would qualify for any financial assistance. Many clients were unsure who to speak to about these problems and would benefit from a detailed conversation about their spending with a qualified disaster case manager.

“I had no one to come fix my home so I took $25,000 in home equity and pension loans and did it myself. I definitely can't afford what I've done and now I'm not eligible. It's really just about the money at this point...for quite a lot of people.”

"I am humiliated. Honestly I have a low income…and I provided hundreds of pages of receipts to insurance but I think my low income hurts liability. I am fighting cancer at the same time. I only need your help at this point if it is for financial services. I honestly haven’t known who to talk to about this."

Regardless of common feelings of frustration and confusion even when offered help, there are many cases of gratitude and sense of comfort in knowing that people still care 18 months later:

"It felt like the end of the tunnel without a light for me until you called. But now I'm really going to follow up and maybe I'll make it out of this disaster. You made my day. Nobody cared. They shut the door in your face, and then people like you call and reopen it."
To: Amy Peterson, Director, Housing Recovery Operations  
From: NYC Sandy Housing Advocacy Group  
Date: July 24, 2014  
Re: New York City Build it Back Lis Pendens Policy

Dear Director Peterson:

Please find attached the memo “The Build it Back Program’s Policy on Homeowners in Foreclosure: Recommendations for Better Meeting Build it Back’s Mission,” which contains recommendations for revising the lis pendens bar for Build it Back participants.

This memo is respectfully submitted by the NYC Sandy Housing Advocacy Group, a coalition of legal services providers, advocacy organizations, affordable housing developers, and community based organizations that work together to prioritize sustainability, accountability and community equity in recovery policy decisions. We believe that:

- Environmental sustainability and resilience must be integral components of all rebuilding efforts.
- Communities impacted by Sandy must be active participants in rebuilding, land use, and neighborhood development investment decisions, and that those investments should ensure environmental, economic and social sustainability.

We thank you for your attention to this issue and welcome the opportunity to speak further about the analysis and recommendations made here. Please contact Ismene Speliotis of MHANY Management Inc at (718) 246-8080 x 203 or ispeliotis@mutualhousingny.org, or Elise Brown of MFY Legal Services at (212) 417-3753 or ebrown@mfy.org for further information or to schedule a follow-up meeting or call.

Thank you for your dedication to rebuilding communities affected by Sandy and ensuring that affected New Yorkers are able to rebuild and return to their homes.

Sincerely,

Alliance for a Just Rebuilding  
Brooklyn Long Term Recovery Organization  
CAMBA  
The Legal Aid Society  
MFY Legal Services, Inc.  
MHANY Management  
New Economy Project  
New York Mortgage Coalition  
Neighborhood Housing Services of East Flatbush  
NYLAG  
Pratt Center  
Project Hospitality  
Staten Island Alliance  
Staten Island Interfaith and Community Long Term Recovery Organization (SI LTRO)
The Build it Back Program’s Policy on Homeowners in Foreclosure:
Recommendations for Better Meeting Build it Back’s Mission

NYC Sandy Housing Advocacy Group
July 24, 2014

Current Build it Back Lis Pendens Policy

New York City Build it Back is assisting homeowners, landlords and tenants in the five boroughs whose primary homes or residential rental properties were damaged by Hurricane Sandy. Currently, the Build it Back program places a hold on the application of any homeowner whose mortgage lender has filed a lis pendens (“notice of pendency” of a foreclosure action) against the property. The filing of a lis pendens is the first step of a foreclosure proceeding against a property in New York State. In order for the Build It Back foreclosure hold to be lifted, the homeowner must prove that the foreclosure has been resolved. Otherwise, the homeowner is ineligible to receive Build it Back assistance for home repairs and reconstruction. This policy is overly broad and unfairly penalizes homeowners, particularly low and moderate income homeowners, whose mortgage delinquency was caused or exacerbated by Sandy.

The intention of Build it Back’s policy is to avoid expending resources on a house that may be repossessed by the bank. However, the risk that these homes will become bank-owned is very small. A study by New York University’s Furman Center demonstrates that less than 10% of lis pendens filings result in bank ownership of the property. Furthermore, New York State foreclosure proceedings last an average of three years, during which time a homeowner can save the home. Barring all homeowners with a lis pendens filing from receiving Build It Back help jeopardizes both their ability to resolve their mortgage issues as well as to rebuild their homes. This policy will also lead to Build it Back penalizing homeowners who fall into foreclosure because they have exhausted their financial resources while awaiting the assistance they need to return to their homes.

Examples of Build It Back Applicants Trapped in the Foreclosure Hold

Here are some examples of homeowners impacted by the lis pendens policy:

1. Applicant W was current on her mortgage prior to Sandy. She is a senior citizen on a fixed income. After the storm, she was forced to vacate her now uninhabitable home and rent an apartment. She was unable to pay both the rent and mortgage with her fixed income, and fell into default on her mortgage. Her income is sufficient to qualify for a loan modification that would bring her current on her mortgage, but she would be required to make three trial modification payments before she could qualify for a permanent modification that would bring her mortgage current. She cannot make these trial payments on top of her rent, and she is falling further into arrears and closer to a foreclosure filing while she awaits repair assistance. Unless Build it Back changes its foreclosure policy, Mrs. W will likely lose her home.

2. Applicant N fell into foreclosure prior to the storm. The bottom floor of her home was completely destroyed by Sandy. The applicant received legal counseling and was assessed
for a loan modification. Prior to the storm, the applicant ran a licensed day care out of her home. With income from her business, the applicant would have been eligible for a loan modification. However, with the current condition of the home, the applicant is unable to operate the daycare. Without that income, she is not financially viable for a modification, and will remain in foreclosure.

3. Applicant R’s home was severely damaged by Sandy. Applicant R defaulted on her mortgage and is currently in foreclosure. She has enough income for a viable modification package; however, Build it Back estimates that she will be displaced for more than 6 months during reconstruction. There is not enough household income to pay both rent and mortgage payments, and it may be against her long term interests to enter into a HAMP trial payment period before being temporarily relocated: defaulting on a HAMP trial period may jeopardize her ability to get a permanent modification. Her transfer amount is not sufficient to cover temporary housing costs, and there is currently no philanthropic assistance available for such a need. In this case, it may be best for her to wait to apply for a modification until the temporarily high household expenses (rent and mortgage payments) have ended and proceed through Build it Back with the active lis pendens.

4. Applicant B was current on his mortgage prior to the storm, but fell behind after incurring significant post-storm recovery expenses. The storm completely destroyed the property, which is now a vacant lot. The applicant is financially viable for a loan modification, but his mortgage servicer is refusing to process his modification request because the property is “vacant, condemned, or uninhabitable.” While Applicant B has not yet received a lis pendens, he is currently 18 months behind on his mortgage and expects to receive a notification of lis pendens imminently.

The Current Policy is Unfair to Homeowners

Sandy-impacted homeowners who are ineligible for Build it Back repairs due to a lis pendens on their property are stuck in a “Catch 22”: they are often unable to stop a foreclosure until repairs to their home are complete but unable to receive repairs until the foreclosure is resolved.

Many displaced applicants find themselves in a situation much like Mrs. W’s above: they are unable to pay both their mortgage and rent for temporary housing and have fallen behind on their mortgage. They cannot qualify for a loan modification, because they cannot make even a reduced loan payment while they are paying temporary rent. By putting on hold all applications with a lis pendens, the Build It Back program is increasing the number of applicants whose homes will revert to bank ownership, homes that otherwise could have been saved through loan modification.

The lis pendens hold also creates an unfair burden for homeowners who are not displaced. Most homeowners who are in foreclosure fell behind on their mortgages because of a temporary financial setback, such as loss of employment or reduction in work hours. It often takes time for these homeowners to get back on their feet. It is common for a homeowner to be ineligible for a loan modification when the foreclosure process begins, but to find employment, become eligible, and save the home before the foreclosure is complete. These kinds of changes in circumstances play a significant role in why, as mentioned above, less than 10% of foreclosure filings result in loss of the home becoming bank-owned through a foreclosure auction.
The Build It Back program currently refers homeowners in mortgage default to non-profit legal services or housing counselors to help them negotiate a resolution with the mortgage bank. This is vital help that Build It Back is making available, but it will not produce quick results. While the referral to advocates is critical, securing a loan modification, even with expert assistance, is a long, laborious process. In the experience of New York foreclosure prevention advocates, securing a loan modification takes six months at minimum, and normally much longer, often several years, due to widespread mortgage servicing errors and misfeasance. It is common in foreclosure cases that multiple court appearances over many, many months are required before the mortgage servicer agrees to a resolution.

It is also common for a homeowner to lack sufficient income for a loan modification at the beginning of a foreclosure proceeding, but regain income and save the home before the foreclosure is complete. The following are a few examples of homeowners whose cases demonstrate this point:

1. Ms. N.W., an elderly homeowner, was not eligible for a loan modification in August 2013, when Deutsche Bank began foreclosure proceedings against her. However, her circumstances later changed and by March 2014 she received a permanent loan modification and saved her home.

2. OneWest Bank began foreclosure proceedings against Mr. and Ms. D in 2010. The couple did not have sufficient income to qualify for a loan modification at that time. Thirteen months later, their circumstances changed and they applied for a loan modification. It then took IndyMac (the loan servicer) another year to approve their application and offer them a trial payment plan. Finally, in January 2013, Mr. and Ms. D received a permanent modification and saved their home.

3. Ms. V.B. was not eligible for a home-saving solution in 2007 when U.S. Bank National began foreclosure proceedings against her. She found help from a legal services organization only in 2011, at which point the court had already entered a judgment of foreclosure against her. She was eligible at that time for a loan modification. In 2012, after a year of negotiation with the bank, Ms. V.B. finally received a trial payment plan. However, before she could complete the three-month trial payment plan, she lost her job with the U.S. Postal Service. U.S. Bank delayed moving forward with the foreclosure—a common occurrence—and the case remained in limbo. Then, one year later, Ms. V.B. was rehired by the Postal Service and had sufficient income for a modification. She received a permanent loan modification in July 2014, which brought the long foreclosure to an end.

4. Ms. M.K., an accountant, was laid off in 2009 and fell into mortgage default in December, 2010. By 2013 the small business she had created was doing well, and she became viable for a loan modification. Nevertheless, as of July 2014, Ms. M.K. was still negotiating with Chase with the help of a legal services attorney to secure the modification for which she has qualified for over a year.

These case examples are not extraordinary, they are common. They demonstrate that many homeowners who go into foreclosure may not be viable for a loan modification when the foreclosure begins, but will regain their financial footing and qualify for a loan modification before the foreclosure is completed. This is one reason that only 10% of foreclosure cases result in bank ownership, but current
Build it Back policy shuts the remaining 90% of homeowners out from assistance even though they are very likely to qualify for a loan modification that saves their home.

The Current Policy Will Add to the Blight of Abandoned Properties in Neighborhoods Impacted by Sandy

Build It Back’s current foreclosure-hold policy runs counter to the City’s mission to help neighborhoods impacted by Sandy become vibrant parts of our city again. Leaving homes with *lis pendens* filings unrepaired—and in many cases uninhabited—will only add to the existing scourge of abandoned properties in neighborhoods impacted by Sandy. As the case examples above illustrate, Build It Back’s current policy will cause more homes to become bank-owned. Neighborhoods impacted by Sandy are already scarred by bank-owned, post-foreclosure damaged properties. Neighbors are helpless to do anything about this blight and the health hazards these mold-infested properties present. The major mortgage servicers have taken few if any steps to address these damaged properties to date, other than boarding them up. Many bank-owned properties notoriously sit vacant for years after the bank acquires them post-foreclosure.³ Homeowners in foreclosure want to repair their properties. Helping homeowners repair these houses will help the entire community rebound.

Alternative Solutions

We urge the City to consider adopting an alternative policy that will ensure that Build it Back resources are used effectively while providing services to households in need of assistance. Here are two possible solutions that would meet this balance:

- **Clear the foreclosure hold for those working with a legal or housing counselor:** Working with a trained counselor mitigates the risk of a foreclosure auction by 30%.⁴ Build it Back could allow homeowners with *lis pendens* to move forward in the program if they present an action plan and proof of working with a counselor. This would allow for an individualized approach to addressing *lis pendens* filings.

- **Impose the foreclosure hold only if a judgment of foreclosure has been entered, and remove the hold if a counselor certifies the applicant’s viability for a home-saving solution:** Imposing a hold at the start of the foreclosure process shuts out far too many homeowners who will eventually regain their financial footing and qualify for a loan modification. To remedy this overly broad policy, Build it Back should only impose a hold at the judgment of foreclosure stage, which is near the end of the foreclosure process. While homeowners can still save their home after the judgment is entered, home-saving solutions are less likely at this stage. Using the judgment of foreclosure as the measure gives the Build It Back program a clear benchmark for its foreclosure policy without unfairly penalizing hundreds—or perhaps thousands—of low and moderate income homeowners who can and will save their homes. Because homeowners who are post-judgment (but pre-auction) are sometimes still able to save their homes, we recommend that post-judgment homeowners be allowed to continue in the Build It Back program if a legal or housing counselor certifies that the homeowner is eligible for a loan modification.⁵ The judgment of foreclosure is the benchmark that the State’s New York Rising program uses.
The current Build it Back foreclosure hold policy harms already struggling homeowners and impedes efforts to rebuild more resilient communities in the wake of Sandy. By adopting one of the alternative measures proposed here, the City could balance the need to use resources effectively while better meeting the needs of impacted communities.

1 Foreclosed Properties in NYC: A Look at the Last 15 Years, Furman Center for Real Estate & Urban Policy, New York University, January 2010, p. 4.
5 A homeowner’s eligibility for a loan modification is easy to determine. The eligibility criteria for loan modification vary depending on the type of mortgage loan, who the servicer is, and who the investor is. However, trained legal and housing counselors are familiar with all the modification options, and the eligibility for each. Once the counselor has certain basic information about the loan and the homeowner’s income, that counselor can determine whether the homeowner is eligible for a home-saving modification.