



Community Development Block Grants – DR RISE WV Clearance & Demolition Program Update



Clearance and Demolition Program

The clearance & demo program is targeted to address slum and blight structures damaged in the 2016 June Disaster

What the RISE Demo Program Is: Rules and Regulations

- Proposed structures **MUST** have sustained damage from the June 2016 disaster
- Structures **MUST** have been damaged beyond rehabilitation and its pre-disaster use
- Structures **MUST** be vacant and located in one of the 12 disaster declared counties
- Structures **MUST** be clear of all liens and/or mortgages. Any property with a mortgage or lien is *ineligible* and no additional federal funds can be expended to resolve issues
- The applicant **MUST** be the owner(s) of the property. All program restrictions and guidelines must be agreed to, completed, and signed by the applicant(s)
- The structures **MUST** meet the state code definition of Slum and Blight
- Owner participation in the RISE Demo Program **MUST** be voluntary with current property taxes paid. Owners **MUST** not have previously withdrawn from the program

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What the RISE Demo Program Is (Continued)

- Proposed properties undergo a title search (conducted by a law firm) to confirm clear identified ownership. The program applicant(s) must be identified as the **undisputed owner(s)** of the property. No application submitted by any entity other than the owner(s) is eligible
- 80% of program funds are required to be expended in the 4 counties that HUD declared *Most Impacted and Distressed* (Clay, Greenbrier, Kanawha, and Nicholas). Only 20% of program funds can be spent in Fayette, Jackson, Monroe, Lincoln, Pocahontas, Roane, Summers, and Webster counties
- All proposed projects that have been closed must follow the appeal process detailed on their closed case letter. Appeals must be submitted by the applicant. The **formal process** is documented in the HUD approved Action Plan and program policies and procedures

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What the RISE Demo Program Is Not

- **A damaged home replacement program**
 - This is addressed by the RISE WV Housing Restoration Program
- **A FEMA Demolition program or an extension of the FEMA PPDR Demolition program**
 - HUD's approval to use grant funds specifically for the RISE Demo Program was provided in February of 2019
- **An acquisition program**
 - The RISE Demo Program is not and has never been a buy-out program. No payments are made to owners for their home or property
 - Property owners retain possession of the property after demolition and must agree to the 3-year covenant restrictions detailed in program guidelines
- **A program intended for counties or municipalities to address blighted structures unless they are the owner of the property**
- **A major portion of the CDBG-DR Grant**
 - HUD's priority is housing and community development with defined future use

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There are people who believe certain properties are scheduled for demolition when that is not the case.

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WHAT happened?

- WV Division of Homeland Security and Emergency Management had PPDR program after 2016 disaster event for personal property, debris removal and demolition – WV National Guard (WVNG) handled this program– FEMA grant
- WVNG was also subrecipient for RISE WV Clearance and Demolition program through CDBG-DR program – HUD grant
- This caused confusion with applicants and county officials because there wasn't clear delineation of HUD's program rules and regulations
- HUD granted the Authority to Use Grant Funds for the RISE WV Clearance and Demolition program in February 2019

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Confusion resulted from multiple major areas:

1. Clearance and Demolition program began in July 2018 without HUD's Authority to Use Grant Funds and the required policies and procedures, so citizens could know what to expect.
2. When contracts were bid out in August 2018, purchasing state code required specific addresses to be included in the Request for Quotations (RFQs).
3. WV National Guard obtained addresses from counties and municipalities.
4. ALL addresses were included in the bid and had not been qualified for the program
5. Project addresses, used in the bids and awarded on contracts in August 2018, assumed they were eligible for the program without any vetting or meeting criteria.

After HUD provided the Authority to Use Grant Funds in February 2019, the WVNG started designing the program's policies and procedures which were presented to HUD in July 2019. These policies and procedures were finalized and published in December 2019, on the www.wvfloodrecovery.com website.

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Required criteria for program:

- Damaged beyond pre-event use by the 2016 June Disaster
- Vacant
- **Undisputed ownership**
- **NO** outstanding liens or mortgages
- Current property taxes paid
- Agreement to future restrictions

Many properties failed to meet the eligibility requirements:

- Many property owners never applied completing required intake and future use restrictions
- Properties were not damaged by the flood
- Properties have existing liens at application
- Ownership of the property is disputed through legal title search
- Properties submitted exceeded limit defined in policies and procedures

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Examples of closed cases:

Property owner did not submit an application. Case was closed because case managers were unable to contact the property owner.

Numerous unresolved issues or liens identified on the title search. Structures with identified liens are ineligible.

Property has a Deed of Trust in the amount of \$443,000 and \$311,000. Applicant withdrew from the program. Applicant cannot appeal because their case was withdrawn, not closed by the program.

Case was closed because the title search indicated that the property needed to go into probate. No clear ownership identified on the title search.

Title search discovered that there is an SBA lien on property. Title search also shows that the property owners have been disqualified from future federal disaster assistance. The case cannot move forward.

Federal Register allows a maximum of 20% funding to be spent in Non-mid counties. Current budget of \$5.8 million has been obligated for approximately 72 structures.

Clearance and Demolition Program

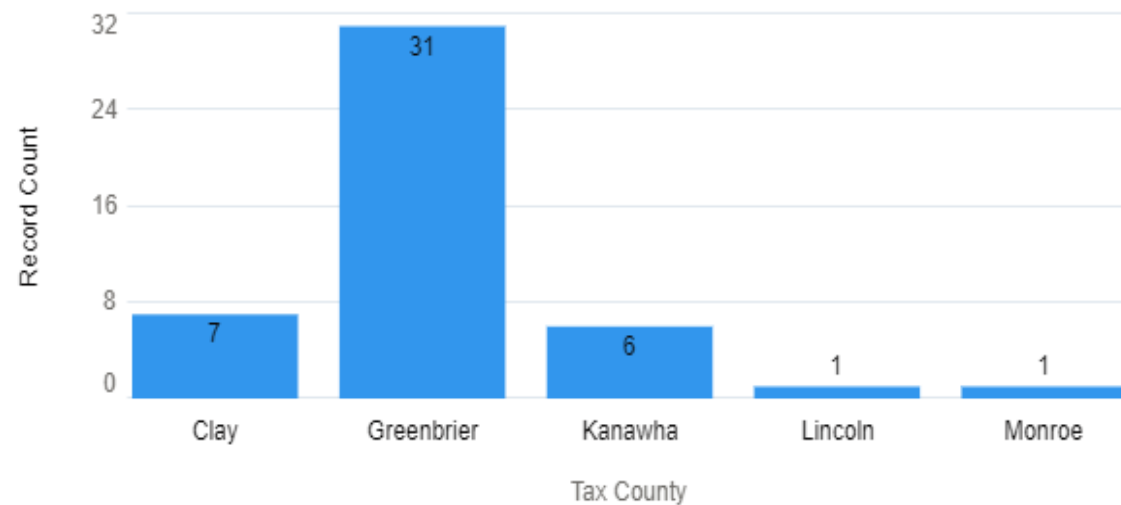
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Moving Forward: Demolition Progress Reports

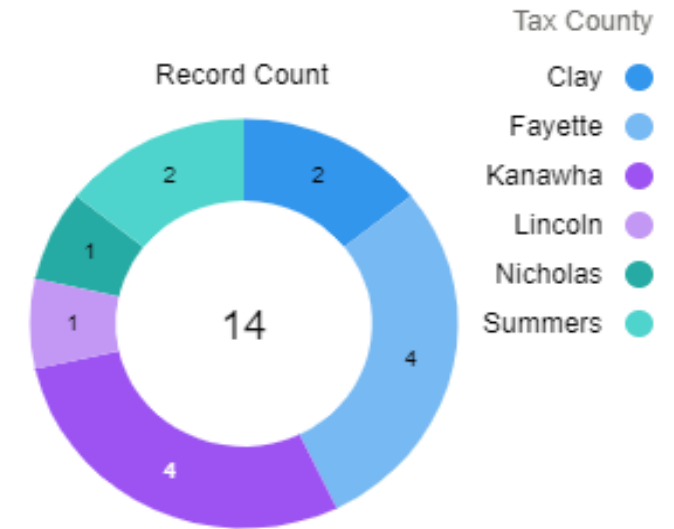
Current completed projects: **46**

- Expected total with current budget: **72**

Demo Complete



Demo Active NTPs



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The program has total funding of \$5.8 million

- Through Aug. 31, 2021, total spend - \$3.5 million
- \$1,613,773.88 = Total spent on projects
- \$1,919,959.12 = Total spent on administration and delivery costs
 - Administrative costs include title searches, environmental reviews, fleet management, and WVNG payroll and expense reimbursements

Additional \$2.3 million funds are committed for projects

- Projects currently in pipeline with NTPs:
 - Clay county – 2
 - Fayette County – 4
 - Kanawha County – 4
 - Lincoln County – 1
 - Nicholas County – 1
 - Summers County – 2

\$957,186 = Estimated cost to complete current NTPs. This is an estimate that factors in demolition square footage from contracts.

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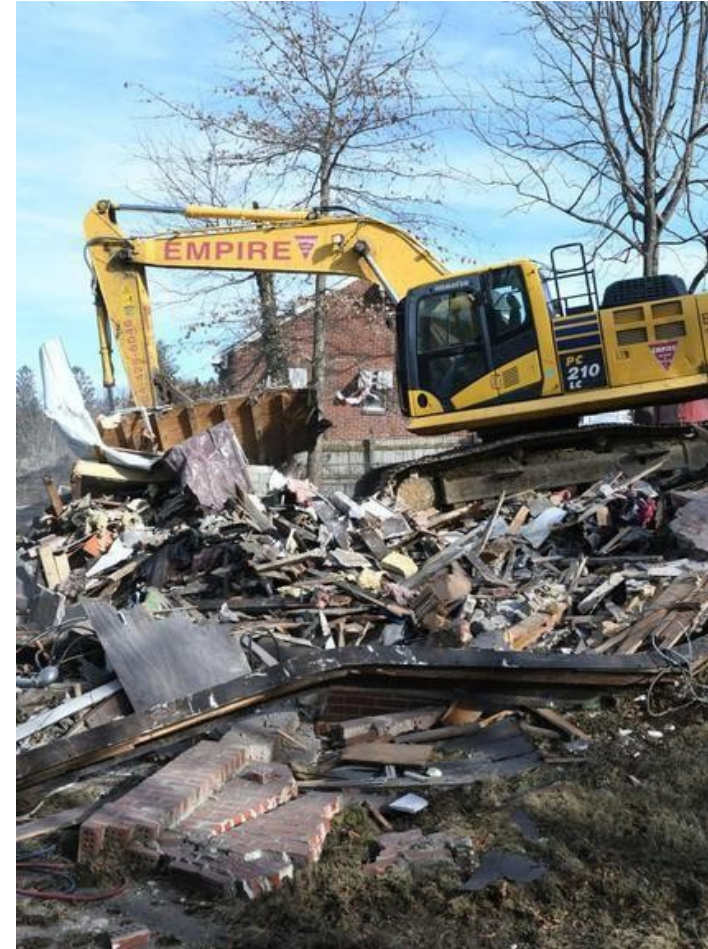
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Costs for demolition:

- Up to \$8.48/sq ft for contractor to demolish structure
- Additional costs may include:
 - Asbestos abatement and disposal
 - Personal property removal
 - Draining and removal of septic tanks
 - Capping underground well
 - Removal of tanks and other hazardous materials

Regulations can affect both the timeline to demolish and the cost

- 33 CSR 1 – permitting and handling of asbestos
- 45 CSR 6 – improper burning of refuse



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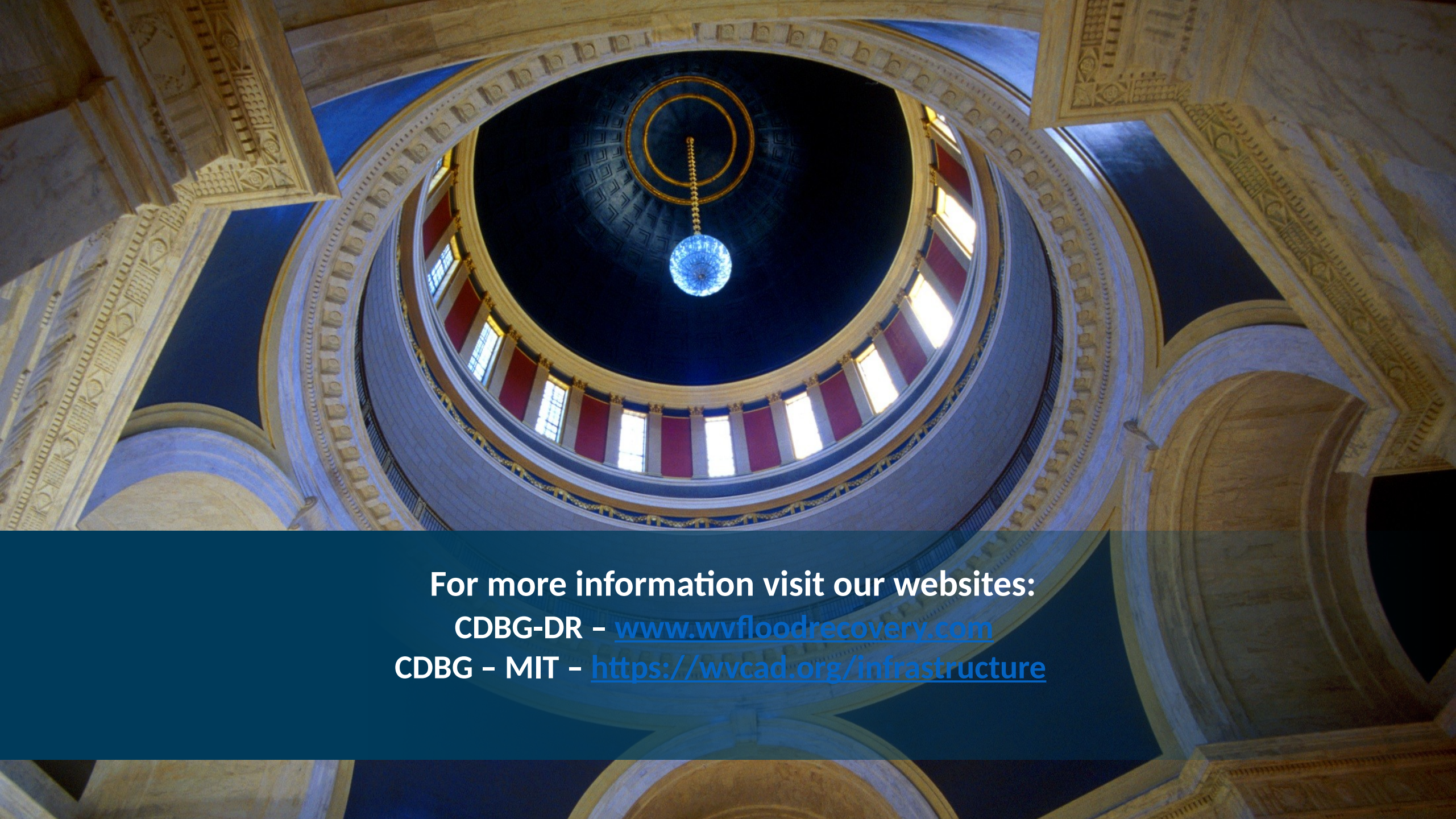
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HUD Finding:

- HUD conducted monitoring of CDBG-DR RISE WV Clearance and Demolition program in August 2021
- One Finding – Duplication of Benefits Analysis was not conducted by the WVNG and applicants did not sign subrogation contract
- One Concern – The tieback to the 2016 June Disaster and damage verification for properties is not strong enough

Moving forward:

- Technical Amendment submitted to HUD documenting the WVNG administrative services ended in April 2021 and requested a reallocation of \$1 million to assist with additional demolition projects.
- Prioritization of additional funding will be residential structures in Clay, Kanawha, and Nicholas counties.
- HUD approved with caveat that program submits corrective action to Finding and implements subrogation contracts for DOB and enforces more stringent tieback to the disaster.



For more information visit our websites:
CDBG-DR - www.wvfloodrecovery.com
CDBG - MIT - <https://wvcad.org/infrastructure>