



**LONGMONT**  
**HOUSING & COMMUNITY**  
**INVESTMENT**  
*A Division of Community Services*

**CDBG-DR**  
**Reimbursement Policy**

*For residents affected by the September  
2013 flood*

**Policies and Procedures**

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## **CDBG –DR Rehab Reimbursement Policy**

HUD Notice CPD-13-138 permits reimbursement for eligible work undertaken within the first year since the flood and before the date the applicant submitted a Housing Repair Program (HRP) application. To exercise the reimbursement option, owners must comply with all Program requirements and commit to completion of the work remaining to be done. Reimbursable costs must be reasonable and necessary as determined by the City of Longmont. All reimbursements will be in the form of grants to the homeowner.

### **Rules Governing Reimbursement:**

- Before any CDBG-DR funds can be provided for repair or replacement reimbursement to the applicant, an environmental review must be completed and the property must be cleared by the city. This is required to reimburse both past work completed and any work going forward.
- Eligible costs completed prior to environmental clearance, will be exempt from the HRP construction requirements and guidelines. If the homeowner completes repairs after the application for assistance the homeowner must demonstrate such costs are fixed to the pre-application construction contract.
- Costs completed after the application is submitted for assistance under the HRP and after the environmental clearance, must comply with HRP construction requirements and guidelines.
- Costs must be adequately documented and considered within federal guidelines as “necessary and reasonable” for the expenditure of federal program funds. A cost is reasonable if, in its nature and amount it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made. Specifically the city will determine whether the cost is necessary and reasonable; if a cost has already been or will be paid from another source, it is presumed to violate the necessary and reasonable standard.
- Reimbursement is limited to project repairs or replacement that is on the same property footprint as before the flood. However; if replacement properties were built or purchased on a different footprint from the damaged property due to being in a floodway or 100 year floodplain, the repair/replacement costs done outside the original footprint may be an eligible reimbursement cost.
- All eligible applicants of the HRP may seek reimbursement for eligible activities regardless of the level of damage.

Applicants must have received a preliminary award notification and be otherwise eligible for assistance before approval for reimbursement can be given. The dwelling must have passed the required environmental review. Reimbursement options are described briefly below:

- Reimbursement Only (all work completed): Applicants who have completed all repairs or reconstruction, including elevation if required, are eligible for reimbursement upon confirmation by the HRP Program that the work has been completed and the costs for repairs are reasonable. Approved applicants will sign a Homeowners Agreement that

includes the requirements to maintain homeowners insurance and flood insurance on the property (if in the 100 year flood plain) and agree to the subrogation of any subsequent funds received from insurance and other sources counted in the duplication of benefits calculation.

- Reimbursement with Work Remaining to be completed by the City: Applicants with work remaining may request reimbursement and commit to the completion of the work to bring the property to safe and sanitary conditions. The applicant is required to sign a Participants Agreement.

In accordance with the HUD guidance for pre-award costs issued on July 30, 2013, only work required as a result of the September 2013 flood and completed before the date of the homeowner's HRP application are eligible for reimbursement. However, work completed after the date of an application submission but performed under an enforceable contractual obligation with a builder that pre-dated the application can also be reimbursed. The work completed must be for items that are necessary and reasonable as determined by the HRP Rehabilitation Inspection Specialist.

The following types of repairs or expenses are eligible reimbursable items (this list may not be all inclusive):

1. Plumbing, electrical systems, heating, ventilating and air conditioning systems;
2. Fuel systems for cooking, septic systems, water wells;
3. Windows, doors, roofs, interior floors;
4. Stoves and refrigerators, when feasible;
5. Emergency access repairs;
6. Elimination of health and safety hazards;
7. Structural parts of the home (foundation, outside walls, and roof);
8. Entrance and exit ways from the home, including privately owned access roads;
9. Blocking, leveling, and anchoring of a mobile home and reconnecting or resetting its sewer, water, electrical and fuel lines, and tanks;
10. Tool and equipment rental;
11. Force mortgage pay-off requiring any insurance proceeds to be applied to the lien.

The following types of repairs/expenses are ineligible reimbursable items (this list may not be all inclusive):

- Personal Property (vehicles, furniture, goods, clothing etc.);
- Repairs made to nonresidential structures that are not attached to primary residence (i.e. pools, sheds, detached garages);
- Tools and equipment (may be rented not purchased);
- Playground equipment, satellite dishes and security systems;
- Appliances and housing components that are not integral to the structure of the home such as washers, dryers, luxury items, detached garages and carports.

The allowable amount to be considered for reimbursement is the lesser of the cost estimate provided by the work write-up report (prepared by the Rehabilitation Inspector), the amount of

work for which the owner can provide required documentation to support the requested reimbursement, or the HRP maximum amount of \$100,000. All reimbursement will need to be supported by receipts held by the homeowner which (1) relate the payments to specific work completed, (2) prove payment was actually made, and (3) demonstrate that the timing of the payment supports the certifications of the timing of the work.

**Required Documents for Reimbursement Consideration:**

- A HRP inspection that confirms the work was completed and provides a certified cost estimate of the completed repairs. Ineligible items identified in the inspection report must be excluded from reimbursement.
- A Homeowner Certification for Reimbursement of Pre-Application Construction Costs that specifies the cost of the work, date of completion, and attests to possession of supporting receipts and other source documentation that proves amount and timing of work completed and/or payment for the work. The certification attests that proof of payment as per 24 CFR 85.20 (6) will be held for five (5) years that reasonably matches or exceeds the HRP estimates or amount reimbursed.
- Acceptable proof of payment for work completed by a contractor or service provider must (1) relate the payment to specific work completed, (2) prove payment was actually made, and (3) demonstrate that the timing of the payment supports the certifications of the timing of the work. For example: an invoice that clearly identifies the contractor/service provider, lists or includes a specific scope of work that is supported by a cancelled check, or credit card statement, or bank card debit record that clearly identifies the payee. Each receipt for supplies purchased should have a handwritten description initialed by the owner briefly describing what was repaired with the materials.
- When a homeowner is not able to produce all receipts the owner must show evidence of a property inspection that was conducted immediately after the flood by FEMA/SBA and/or an insurance adjuster identifying damage caused to the property by the flood. In the absence thereof, written documentation on letterhead and signed by a recognizable agency (private, state or local government), or a non-profit relief agency, or a church group... describing work completed on the home immediately after the flood; or pictures taken immediately after the flood that clearly demonstrates the level of flood damage to the subject property; or sworn statements and certifications that can be verified or substantiated. Based on the initial inspection reports or other supporting documentation supplied by the homeowner, the HRP inspector will identify the repairs that have been completed and identify the value on the repairs that are necessary and reasonable.