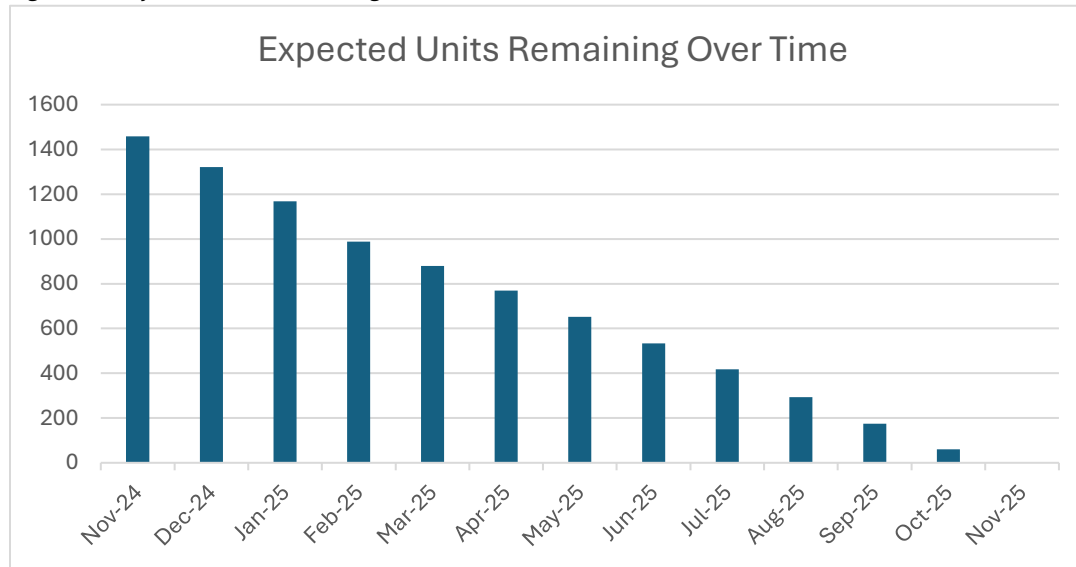


Homeowner Recovery Program Position

NCORR requests additional funds to continue the HRP Program for all eligible homeowners; projected to be completed in Q4 in 2025.

The analysis below considers a zero-attribution scenario, no construction contingency cost, and shows the maximum total funding needed and time anticipated to serve all 1,472 projects in Steps 6 and 7 as well as those 705 projects that are not yet paid in Step 8 as of October 30, 2024. The analysis has not been adjusted to account for any proposed cost savings measures or attrition scenarios presented later in the breakdown.

Figure 1 - Projected Units Remaining Each Month



Total Need Identification

The total cost to complete an HRP project is not just the project cost. Activity delivery costs such as environmental reviews, case management, inspections, temporary relocation and other items necessary to complete construction are also required. Types of costs that NCORR incurs are defined below.

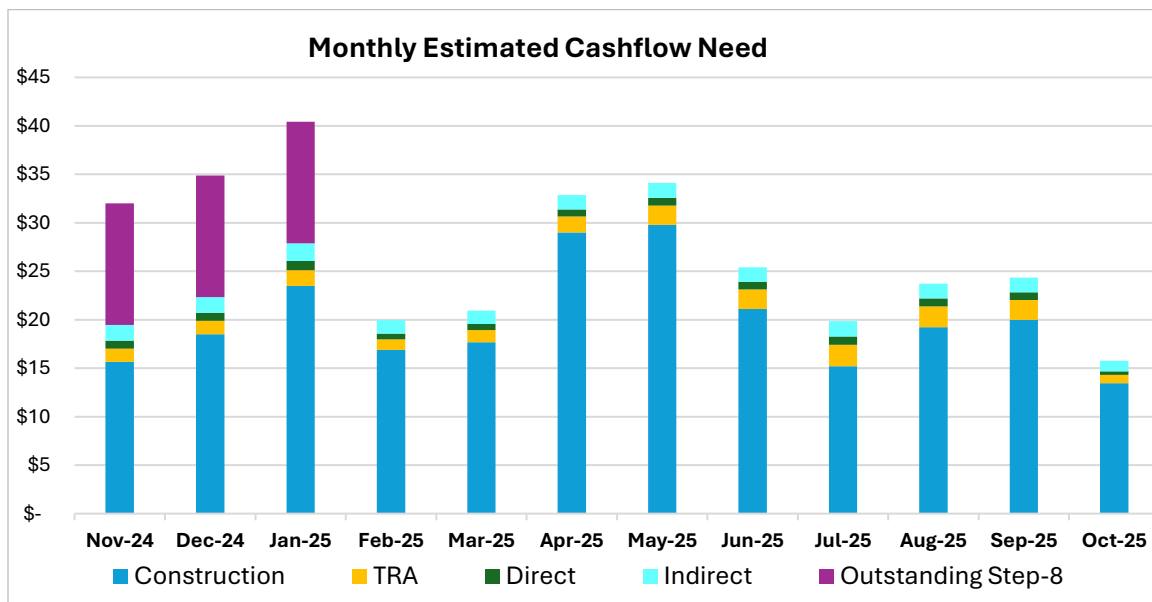
- **Direct Activity Delivery Cost** – Costs required to complete construction for individual applicants, such as site inspections, environmental hazards testing, and others related to a specific applicant’s recovery.
 - NCORR expects to incur approximately \$748,218 in direct costs a month – excluding TRA.
- **Temporary Relocation Cost (TRA)** – TRA is a type of direct activity delivery cost but is significant enough to classify on its own given its importance and relatively high cost.
 - NCORR expects to incur approximately \$2.0 million in TRA costs a month until program completion.
- **Indirect Activity Delivery Cost** – Similar to direct activity delivery cost, but applicable to many applicants at once such as broad level environmental reviews, case management and call centers.
 - NCORR expects to incur approximately \$1.5 million in indirect costs a month.

- **Project Cost** – These are costs related to construction, ordinarily incurred by a general contractor.
 - NCORR expects to incur approximately \$23.9 million a month until program completion.
 - NCORR also has approximately \$37.6 million in unpaid project costs for completed projects (Step 8).

Based on completed projects to date, OSBM has determined that approximately **\$324.3** million is needed to complete and pay all amounts owed on Steps 6, Steps 7, and Step 8 projects. As this average is based on historic data for completions, some costs, such as TRA and indirect costs may differ from the historic average.

OSBM estimates that the average monthly costs for the HRP will be \$23.9 million per month until program completion and an additional \$15.5 million in the first three months to pay outstanding invoices, with a high degree of variability month to month. This analysis does not include administrative funds, which are applicable to general NCORR operations and across all grants. NCORR has sufficient administrative funds to reach completion of its HRP projects.

Figure 2 - Need by Month



Meeting the Need

NCORR will increase its budget by \$44.2 million with an upcoming Substantial Action Plan Amendment to its CDBG-MIT grant. This amendment sweeps funds from planning, Strategic Buyout, Public Housing Recovery, and Infrastructure. A second amendment has been prepared but is not currently moving forward that would consider moving \$43.7 out of planned affordable housing. NCORR has another \$14 million available for drawdown for its immediate needs. Provided the legislature continues to fund NCORR beyond its \$30 million appropriation provided in October to its full \$192 million request, the final budget will be approximately \$988.6 million.

Description	Total
Current Total Budget*	664,309,416
NCORR Funds Available and Anticipated	131,925,381
<i>Funds Available**</i>	14,051,303
<i>General Assembly Appropriation</i>	30,000,000
<i>Forthcoming Action Plan Amendment</i>	87,874,078
Additional Funds Requested	192,349,463
Approximate Final Budget Needed	988,584,260

* This includes the transfer of \$30 million Florence Affordable Housing funds which is contingent on using ERA2 funds for replacement.

** Per federal disaster recovery grant reporting system on October 31, 2024.

NCORR should continue to employ the cost saving measures identified in their October 28, 2024, report as shown below.

Cost Savings Measures

NCORR has identified the following actions to reduce costs for the remainder of the program.

- Releasing 13 staff augmentation resources in the month of November. The resulting savings is approximately \$3.2 million through the twelve-month period.
- Adjusting TRA to eliminate the hotel option moving forward and reducing the stipend amount paid in some instances. NCORR will also work to move anyone in a hotel to a stipend. The cost of a stipend is approximately half that of a month’s stay in a hotel and may reduce total TRA expenses by as much as \$3.5 million through the twelve-month period.
- NCORR is exploring offering alternative awards with state funds. Funds provided by the general assembly are more flexible than HUD funds and could be used to provide awards that satisfy the homeowner’s recovery need without NCORR construction management oversight. For example, offering a large reimbursement of funds in exchange for the homeowner hiring a GC to complete their own repairs under their own management.
 - This could impact up to 137 rehabilitation projects in Steps 6 or 7.
- Staff phasing. NCORR is developing a plan for a staff phase out to coincide with program completion.

Attrition

NCORR has performed an analysis of projects that are not likely to succeed or have not yet begun. 52 projects in Steps 4 and 5 are not considered in this analysis as those projects are not likely to proceed. Of these 1472 projects remaining:

- 63 of these projects have not been awarded to a GC.
 - The estimated cost of completing these projects is \$15.0 million.
- 122 projects are on hold.
 - The estimated cost of completing these projects is \$24.1 million.
 - 13 of these projects are not assigned to a GC. (\$3.6 million)

- 62 of these projects have been moved out (\$11.2 million) and 60 have not been moved out (\$12.9 million).
- 453 of these projects have not been moved out of their home.
 - The estimated cost of completing these projects is \$84.6 million.
 - 51 of these projects have also not been assigned to a GC. (\$12.4 million)

Based on its current needs, NCORR plans to disposition projects on hold first to bridge the remaining funding gap and then proceed to disposition other projects that meet the criteria above if additional funding does not become available.

Completion Priorities

NCORR's most urgent obligations are:

- Unpaid Step 8 projects - \$37.6 million
- Projects in Step 7 that are underway and not subject to a hold - \$130 million
- Projects in Step 6 that have moved out and are not on hold - \$55 million

The total remaining immediate commitments above are \$222.6 million. With its current and expected funds available of approximately \$131.9 million, NCORR's immediate obligations in HRP exceed its funds available by \$90.7 million.

Issuing additional notices to proceed (NTPs) to projects in Step 6 and awarding the remaining projects to general contractors both carry risk of an inability to pay unless there is some assurance that further funding will be available to NCORR.

Based on its current funds available and with the hopeful anticipation of forthcoming funding, NCORR believes it will be in a position to serve approximately 4,150 homeowners at a total average cost of \$238,213 a unit.