



## RECOVERY POLICY

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- I. **TITLE:** Multi-Family Lease and Repair Program – Direct Temporary Housing Assistance
- II. **DATE OF ISSUANCE:** September 10, 2013
- III. **PURPOSE:** The purpose of this policy is to outline the circumstances and criteria for implementing the authority, as described within the Stafford Act, to lease and repair multi-family rental property units for temporary housing through the Multi-Family Lease and Repair Program (MLRP). The Federal Emergency Management Agency (FEMA) may provide direct temporary housing assistance by entering into lease agreements with owners of multi-family rental property units and making repairs or improvements to make temporary housing available for individuals and households eligible for FEMA assistance.
- IV. **SCOPE AND EXTERNAL AUDIENCE:** This policy applies to all presidentially declared major disasters or emergencies occurring on or after the date of issuance of this policy. It will be used by FEMA and other federal personnel involved in the administration of recovery programs. It is intended to provide guidance regarding recovery programs to state, local, tribal, and territorial governments and individuals.
- V. **AUTHORITY:** Section 408(c)(1)(B)(ii) and Section 502(a)(6) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (42 U.S.C. § 5174 and 42 U.S.C. § 5192); Section 504, Rehabilitation Act of 1973 (29 U.S.C. § 701)
- VI. **OBJECTIVES:**
  - A. The MLRP is intended to make temporary housing available to eligible applicants who are unable to make use of financial temporary housing assistance due to a lack of available housing resources.
  - B. The MLRP is a form of direct temporary housing assistance, and may only be authorized when an analysis performed by FEMA has verified there are



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insufficient housing resources available for disaster survivors to acquire with financial temporary housing assistance.

- C. MLRP allows for the repair or improvement of existing multi-family housing which FEMA can utilize as a temporary housing resource for eligible applicants.
- D. FEMA will provide the most cost-effective form of direct temporary housing assistance which provides adequate, alternate housing for eligible applicants. The MLRP is intended to reduce the incidence and scope of utilizing more costly forms of direct temporary housing assistance (i.e. FEMA provided manufactured housing units, etc.).
- E. MLRP is not intended to repair or improve individual units to re-house existing tenants.
- F. Temporary Housing provided through this provision is subject to the 18-month period of assistance.

### VII. DEFINITIONS, ABBREVIATIONS, AND FORMATTING:

- A. Additional Living Expenses: Also referred as "loss of use," provides coverage under a homeowner's, condominium owner's, or renter's insurance policy. The coverage provides for the additional cost of living should the insurer be temporarily displaced from their place of residence.
- B. Adequate Alternate Housing: Housing that accommodates the needs of occupants; is within the normal commuting patterns of the area or is within reasonable commuting distance of work, school or agricultural activities that provide over 50% of the household income; and is within the financial ability of the occupant(s).
- C. Builder Grade: Materials of average quality and grade used in construction.
- D. Cost-effective Analysis: A method for comparing the costs of alternative means of achieving temporary housing, including providing other forms of direct housing, temporary housing units or other MLRP projects. A program is cost-



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effective if it is determined to have the lowest costs expressed in present value terms for a given amount of benefits.

- E. Fair Market Rent: Housing market-wide estimates of rents that provide opportunities to rent standard quality housing throughout the geographic area in which rental housing units are in competition. The fair market rent rates applied are those identified by the U.S. Department of Housing and Urban Development as being adequate for existing rental housing in a particular area. FEMA uses the applicable rate based upon the location of the housing unit, the number of bedrooms in the housing unit, and the fiscal year in which the major disaster declaration was issued.
- F. Financial Ability: The applicant's capability to pay housing costs. If the household income has not changed subsequent to or as a result of the disaster then the determination is based upon the amount paid for housing prior to the disaster. If the household income is reduced as a result of the disaster then the applicant will be deemed capable of paying 30 percent of gross post disaster income for housing. When computing financial ability, extreme or unusual financial circumstances may be considered by the Regional Administrator.
- G. Functional: An item or home capable of being used for its intended purpose.
- H. Habitable: The unit is safe and secure. Safe is defined as (1) the exterior including windows, doors, and roof, is structurally sound; (2) components for electricity, gas, heat, and plumbing are properly functioning; and (3) the interior including floors, walls, and ceiling, is structurally sound. Secure is defined as having functional locking mechanisms on exterior doors and windows.
- I. Improvement: Any type of renovation that will extend the useful life and/or add value to the property by upgrading something that already exists or adapts the property to new use such as for persons with access and functional needs.
- J. Lease Agreement: A lease or contract between FEMA and a property owner for use, and to allow for repairs or improvements to a multi-family rental property. It includes the terms and conditions associated with the use and repairs or



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improvements being made, and the authorized expenditures to be paid by FEMA to the property owner.

- K. Maintenance Cost: The costs incurred to keep an item functional.
- L. Multi-Family Housing: A property that consists of not less than five dwelling units in one site, each such unit providing complete living facilities including provisions for cooking, eating, and sanitation within the unit and which is not now covered by a mortgage insured or held by the Secretary (24 CFR § 241.500 (d)).
- M. Normal Wear and Tear: Deterioration that occurs to a housing unit's premises, equipment, furnishings, or appliances which is not attributable to negligence, carelessness, or abuse by the occupants, a member of their household, or other persons on the premises with the occupant's consent.
- N. Permanent Housing Plan (PHP): A realistic plan that, within a reasonable timeframe, puts the disaster survivor back into long-term sustainable housing that is similar to the survivor's pre-disaster housing situation. A reasonable timeframe includes sufficient time for securing funds, locating a permanent dwelling, and moving into the dwelling. A realistic permanent housing plan is a verifiable plan for the occupant's housing solution for which the occupant has provided documentation of having the means to complete the plan. Means includes sufficient funds, both liquid assets and access to loans, as well as the ability to obtain services needed (e.g. home repair or purchase contracts).
- O. Reasonable Commuting Distance: A distance which does not place an undue burden on an applicant. It also takes into consideration the traveling time due to road conditions (e.g., mountainous regions or bridges out) and the normal commuting patterns of the area.
- P. Repair: To restore a property or component of the property to a functional condition that will make the property safe and adequate for temporary housing.



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- Q. Security Deposit:** Payment required by a landlord to cover the expenses of any repairs of damages to the premises beyond normal wear and tear.
- R. Temporary Housing Agreement:** A document executed between FEMA and the applicant which outlines their participation in MLRP and obligations of participation in MLRP. It also explains that the lease is between the applicant and the property owner, but outlines the roles and responsibilities of both FEMA and the applicant as it pertains to participation in MLRP.

### VIII. POLICY

- A. Program Authorization Criteria:** FEMA will only authorize direct temporary housing assistance, including the MLRP, in response to a written request from the affected State, Tribe, or Territory. The MLRP may be approved when:
1. FEMA has verified that applicants are unable to make use of financial temporary housing assistance due to a lack of available housing resources 408(c)(1)(B) ; and
  2. An analysis has been conducted that determines MLRP would be a cost-effective alternative to other forms of temporary housing. 408(c)(1)(B)(ii)(I).
- B. Property Eligibility Criteria:** To be considered for MLRP, properties must meet the following requirements:
1. The property must have previously been used as multi-family housing (408 (c)(1)(B)(ii)(I)(aa)); and
  2. The property must be located in areas covered by a major disaster or emergency declaration (408 (c)(1)(B)(ii)(I)(aa)) and 502 (a)(6); and
  3. FEMA will only authorize repairs or improvements to properties to the extent necessary to serve as safe and adequate temporary housing (408(c)(1)(B)(ii)(I)(bb)); and



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4. The property may not require repairs and improvements exceeding the value of the lease agreement (408(c)(1)(B)(ii)(II)(bb)).
  - a. FEMA shall determine the “estimated cost of repairs or improvements” by performing an independent government cost estimate for the necessary repairs and improvements, or receive an estimated cost for repairs and improvements from a building contractor.
  - b. FEMA shall determine the “value of the lease agreement” by multiplying the monthly Fair Market Rent (FMR) by the number of units, and then multiplying the number of months remaining between the date the repairs are completed and the end of the 18-month period of assistance.<sup>1</sup>
  - c. Then, FEMA shall deduct the estimated cost of repairs and improvements from the value of the lease agreement (408(c)(1)(B)(ii)(II)(aa)). FEMA shall utilize a three-step test to determine if the potential MLRP property is cost-effective and viable for consideration;
    - (1) Step 1: When the estimated cost of the repairs or improvements is within or below the total value of the lease agreement, FEMA may proceed with entering into a lease agreement or contract for the repairs or improvements.<sup>2</sup>
    - (2) Step 2: When the estimated cost of the repairs or improvements exceeds the total value of the lease agreement, the FCO may authorize exceptions to the total value of the lease agreement. In these cases, the FCO may authorize an increase of 25% to the FMR to be factored into

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<sup>1</sup> For example, the FMR (\$500) will be multiplied by the number of units (10) and then multiplied by the number of months remaining (14 months) to get the total value of the lease agreement (\$70,000).

<sup>2</sup> For example, if the estimated cost for the repairs or improvements to be conducted is \$60,000, then this is within the \$70,000 total value of the lease agreement.



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the total value of the lease agreement.<sup>3</sup> When the estimated cost of the repairs or improvements is within or below the increased value of the lease agreement, as authorized by the FCO, FEMA may proceed with the entering into a lease agreement or contract for repairs or improvements.

(3) Step 3: When the estimated cost of the repairs or improvements still exceeds the total increased value of the lease agreement (with the 25% increase to the FMR), a written recommendation with justification must be provided by the FCO to the Assistant Administrator for Recovery for approval.

5. The cost and time associated with making the repairs or improvements to the property must be cost-effective and in the best interest of the government; and
6. The property must be repairable within two months; and
7. The property must be within reasonable access to community services such as schools, fire and emergency services, grocery stores, etc.; and
8. The property owner must be capable of providing all property management services, including building maintenance, except when FEMA obtains the property through lease or contract from another government entity, in which case FEMA may directly provide such services; and
9. The property must not be located in a Special Flood Hazard Area (SFHA) or in a potential area for flooding as identified on the Advisory Flood Hazard Information (AFHI), whichever is more restrictive.

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<sup>3</sup> For example, if the estimated cost for the repairs or improvements is \$80,000, then this is not within or below the \$70,000 total value of the lease agreement. In this case, the FCO may authorize up to a 25% increase to the FMR to be factored into the total value of the lease agreement (i.e.  $FMR = \$500 \times 25\% = \$625 \times 10 \text{ units} \times 14 \text{ months} = \$87,500$ ).



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**C. Repairs or Improvements:** FEMA will only authorize expenditures for the minimal amount of repairs or improvements necessary to restore the property to a habitable and functional condition.

1. Repairs shall be made using builder grade materials and finishes.
2. Items will be repaired when feasible, but shall be replaced when doing so is more cost-effective to the government and necessary to ensure the health and safety of the occupant.
3. All repairs or improvements must be made in a manner consistent with current local building codes and standards with all necessary permits obtained and inspections performed throughout the process of required work.

**D. Applicant Eligibility Criteria:** To be considered eligible for MLRP, an applicant must:

1. Meet all of the eligibility criteria found in 44 C.F.R. §206.113; and
2. Demonstrate they are not able to secure a housing resource with the financial temporary housing assistance provided by FEMA.

**E. Conditions of Applicant Eligibility:** An applicant may be eligible for MLRP when the following conditions are met:

1. The applicant signs and agrees to abide by a FEMA Temporary Housing Agreement. The Agreement shall specify the rules of use governing the unit and FEMA's requirements for continued temporary housing assistance. FEMA expects all occupants to:

- a. Establish a realistic PHP; and
- b. Obtain and occupy long term, sustainable housing at the earliest possible time; and



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- c. Meet with FEMA staff regularly in order to demonstrate progress towards their PHP; and
  - d. Comply with all applicable federal, state, local, tribal, and territorial laws; and
  - e. Comply with all terms of the FEMA Temporary Housing Agreement and other written rules established by the landlord; and
2. Sign a lease with the landlord, leasing agent or property owner and remain in compliance with the signed lease; and
  3. Agree to return any unused financial temporary housing assistance received to FEMA in order to avoid a duplication of benefits (42 U.S.C. § 5155). MLRP occupants who received Additional Living Expense (ALE) or loss of use benefits from their homeowner's insurance must provide the ALE funds to FEMA in the amount of rent benefits in order to avoid a duplication of benefits.

**F. Lease Agreement with Property Owners to Make Repairs or Improvements:**  
FEMA may, at its discretion:

1. Enter into a lease agreement with the property owner to perform repairs or improvements to housing units to be provided for FEMA's exclusive use during the term of the lease agreement; or
2. Enter into a contract with a third party to perform the repairs or improvements to housing units and enter into a lease agreement with the property owner for FEMA's exclusive use of the property during the term of the lease agreement.



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3. Provide monthly rent to the property owner when the total estimated cost of repairs is less than the FMR value of the lease.<sup>4</sup> If the total estimated cost of repairs to be conducted either equals or is greater than the FMR value of the lease, FEMA will not contribute towards monthly rent.<sup>5</sup>
4. Provide a per unit monthly maintenance fee for servicing repairs while FEMA utilizes the unit for temporary housing. Maintenance fees are not to be used for property management operating costs.
5. Provide a per unit security deposit payment to the landlord not to exceed up to one month at the FMR. Any unused portion of the security deposits must be returned to FEMA upon release of the unit. FEMA will not pay any separate deposit for pets. Any pet deposit paid must be included as part of the security deposit.

### IX. ROLES & RESPONSIBILITIES:

- A. The Regional Administrator (RA) or the Federal Coordinating Officer or Federal Disaster Recovery Coordinator, when the Disaster Recovery Manager (DRM) authority has been delegated by the RA, must request approval to implement the MLRP from the Assistant Administrator for Recovery.
- B. The Assistant Administrator of Recovery must approve the request to authorize the MLRP before the program may be implemented.
- C. The FCO must submit a written recommendation with justification when the estimated cost of the repairs or improvements exceeds the total increased value of the lease agreement (with the 25% increase to the FMR) to the Assistant Administrator of Recovery. The Assistant Administrator of Recovery will

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<sup>4</sup> For example, if the total estimated cost of repairs or improvements is \$50,000 and the total value of the lease agreement is \$70,000, FEMA may provide \$20,000 towards rent. This would factor to be \$142 per unit (10 units for 14 months).

<sup>5</sup> For example, if the total estimated cost of repairs or improvements is \$70,000 or greater, and the total value of lease agreement is \$70,000, FEMA will not contribute towards rent.



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review the recommendation and make a final determination for whether or not the requirements of 408 (c)(1)(B)(ii)(II) are met.

- X. **RESPONSIBLE OFFICE:** Recovery Directorate.
- XI. **SUPERSESION:** None.
- XII. **REVIEW DATE:** FEMA will review this policy three years from the date in paragraph II.

A handwritten signature in blue ink, appearing to read "D. Ingram", written over a horizontal line.

Deborah Ingram  
Assistant Administrator  
Recovery Directorate