

Report on Washington County New Build

A Community Partnership for Long-Term
Recovery in Washington County, Tennessee



Dean Flener
Public Information Officer
Tennessee Emergency Management Agency
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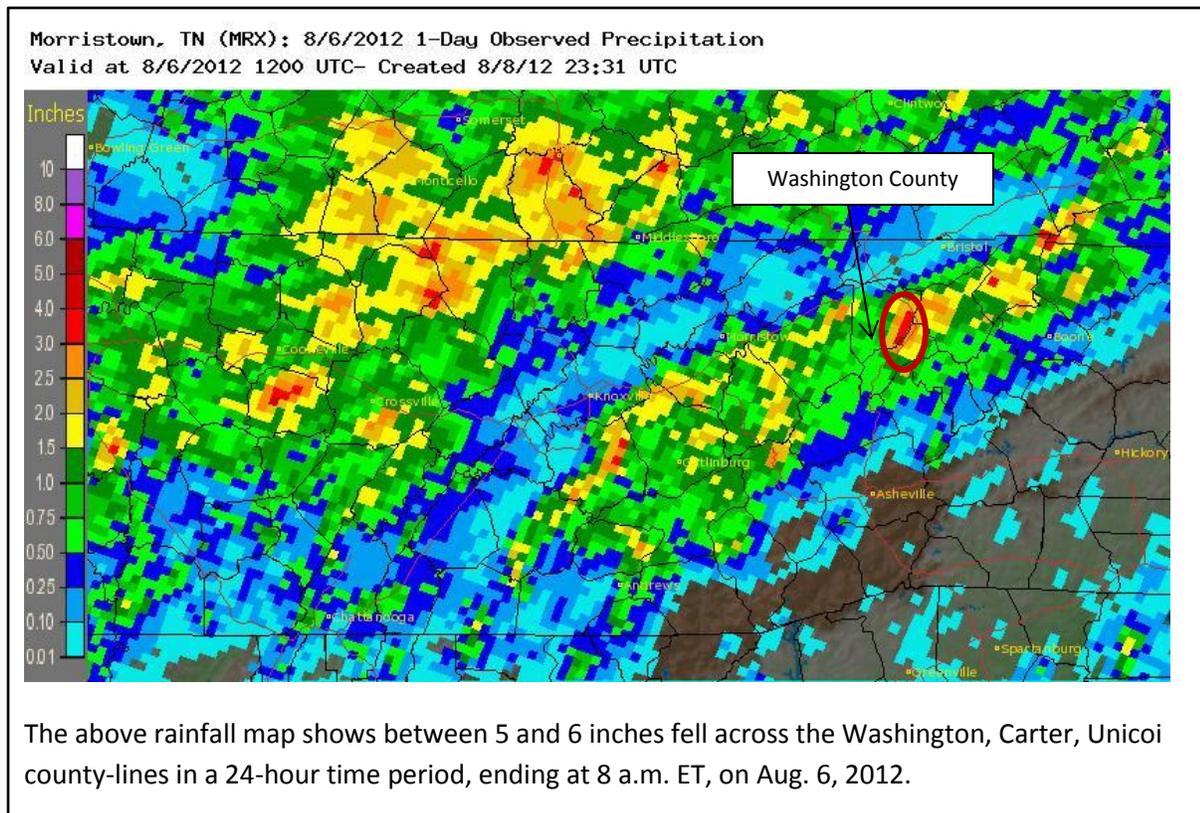
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THE STORM

A severe storm front dropped a record-breaking amount of rainfall in East Tennessee on Aug. 5, 2012. With 5 to 6 inches of rain falling in a matter of a few hours, the National Weather Service in Morristown, Tenn. characterized the torrential rainfall as a once in a 600-to-800 year event.

The storm's severe straightline winds and heavy rains caused flash flooding in homes and businesses in numerous counties. Washington County suffered some of the most severe damage:

- Johnson City and the communities of Cash Hollow, Dry Creek and Lamar all reported damaged and destroyed homes, roads completely washed out, stranded homeowners and cars underwater.
- Washington County closed public schools as Johnson City saw flood waters rise into its mall and public works building, and impact school busses and public transportation.
- First responders rescued approximately 45 people from homes on Cash Hollow, Dry Creek and Woodlyn roads.
- Washington County's final damage total from the record flooding was 122 homes destroyed or with major damage, and another 27 homes and 13 businesses affected or with minor damage.
- In the Dry Creek community alone, 56 families faced being homeless or having to live in uninhabitable homes.



On Aug. 8, 2012, the Tennessee Emergency Management Agency (TEMA) requested a joint federal, state and local survey of the damaged areas. The Federal Emergency Management Agency (FEMA) and the U.S. Small Business Administration (SBA) sent damage assessments teams to Tennessee to make inspections of the losses. FEMA determined the losses in Washington County, nor in any other counties impacted by the storms, met the threshold requirements for individual assistance, which would have reimbursed homeowners for losses and to repair damage. The SBA did grant a disaster declaration to Washington and its surrounding counties to allow individuals, businesses and non-profits to apply for low-interest loans.



Doug Wilson's home in the Dry Creek Community in Washington County was completely washed from its foundation in the flood of Aug. 6, 2013. Wilson would be the first to receive a new home from the New Build Washington County program.

THE PROJECT

As a newly-elected official, Washington County Mayor Dan Eldridge, knew he was facing a major long-term recovery situation, given all the factors working against the county and the affected homeowners:

- None of the property owners had flood insurance, and furthermore no homeowners insurance;
- None had the any financial means to help themselves;
- Neither Washington County nor the state has a financial safety net for disasters;
- While an SBA low-interest loan may help many homeowners and businesses rebuild or repair damages, SBA provides loans based on the ability of borrowers to repay. If applicants can't repay, they do not receive a loan.

Even with an SBA declaration, Washington County officials had, as it seemed at that time, an insurmountable challenge in finding resources and funding to help almost 200 families and individuals in the county whose homes were entirely destroyed or severely damaged in the flood.

Through focused leadership, significant volunteer resources, local donations of building materials and home items, donated builder expertise and the contributions of private and public financial benefactors. Washington County officials were able to establish a long-term recovery program, called *Washington County New Build*.

Washington County New Build has one, simple goal – re-build and repair as many homes as possible with whatever funds were available in order to help even the most vulnerable recover from the disaster.

The first step in getting Washington County New Build launched was securing a \$500,000 grant through the Cincinnati Federal Home Loan Bank's (FHLBank) Disaster Reconstruction Project (DRP).

The DRP is a \$5 million grant program, established by FHLBank's Board of Directors in March 2012, available through member institutions for victims of natural disasters throughout the FHLBank's Fifth District of Kentucky, Ohio and Tennessee, in counties designated as disaster areas by federal or state agencies. Both homeowners and renters displaced by natural disasters are eligible for up to \$20,000 toward the purchase, construction, or repair of primary residences. FHLBank provides the grants to local banks participating in the DRP.

Next, Mayor Eldrige and others met with board members and benefactors of the Appalachian Services Project (ASP), a faith-based service organization that brings together volunteers to repair homes for low-income families. Through the ASP contacts, the Mayor's Office secures another \$250,000 in private donations for the project. ASP also agreed to serve as the volunteer coordinator for the actual work on re-building the homes.

Sandy Levotch, a volunteer in the Mayor's Office, also began meeting and working directly with the affected homeowners to get them registered with SBA, research addresses and details, convene weekly meetings with contractors and homebuilders for home inspections, and build a master database of homeowners for the agencies' reference.

The First Tennessee Development District, a regional association of local governments in the eight-county area of Northeastern Tennessee, began qualifying participants for the DRP and subsequently managing the home repair work for those who qualified.

Another financial piece fell in place when the Tennessee Development Housing Authority (TDHA), a Tennessee General Assembly-created housing finance agency, awarded a \$300,000 grant to Washington County through its Manufactured Housing Replacement Program.

Even with the secured grant funding, Washington County New Build could not progressed without local businesses, contractors and volunteers donating significant amounts of time, labor and materials:

- Local contractor Bill Broyles donated the masonry work for 10 home foundations and continues to provide these services at greatly reduced cost.
- General Shale Brick, Hermitage, donated two home's worth of foundation block.
- Harp Legacy Construction, Johnson City, excavated and poured the footers for each home free of charge.
- Builders First Source, Lebanon, donated all the interior doors and trim for each home. They have provided other items at a discount.
- Allen Carpet and Interiors, Johnson City, donated wooden floors for the homes.
- The ASP's home package included many appliances, including stoves, built-in microwaves, refrigerators, and dishwashers. Cherry Grove Baptist Church and others have donated washers and dryers for the homes.
- Cherry Grove Baptist Church, Allen Carpet and other church and civic organizations have donated other furnishings.
- Locally, both East Tennessee State University and King College have provided volunteers for the project.
- Outside volunteer groups have included Iowa State University, Baptist Builders of Virginia and First Baptist Church of Asheville, N.C.

THE RESULTS

- On Nov. 20, 2012, almost three months after the record flood, ASP completed and dedicated the first re-built home in Dry Creek. The home's owner is Doug Wilson, whose home was washed from its foundation on Aug. 5, 2012.
- Currently, 16 homes are finished and seven are still being built, with about 120 more homes slated for repair work through the program.

- About 2,000 volunteer hours go into rebuilding each home.
- Through the FHLBank program, homes are also being rebuilt or repaired in Carter and Unicoi counties.
- Approximately \$50,000 in private funding, donated materials and volunteer work went into each home, with each home averaging about \$32,000 in grant funding.
- No funds were distributed directly to homeowners, which meant the recovery remained local.

PARTNER ROLES & FUNDING

- Washington County Mayor’s Office
- Washington County Emergency Management Agency
- First Tennessee Development District - Grant Management and Qualification of Recipients
- Appalachia Service Project – Volunteer Coordinator and Federal Home Loan Bank Sponsor
- Ron Gouge, Volunteer – Project Management

Community Agencies & Organizations

- Churches, High Schools - provided volunteer labor, cash contributions, gifts in kind, discounted supplies and donated materials
- Civic Organizations & Businesses – provided discounted home furnishings
- Home Builders Association - several volunteer local licensed general contractors

Funding Sources

Tennessee Housing Development Agency Grant (public)	\$300,000
Cincinnati Federal Home Loan Bank (private)	\$500,000
Benefactors	\$250,000
Local Contributions (cash, materials and volunteers)	<u>\$650,000</u>
TOTAL	\$1,700,000

Funding per Home

FHLBank	\$16,589
TDHA Grant	\$16,000
Donations, Materials, Volunteers	<u>\$50,356</u>
TOTAL	\$82,945

Volunteer hours per home = 2,000



Doug Wilson (left) receives the keys to his new home in Dry Creek from representatives of the Appalachian Services Project. Wilson's new home was the first to be completed and dedicated as part of Washington County New Build on Nov. 20, 2012. Wilson's original home Dry Creek was washed completely from its foundation during the record flooding in the county on Aug. 6, 2012.

THE PROCESS

1. Homeowners needing property repairs or complete rebuilds register with SBA and apply for a low-interest loan.
2. Property owners receive SBA denial letter for inability to repay.
3. Owners submit denial letter copy to Mayor's Office.
4. Mayor's Office provides applicant information and SBA denial to the First Tennessee Development District, a regional agency managing the qualification of recipients.
5. Appalachian Services Project, a local agency coordinating volunteers and local sponsor for the Cincinnati Federal Home Loan Bank's reconstruction program schedules contractor visits to determine whether homes are repairable or need a complete rebuild.
6. Contractors write up scope-of-work contracts and provide to Appalachian Services Project.
7. Appalachian Services Project submits applicants' SBA denial letters and contracts for work to the Cincinnati Federal Home Loan Bank for review and approval of funds.
8. When funds are approved, the Cincinnati Federal Home Loan Bank deposits funds in a local bank who is participating in the bank's Disaster Reconstruction Program.
9. After funds are deposited with local banks, the Appalachian Services Project works with the contractors to schedule repair work and draw down funds for the work.

CHALLENGES

1. Obtaining some type of federal disaster declaration because without a declaration, participating in the FHLBank's DRP was not possible.
2. Getting people to apply with SBA because they believed an SBA loan is just for a small business.
3. Getting SBA to sharing applicant information with county officials and volunteers who were trying to track and help the homeowners through the process.

BEST PRACTICES

1. Secured Appalachian Services Project as volunteer coordinator and local sponsor for the Cincinnati Federal Home Loan Bank Sponsor.
2. Referenced the *Long-Term Recovery Guide* from National Voluntary Organizations Active in Disaster for many aspects of the Dry Creek project and in order to move SBA off the mark of not providing applicant information to those trying to help.
3. Worked with local Public Works department to get a list of water meters for affected homeowners to match against SBA applicant list and to account for everyone who lost a home.
4. Built master list of verified SBA applicants and match against map and parcel data.
5. Provided master list to every local agency involved in the program, including local banks, so that all were working from the same information.
6. Worked with the Homebuilders Association to engage contractors who know the local codes for re-building and repairing homes.
7. County Mayor's Office reached out to stakeholders - volunteer agencies, financial agencies, state agencies, federal delegates – for advice and direction.
8. Mayor's Office held initial meeting with stakeholders for a status report to establish guidelines of what kind of help Washington County would need. This meeting was critical to organizing the work to be done, and in good part, the reason Washington County New Build was successful.
9. Convened a Recovery Committee of lenders, volunteer agencies and county officials to organize work assignments.
10. Communication = Key to Success. The committee meetings were a discussion of what each agency could contribute to the work, and how to do the work accurately and efficiently. From there, assignments were made and follow-up meetings kept everyone informed on progress and any problems.
11. Information sharing between FEMA, TEMA, SBA, volunteer agencies, damage assessment teams is CRITICAL, and privacy needs to be controlled.

Appendix A – Timeline of Events

Aug. 5, 2012 – Historical storm drops record rainfall in East Tennessee. Washington, Unicoi and Carter counties are hit hard with numerous homes destroyed and damaged – 149 homes in Washington County alone are either destroyed or suffer some type of damage. TEMA declares a State of Emergency.

Aug. 8, 2012 – TEMA requests a joint federal, state and local survey of the damaged areas in East Tennessee.

Aug. 9, 2012 – Tennessee Deputy Governor Claude Ramsey and TEMA Director Jim Bassham visit Washington, Unicoi and Carter counties to survey damage and meet with local, state and federal officials. U.S. Rep. Phil Roe, State Rep. Matthew Hill (R-Jonesborough) and Sen. Rusty Crowe (R-Johnson City) also attend.

Aug. 9, 2012 – U.S. Rep. Phil Roe provides Washington County Mayor Dan Eldridge with information on program for disaster reconstruction, available through Cincinnati Federal Home Loan Bank.

Aug. 10, & Aug. 11, 2012 – FEMA sends assessment team to Washington County for preliminary damage survey.

Aug. 12, 2012 – FEMA denies disaster declaration request.

Aug. 13, 2012 – TEMA requests the U.S. Small Business Administration (SBA) to declare Washington County a disaster area.

Aug. 16, 2012 – SBA grants disaster declaration request for Washington and its surrounding counties.

Aug. 20, 2012 – Washington County Mayor's Office begins organizing flood recovery task force.

Aug. 22, 2012 – SBA opens Disaster Loan Outreach Center in Washington County.

Sept. 21, 2012 – Tennessee Governor Bill Haslam ends the State of Emergency and TEMA returns to normal operations.

Sept. 25, 2012 – TDHA approves \$300,000 housing replacement grant for Washington County.

Oct. 1, 2012 – FHLBank approves \$500,000 DRP grant for Washington County.

Oct. 23, 2012 – Groundbreaking event to re-build the first home in Dry Creek

Nov. 20, 2012 – First Dry Creek home completed and dedicated.

Appendix B – Basic Floor Plan

864 Square Feet, Three Bedrooms, One Bath



Appendix C – Technical Details: Cincinnati Federal Home Loan Bank Disaster Reconstruction Program

Eligibility rules for those applying for Cincinnati Federal Home Loan Bank (FHLBank) Disaster Reconstruction Program (DRP) funds include:

- Eligible households have either been displaced or suffered damage to their primary residence by a federally or state declared disaster occurring within the Bank's Fifth District of Kentucky, Ohio and Tennessee.
- Household income must be less than or equal to 130 percent of the applicable Mortgage Revenue Bond income limits.
- Households must be registered with the Federal Emergency Management Agency, U.S. Small Business Administration or appropriate state emergency management agency. In addition, they must have filed for disaster aid from those agencies, and if they have insurance, they must have filed a claim.
- Allowable expenses include construction, acquisition, or repair of a primary residence, which must be a single-family detached home or manufactured home permanently attached to a fixed foundation and taxed as real property where the applicant is the owner of record.
- FHLBank funds cannot be used for expenses covered by insurance or state or federal emergency management agencies.
- Acquisition or construction is limited to 20 percent of purchase price or \$20,000, whichever is less; rehabilitation limited to a maximum of \$20,000.
- Under the acquisition and construction component, funds may only be used for reasonable down payment and closing costs.
- Five-year retention period; homebuyers/homeowners may be required to pay back pro rata amount of the DRP grant if the home is sold, refinanced or otherwise conveyed during the five-year retention period.
- Funds allocated on a first-come, first-served basis to the extent funds are available.
- A thorough inspection of the home is performed to compile a description of necessary work required.

Appendix D – Appalachian Services Project

Founded in 1969, Appalachia Service Project (ASP) is a Christian ministry, open to all people, whose vision is ‘to see substandard housing in Central Appalachia eradicated and everyone who comes into contact with this ministry transformed.’ ASP provides life-changing short-term Christian mission volunteer service opportunities bringing youth, adult and college volunteers into Central Appalachia (Kentucky, North Carolina, Virginia, Tennessee, and West Virginia) to make homes warmer, safer and drier for families in need. In 2012 ASP deployed approximately 17,000 volunteers working on more than 550 homes.

Executive Leadership Team

- Walter Crouch, Chief Executive Officer & President
- Becca Davis, Chief Ministries Officer
- Greg DeGennaro, Chief Financial Officer
- Tim Norton, Chief Advancement Officer
- Hart Teague, Executive Assistant / Corporate Secretary
- Charles Oberweiser, Strategic Initiatives

Appendix E – Tennessee Development Housing Authority Manufactured Housing Replacement Program

INTRODUCTION

This is a pilot program in partnership with the Tennessee Housing Development Agency (THDA) and the Tennessee Manufactured Housing Foundation (the “Foundation”) to utilize a grant from the THDA Housing Trust Fund (HTF) to replace substandard, dilapidated mobile homes (pre-1976) and manufactured homes (post-1976) with new HUD-certified Energy Star Qualified manufactured homes. The pilot program will be available to all eligible residents of Tennessee, subject to funding limitations.

PROGRAM REQUIREMENTS

Income Limits

The Program will assist households at or below 60% of area median. The Program will use the income limits established by the US Department of Housing and Urban Development for the HOME Program, and household income as defined by the Section 8 Rental Assistance Program.

Eligible Applicants

Applicants must be owner-occupants who are at least 50 years of age residing in a substandard mobile home or manufactured home. Preference will be given to qualifying applicants who require replacement of their existing housing to fully utilize that housing due to a disability, including disabled veterans of any age. Applicants must own both the unit which is to be replaced and the land on which it is sitting, and must also have lived in the unit to be replaced for one year prior to application. There must be no current financial encumbrance or lien on the unit.

The Foundation will utilize its current application and process, with some modifications, to determine the eligibility of a Program home replacement. (Appendix A)

Subsidy Limit

There will be a HTF subsidy limit of \$60,000 per manufactured housing unit. Ancillary costs are not included in the unit limit, but are eligible Program costs. The subsidy limit does not apply to funds from other sources, in-kind resources or product donations.

Eligible Costs

Mobile and manufactured homes must be characterized by issues of structural, safety and/or systems obsolescence. A replacement activity would include the purchase of a new, size-appropriate manufactured home, transportation of the new manufactured home to the site, required site work, set up of the new manufactured home, utility hook-ups, required work permits, removal and disposal of the substandard unit, and ancillary costs, including temporary relocation costs.

Property Standards

All manufactured housing home replacements must be in compliance with applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion. In the absence of a local code, replacement manufactured housing must meet the home installation guidelines pursuant to Tennessee Code Annotated [T.C.A] 68-126, Parts 1, 2 and 4; as well as the Rules of Commerce and Insurance Division of Fire Prevention, Chapters 0780-2-4, 0780-2-5, 0780-2-8. Additional federal, state or Federal Emergency Management Agency (FEMA) rules and regulations may be applied. All replacement units must also be Energy Star Qualified manufactured homes.

Form of Assistance

Assistance to program beneficiaries will be in the form of a grant.

Compliance Period

Grants for manufactured home replaced shall have a compliance period of seven years which will be forgiven at the end of the seven years. In order to enforce the compliance period, THDA will require that homeowners sign both a grant note and a deed of trust.