

# **NORTHERN MARIANAS HOUSING CORPORATION**

## **COMMUNITY DEVELOPMENT BLOCK GRANT-DISASTER RECOVERY (CDBG-DR)**

### **HOMEOWNER REHABILITATION/RECONSTRUCTION PROGRAM**

#### *Optional Relocation Assistance*

#### *Standard Operating Procedures*

**October 18, 2023**



This SOP Manual is current as of October 18, 2023. The Manual represents the current version of the Northern Marianas Housing Corporation's (NMHC) standard operating procedures which provide general guidance on Optional Relocation Assistance under NMHC CDBG-DR's Homeowner Rehabilitation and Reconstruction Program. The Manual will be reviewed periodically and updated. Therefore, users are strongly encouraged to visit our website: [www.cnmi-cdbgdr.com](http://www.cnmi-cdbgdr.com) to access the latest version.

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## SECTION 1: INTRODUCTION

Pursuant to Section 1 of the Northern Marianas Housing Corporation's General Policy contained in the Agency's Residential Anti-Displacement and Relocation Assistance Plan (RARAP), NMHC has developed policies related to programs funded by CDBG-DR. These policies apply to programs administered by NMHC, and regards to Subrecipients, NMHC will inform Subrecipients explicitly and in writing when the Subrecipient is authorized to establish a separate Optional Relocation Assistance (ORA) policy for the program or activity they are administering.

Optional Relocation Assistance: Applicant households who must temporarily relocate from their typhoon-impacted property for construction activities associated with their acceptance of a CDBG-DR award are not considered "displaced persons<sup>1</sup>." Aptly, these households who are voluntarily participating in the displacing CDBG-DR Program are not entitled to relocation assistance benefits under the Uniform Relocation Act or "URA." As determined necessary and appropriate by NMHC, ORA may be available to such households participating in select programs.

## SECTION 2: PURPOSE

The purpose of this Manual is to provide clear guidance to ensure compliance with NMHC's Optional Relocation Assistance Program's established policy.

## SECTION 3: AUTHORITY

- A. 24 C.F.R. Part 570.606 (d):** Allows use of federal funds to provide temporary voluntary relocation assistance payments to persons who voluntarily relocate while their home is under construction—rehabilitation or reconstruction.
- B. Section 1, NMHC's RARAP:** Provides Optional Relocation Assistance to eligible individuals or households not covered by URA.
- C. 24 C.F.R. Part 570.606:** Homeowners who voluntarily relocate during construction are not subject to the Displaced Person requirements provided under this regulation.
- D.** Grantee or subrecipient shall provide such assistance only upon the basis of a written determination that assistance is appropriate and warranted.
- E.** Grantee must adopt a written policy available to the public that describes the relocation assistance that the grantee has elected to provide and that provides equal relocation assistance within each class of displaced persons.
- F. Optional Relocation Policies:** The requirement that optional relocation policies be established at the grantee level for households which do not meet the URA definition of "displaced person" under 24 C.F.R. 570.606 (d). This waiver provides grantees with the flexibility to allow subrecipients to establish their optional relocation policies rather than being limited for their development at the grantee level. Subrecipients may establish policies to provide relocation assistance to households, persons, or business that would otherwise be ineligible under the URA, or to provide additional relocation assistance not provided for under

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<sup>1</sup> For the full definition of displaced persons, see 49 C.F.R. 24.2 (a)(9)(i), and for non-displaced persons, see 49 C.F.R. 24.2 (a)(9)(ii).

the URA. Grantees may establish optional relocation policies or permit their subrecipients to establish separate optional relocation policies to be better tailored to specific community needs.

- G. This Procedural Manual applies only to applicants of NMHC's Homeowner Rehabilitation and Reconstruction Program and the owner-occupant of a unit under the Affordable Rental Housing Development Program.

## **SECTION 4: PROGRAM MODEL**

- A. Designation of Relocation Specialists. NMHC shall designate two or three staff as Relocation Specialists who will be charged with handling all relocation requests for the CDBG-DR Homeowner Rehabilitation and Reconstruction Program.
- B. Once Grant Specialists identify need for relocation, the homeowner will be referred to NMHC's Relocation Specialists.
- C. Relocation Specialists shall be responsible for identifying and securing agreements to provide the vendors for the following services through NMHC's appropriate procurement process:
  - 1. Lodging Options
    - i. Short-term (30 days or less)
    - ii. Long-term (More than 30 days)
  - 2. Storage (on or off site)
  - 3. Packing and moving services
- D. Relocation Specialists shall work closely with each household to secure all services needed with respect to relocation.
- E. Relocation Specialists shall work with appropriate NMHC staff, e.g., procurement officer, in managing all leases, contracts, invoice approval and processing.
- F. Relocation Specialists shall facilitate the "move-in" and "move-out" process with NMHC's HQS-certified inspectors.
- G. Relocation Specialists shall keep in regular contact with household throughout the construction phase.
- H. Relocation Specialists shall be responsible for developing contracts for services, reviewing and approving invoices and billings for payment processing prior to review by Finance Team, CFO, and Corporate Director or his designee.

## **SECTION 5: DETERMINATION OF ORA NEED**

- A. The need for relocation assistance must be identified by Homeowner and Grants Specialist
- B. Household is referred to designated Relocation Specialists for relocation services

- C. Eligibility for Optional Relocation Assistance shall be determined by Relocation Specialist(s) and the Corporate Director after a referral is made by Grants Specialists.
- D. The CDBG-DR Housing Administrator or designee, CDBG-DR Project Staff, and Contractors must verify the need for, duration of, and timing of relocation assistance.
- E. Need for specific services must be identified
  - 1. Lodging: Hotel/Motel or rental unit
    - i. Decision shall be based on project length of time for construction (rehab or recon)
    - ii. Special needs of household (e.g., barrier free, accessible, proximity to employment, school, health care)
  - 2. Storage: NMHC shall procure storage on- or off-site for eligible applicant
  - 3. Moving Services: NMHC shall procure moving services for eligible applicant
- F. Established “Rules” for Optional Relocation
  - 1. The eligible Applicant and verified household members will be eligible for services
  - 2. Depending on eligible Applicant’s income, NMHC or the eligible Applicant shall pay for utilities **NOTE: NMHC shall follow its prevailing (FY 2024) Utility Allowance Schedule to determine amount of assistance to provide to eligible Applicant for utilities**
  - 3. For rental assistance, the Move-in and Move-out scheduled inspections and eligible Applicant’s relocation shall be prescribed in the lease agreement between NMHC and landlord. **NOTE: NMHC shall only cover monthly rental payments, including the security deposit--if required or any. Other fees charged by landlords, e.g., pet fees, shall be shouldered by the Applicant.**
  - 4. Optional Relocation Assistance shall be terminated for any of the following reasons:
    - i. Eviction by Landlord for rule violation
    - ii. Fraud
    - iii. Unauthorized lodgers
    - iv. Receiving a payout from the landlord on the relocation-assisted unit
    - v. Undisclosed duplication of benefits
    - vi. Failure to maintain Housing Quality Standards, e.g., power and/or water disconnection

## SECTION 6: ORA ELIGIBILITY

NMHC has chosen to adopt an Optional Relocation Assistance Policy under which households may qualify for ORA during program-sponsored activities. Households who are not residing in the typhoon-impacted property for any reason other than program sponsored activities may not be eligible for ORA; however, such situations may be

evaluated on a case-by-case basis given the needs of the specific program utilizing ORA. In order to qualify for ORA, the Applicant must:

- ☐ Be determined to be eligible to receive the assistance that requires the Applicant to vacate the damaged property;
- ☐ Have a household income at or below eighty percent (80%) of the Area Median Income (AMI), according to the CDBG-DR HUD Modified Income Limits for All Areas in the CNMI;
- ☐ Have no duplication of benefit issues that could prevent the Program from providing the services.

**A. Factors considered to determine eligibility**

**1. Reconstruction**

- i.** Currently out of home
  - (a)** Stability of current lodging
  - (b)** Responsibility for payment
  - (c)** Other available alternatives if move is needed
- ii.** Paying mortgage
- iii.** At or below 80% of AMI
- iv.** Monthly housing expenses exceed 30% of monthly household income
- v.** Anticipated duration of construction time (greater than 30 days)

**2. Rehabilitation**

- i.** Currently out of home
  - (a)** Stability of current lodging
  - (b)** Responsibility for payment
  - (c)** Other available alternatives if move is needed
- ii.** Paying for mortgage
- iii.** At or below 80% AMI
- iv.** Health and safety issues present in home
- v.** Abate required:
  - (a)** Lead;
  - (b)** Asbestos
- vi.** Projects require the interruption of water, gas, or electric services

- vii. Presence of hazardous conditions that pose risk to homeowners
- viii. Monthly expenses exceed 40% of homeowner's household monthly income
- ix. Anticipated duration of rehabilitation (greater than 30 days)

#### **B. Grant Specialist and Relocation Specialist Recommendation for ORA**

1. Homeowner interview, affidavit, and application review need for relocation assistance
2. Verification of current status (documentation, if available)
3. Exploration of non-program provided alternatives (e.g., relatives and friends)
4. Recommendation to provide/not provide optional relocation assistance
  - i. Rationale
  - ii. Appeal Process

### **SECTION 7: ORA ASSISTANCE TYPES**

#### **A. Rental Assistance<sup>2</sup>**

The Program will compensate eligible Applicants up to an amount based on the Applicant's household income and the applicable HUD Metro or Non-Metro Area Fair Market Rent (FMR) rates for a home large enough to accommodate the household in or near the municipality where the assisted property is located, as established below:

- For Applicant Households below 30% AMI : 150% HUD Metropolitan Area Fair Market Rent Rate
- For Applicant Households 31% to 50% AMI: 130% HUD Metropolitan Area Fair Market Rent Rate
- For Applicant Households 51% to 80% AMI: 110% HUD Metropolitan Fair Market Rent Rate
- **For Applicant Households above 80% AMI: not eligible for ORA Assistance**

ORA will be provided for a period based on the duration of construction activities requiring the temporary relocation. Assistance will begin once documentation requirements have been met, and conclude once the Applicant is able to move back in, plus a reasonable allowance of time to complete their move back to the assisted property. An assisted property will be considered ready for move-in when the assisted property passes a final inspection, and it is confirmed that work was completed in accordance with the agreed scope of work and use is obtained, if applicable.

#### **B. Moving Expenses**

Applicants may receive ORA to cover expenses related to moving of personal property in the program-assisted property while it is under construction. Moving expenses shall not exceed the Federal Highway

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<sup>2</sup> Subject to *Rent Comps* (similar to NMHC's Section 8 Housing Choice Voucher Program) to determine reasonable rent. Rental units must pass Housing Quality Standards (HQS) inspections and listed on NMHC's Approved Landlord Registry.

Authority Fixed Residential Moving Schedule. Moving expenses are based on the number of furnished rooms to be moved and may be paid only for a single move from the assisted property, and again for a single move to return the assisted property, a maximum of two (2) moves. The actual ORA moving assistance amount provided will be based on a written estimate or paid invoice, denoting the moving company’s name, contact information and summary of rooms to be moved is required to receive this assistance. Applicants who opt to self-move may be reimbursed for actual costs incurred in completing the move, such as transportation and equipment rental costs. In such cases, the Applicant must submit evidence to support the costs incurred. Under no circumstances will self-moving assistance exceed the FHWA Fixed Residential Moving Schedule.

### C. Storage Expenses

Applicants may also receive ORA to reimburse eligible storage expenses of personal property. Storage expenses must be reasonable based on the prevailing area market price for a storage space suitable for the number of possessions to be stored. They may only be reimbursed upon production of a paid invoice or receipt for a storage facility business and for a period that aligns with the construction duration. Storage expenses will not be reimbursed:

1. When they are incurred for the use of a private residence or other non-storage facility property as storage; or
2. For any storage fees/invoices presented for a term beyond the construction duration plus one (1) month

## SECTION 8: PROGRAM ADMINISTRATION – BUDGET DEVELOPMENT, PROGRAM MODEL, AND BUDGET RECONCILIATION AND CLOSEOUT

### A. Budget Development

NMHC shall set aside the initial sum of \$50,000 to fund Optional Relocation Assistance for eligible Applicants and Homeowners of the Agency’s CDBG-DR Homeowner Rehabilitation/Reconstruction Program. Funding will be derived under the CDBG-DR Homeowner Rehab/Recon Program or NMHC’s CDBG-DR Planning costs that may be reprogrammed to its CDBG-DR Homeowner Rehab/Recon Program to support Optional Relocation Assistance. Additional funds shall be injected into the Optional Relocation Assistance account as needed.

Relocation Service Type	Budget
Rental (Short- and Long-Term)	\$40,000
Moving and Storage	\$10,000

### B. Direct Payment Model

1. NMHC shall enter into contracts and leases for relocation services on behalf of eligible Applicants/Homeowners
2. All conditions of services shall be properly documented and shared with homeowners



3. NMHC shall be billed directly for all services
4. NMHC receives and processes lease, storage, and moving cost payments
5. NMHC monitors budget to actual at program and activity levels

**C. Budget Reconciliation and Closeout**

1. At the point in time the program enters into an optional relocation agreement with a homeowner, a specific amount of money is set aside to cover the relocation costs for that specific homeowner.
2. Finance tracks budget to actual with each invoice submitted and paid.
3. Finance alerts Relocation Specialist and Grants Specialist if homeowner is about to exceed amount set aside for relocation.
4. Based on an analysis of current factors (status of construction, family hardship, availability of funds), the program will determine whether or not to extend the duration and amount of assistance.
5. Once the homeowner has moved back in and all relocation costs are paid or reimbursed, any remaining funds are returned to the program's relocation budget for reallocation to assist other homeowners.