

Thompson, Mary Jo

From: Thrasher, W
Sent: Monday, March 26, 2018 1:02 PM
To: Jarrell, Joshua L; Thompson, Mary Jo
Subject: Fwd: Requested Information
Attachments: Memo 3.26.pdf; ATT00001.htm

FYI

Sent from my iPhone

Begin forwarded message:

From: "Thrasher, W" <W.Thrasher@wv.gov>
To: "Bray Cary" <bcary@wvmh.com>, "Hall, Mike" <Mike.Hall@wv.gov>, "Abraham, Brian R" <Brian.R.Abraham@wv.gov>
Subject: Fwd: Requested Information

Good morning. I asked my staff to provide an update on RISE and any implications as to the stop work. I've included their response.

If there are any concerns I suggest we deal with them and get back on track. Let me know if I can be of help.

Sent from my iPhone

Begin forwarded message:

From: "Thompson, Mary Jo" <Mary.Jo.Thompson@wv.gov>
To: "Thrasher, W" <W.Thrasher@wv.gov>
Subject: Requested Information

Secretary,

Per our conversation this morning, please see the attached Memorandum describing the updated status of the RISEWV Housing Program. As you know our operations were verbally ceased on February 28, 2018 and our records were requested for review on March 15, 2018 and have still been retained.

Thank you so much for your attention to this matter.

Mary Jo

Mary Jo Thompson | Director
Community Advancement and Development
A Division of the West Virginia Development Office
1900 Kanawha Boulevard East
Building 3, Suite 700

Memorandum



To: Mary Jo Thompson, Director
Russell W. Tarry, Deputy Director

From: Andrew Mihallik, RiseWV Program Manager AM

Date: March 26, 2018

Re: Suspension of Program Activities

On February 28, 2018, the RiseWV Disaster Recovery Housing Program was directed to cease operations, pending additional review of the program by the Governor's office. As we approach week 4 of suspended activities, a summary of Program implications is as follows:

Constituent Impact

On February 28, 2018:

- Fifty-five (55) homes were in construction. Many of the flood-damaged homes have been demolished and families currently residing in temporary housing. These families remain in transition until we receive direction to fully resume Program activities.
- Thirty-eight (38) applicants had homeowner signing events scheduled. As directed, we contacted those families and cancelled their grant award signing event. Many of these households contact the Program daily inquiring when they will be rescheduled.
- One Hundred and eighty-eight (188) applicants are pending Tier 2 environmental review which is generally a quick process. Once Tier 2 clears, they are eligible for homeowner signings. Many of these applicants are contacting us inquiring why the Tier 2 environmental review is taking so long. For perspective, we can generally clear about ten (10) Tier 2 environmental reviews a day depending on SHPO and Section 106 requirements.

Pre-construction Impact

Activity Delivery Costs incurred to date:

- The State began outreach and intake activities on August 1, 2017. Program case managers have completed in excess of Twenty-four hundred (2400) personal consultations with applicants to the Program.
- Program case managers have performed intake and eligibility assessments for over fourteen hundred (1400) applicants.
- Program damage inspectors have performed over (400) physical inspections of damaged properties and produced preliminary Estimated Costs of Repair worksheets.

- The Program has performed a Tier 1 Environmental Review (Broad Review) for each of the 12 Presidentially-declared disaster counties. These include: Greenbrier, Kanawha, Nicholas, Clay, Lincoln, Roane, Fayette, Webster, Pocahontas, Summers, Jackson, and Monroe.
- The Program has performed over one hundred (100) Tier 2 Environmental Reviews (Site-Specific Review) with 188 ready to be performed.

Construction Impact

- Approximately 95% of all construction tradesmen are based in and from West Virginia. Many depend on the construction anticipated under the Program which now is uncertain. Many have indicated that if construction activities continue to be suspended, they will be forced to find and commit to work elsewhere.
- The State has executed all construction contracts. These contracts include performance measures and financial penalties for non-performance. The Program's ability to enforce performance metrics may be compromised.
- Construction contractors have incurred millions of dollars in mobilization costs in anticipation of construction activities. This includes cost incurred to establish supply chains, lease staging yards and office space, purchase of materials, and recruitment of skilled labor.
- Over forty (40) manufactured housing units are staged in the affected communities. These are paid for and on hold to be delivered to flood survivors. Over Thirty (30) additional manufactured housing units have been ordered with deposits paid.

Long-term Implications

- Failure to implement and deliver Program activities, as defined and authorized by HUD in the State's approved Action Plan, could expose the State to a recapture of funds.
- Federal Register Volume 81, Number 224 governs this disaster recovery allocation. It specifically requires that the State must demonstrate the housing need resulting from the 2016 flood has been met before other eligible activities such as economic revitalization and infrastructure activities can be considered. The suspension of Program activities has hindered the State's ability to demonstrate the Program's response to the unmet housing need in a timely manner.
- HUD has formally advised the Program to expedite delivery of the Program in order not to be included on HUD's monthly spending report as a slow-spender.
- Lack of demonstrable Program activities and expenditures could affect the ability of the State's Congressional Delegation to seek additional funding allocations.

Eligibility for Global Match

- The State's Hazard Mitigation Grant Program (HMGP) application was due March 23, 2018. The Program had been working to identify applications that also comply with FEMA requirements to offset the State's \$17.5 million obligation. The suspension of Program activities diminished the Program's ability to identify these applications and ultimately to repurpose some or all of the \$12.5 million of Coordinated Match set-aside to Economic Development Activities.