



## Legislation Text

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### **Increase House Replacement Program Award (NB)**

The House Replacement Program addresses housing units that are infeasible to rehabilitate due to the existing major health and safety violations, and the exorbitant cost of repairs required to make these dwellings meet the minimum housing code requirements. The House Replacement program assist a homeowner with demolishing the existing home and rebuilding a new home on the same site.

The maximum approved funding award for the House Replacement Program is \$125,000, which includes all construction related costs. Prior to the mandated “stay-at-home”, order the Office of Housing & Community Development (HCD) in the process of approving construction for a neighbor’s House Replacement project. However, due to the pandemic, this neighbor’s project has been on hold for more than 13 months. Recently receiving the green light to move forward with the neighbor’s project, the HCD office requested bids from contractors to obtain cost estimates to build the neighbor’s house replacement home. Upon review of the four contractor bids received, it was noticed that each bid exceeded the maximum House Replacement Program award of \$125,000. The contractor bids varied from \$130,000 to \$145,000.

In general, the cost of building construction has been going up in the past several months. However, due to the national pandemic, the costs of construction materials and supplies have increased drastically. Materials are more expensive to secure due to the global manufacturing shutdowns, shipping port closures, and material transportation delays throughout the United States. Subcontractors, such as electrical, plumbing, heating/air, and roofing, who are a big part of the building construction industry, are also faced with the same shortage of, and increased costs of material, which unfortunately, has also caused the increased in construction costs.

Due to the significant increase in building materials and labor prices, the HCD office is requesting an increase of cost to finish the house replacement project for this neighbor. The estimated cost to complete the project is \$138,500.

Funds in the amount of \$13,500 are available in the HOME Program Budget to cover the additional costs to complete the neighbor’s project.

The City Commission approve increasing the maximum funding allowance from \$125,000 to \$138,500 to complete the House Replacement project current underway