



FEMA

# RECOVERY DIVISION FACT SHEET

## Frequently Asked Questions (FAQs) Utility Subsidy Program for Katrina/Rita Evacuees

### Overview

Section 2401 of the Emergency Supplemental Act of 2006 (P.L. 109-234) authorizes FEMA to reimburse Public Assistance applicants for utilities paid on behalf of evacuees who participated in the Section 403 Interim Sheltering Program. The utility subsidy will be up to 12 months for evacuees who were in the Section 403 Interim Sheltering Program on or before February 7, 2006.

### Q& A's

**Q1: Are Public Assistance (PA) applicants required to participate in this utility subsidy program?**

A: No, PA applicants are not required to participate in the utility subsidy program.

Only those applicants who had established a Section 403 Interim Sheltering Program as of February 7, 2006, which was still in effect on June 15, 2006 are eligible to participate in the program. PA applicants who ended their Interim Sheltering Program prior to June 15, 2006, are not eligible to participate in the program.

**Q2: Can participating Public Assistance applicants receive advance funds for the utility subsidy?**

A: Yes. Project Worksheets (PWs) may be written for estimated utility costs based on an analysis of eligible leases and their expiration dates. PA applicants must minimize the time elapsed between drawdown and expenditure of funds pursuant to 44 CFR § 13.21. PA applicants are required to submit prior actual costs for utilities as documentation for subsequent PWs.

**Q3: Why are Section 408-ineligible evacuees included in the utility subsidy?**

A: The new law allows FEMA to provide a utility subsidy to evacuees of Hurricanes Katrina and Rita, and does not distinguish evacuees as *eligible* or *ineligible*. All Katrina and Rita evacuees who previously participated in the Section 403 Interim Sheltering Program, and currently reside in housing units for which they are legally and financially responsible, are eligible for the subsidy.

As additional clarification, this utility subsidy is not available to evacuees that are currently housed in other federal programs, such as HUD.



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**Q4: Is the utility subsidy portable?**

A: In exceptional circumstances, the subsidy may be portable. For example, if an evacuee from the original Section 403 housing unit moved to a different Section 403 housing unit or a CLC-direct pay housing unit, the move would not affect the evacuee's ability to receive the utility subsidy so long as the second housing unit is administered by the same PA applicant. However the utility subsidy should remain with the Section 403 housing unit or CLC direct-pay housing unit and be administered by the original PA applicant.

**Q5: Can a PA applicant participate in providing the utility subsidy if another PA applicant declines to do so?**

A: No. Only a Public Assistance applicant that had an agreement or arrangement with utility companies to pay utilities on behalf of the evacuees in place by February 7, 2006 may participate in the subsidy.

**Q6: How is the utility subsidy handled for evacuees who have already put their name on the account?**

A: The PA applicant may only make utility subsidy payments on behalf of an evacuee for whom the PA applicant had, by or on February 7, 2006, an agreement with the utility company to pay the utilities of that evacuee. This agreement or arrangement must have been ongoing as of June 15, 2006. Due to timing of FEMA's decision to pay utilities for persons in Section 408 during June and July, some evacuees had transferred utility accounts to their names. As long as the PA applicant had previously paid their utilities and the evacuee(s) make arrangements to transfer their utilities back to the PA applicant before *July 31, 2006*, the PA applicant may resume payment of their utilities.

FEMA provides the utility subsidy to the PA applicants on behalf of the evacuees. PA applicants must provide documentation to support payments made on behalf of evacuees. Some PA applicants have proposed having evacuees mail or fax their bills to them on a monthly basis for payment. This would be an acceptable approach. It would require the PA applicant to initially contact the evacuee household at the last known address to inform them of the subsidy, how they may participate in it, and for what period of time. This program is not intended to be retroactive for PA applicants that discontinued utility assistance for all evacuees prior to June 15, 2006.



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**Q7: Will FEMA reimburse PA applicants for late fees if they do not pay utility bills on time? Also, will FEMA reimburse PA applicants for utility costs if the utility providers do not process cutoff notices after the PA applicants notify them to terminate service?**

A: We expect PA applicants to work with the utility providers and evacuees to ensure utilities are paid on time. Late fees may be eligible if the PA applicant provides compelling justification, such as administrative delay associated with transferring utilities back to the Public Assistance applicant.

**Q8: How long is this subsidy available to evacuees?**

A: The utility subsidy is available for *up to* 12 months (365 days) from the effective date of the original lease under the Section 403 Interim Sheltering Program was signed. Eligible leases under the Section 403 Program must have been entered into on or before February 7, 2006. Some PA applicants agreed to provide 12 months of assistance to evacuees under the Interim Sheltering Program, but entered month-to-month leases rather than long-term leases. For the purposes of the utility subsidy program, the term of these month-to-month leases is considered 12 months (365 days) from the effective date of the original lease.

**Q9: Can the duration of the utility subsidy be extended?**

A: The utility subsidy program will expire on February 6, 2007. The duration of the utility cannot be extended by FEMA. It would require an "Act of Congress."

**Q10: How do PA applicants implement this utility subsidy?**

A: PA applicants should continue their current procedures for paying utilities. The consolidated database of evacuees participating in the Interim Sheltering Program that contains pertinent information about each evacuee – including dates lease began and projected end dates- must be maintained and used to track when the lease and subsidy end for each evacuee. The PA applicants and FEMA should agree on the database as the basis for utility payments.



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**Q11: How soon do PA applicants need to create the information database?**

A: FEMA has extended the 403 Interim Sheltering Program, including utility payments for some PA applicants until July 31, 2006. FEMA intends to implement the utility payments procedure by the time August utility payments are billed.

**Q12: How will the evacuee be notified that the utility subsidy has ended?**

A: The PA applicant will notify the evacuee and the utility provider of the date the utility subsidy is scheduled to end. This notification should be made both at the beginning of the Utility Subsidy Program (August 2006) as well as 30 days prior to subsidy termination date. The utility subsidy will end on the lease termination date or the date the evacuee vacates the housing unit, whichever is earlier. If the evacuee vacates the housing unit without notice to the PA applicant, the utility subsidy will continue until the PA applicant has notice of such vacated unit and is able to cause the utility company to discontinue service at that address within a reasonable amount of time, but no longer than 12 months from the effective date of the original Section 403 lease.

**Q13: Will FEMA pay for utilities even if the combined charge for Section 408 rental assistance and the utilities exceed the Fair Market Rent?**

A: Yes. The utility subsidy is not related to Fair Market Rent or other Section 408 requirements.

**Q14: Can CLC administer the utility subsidy instead of PA applicants?**

A: No, CLC will not administer the utility subsidy. Section 2401 of the Emergency Supplemental Act of 2006 authorizes FEMA to "provide funds to a State or local government...." (emphasis added)

**Q15: Is the utility subsidy available to Katrina and Rita evacuees who were sheltered in hotels/motels and transitioned directly to Section 408 housing assistance?**

A: No. The new law provides that the subsidy is available for temporary housing units that were *leased*, for which the State or local government previously arranged to pay for *utilities*. Hotels/motels do not fit this description of temporary housing unit.



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**Q16: Will FEMA reimburse costs to PA applicants for administering this utility subsidy?**

A: Yes. FEMA will prepare project worksheets for reasonable and necessary costs to implement the Utility Subsidy Program. Straight-time salaries for an applicant's regular employees are not eligible for reimbursement. If PA applicants have specific questions and concerns regarding eligible costs, they may consult the State or FEMA Public Assistance staff.

**Q17: Will FEMA assume the agreement for paying utilities if the PA applicants choose not to participate in the utility subsidy program?**

A: No. FEMA will not assume agreements for utility payments.

**Q18: Is the utility subsidy available to evacuees who are now receiving Section 408 financial assistance and paying their own rent?**

A: Yes, if the Katrina and Rita evacuees previously participated in the Section 403 Interim Sheltering Program and currently reside in housing units for which they are legally and financially responsible, then they are eligible for the subsidy.

**Q19: How will PA applicants be informed when evacuees move out of housing units being paid for by CLC (under the 408 direct-pay program) or by the evacuee-themselves (under the 408 financial assistance program)?**

A: On a weekly basis, CLC will provide the Regional Office or Transition Recovery Office a list of evacuees who have moved out/vacated the 408 direct-pay housing units. This information will be shared with the appropriate PA applicants. The PA applicants will request all evacuees to inform the PA applicant if they move out of the housing unit before the lease expires. The request will be included in the notification to evacuees at the beginning of the Utility Subsidy Program.