

State of Louisiana contractor IEM hires sub-contractor to reduce elevation caps by 5%

State hires architect to compare elevation costs using Wood vs Concrete.

Architect uses state licensed Xactimate software to create report data that identified wood is cheaper.

REXTORE



Published: 1-7-2019 Revised: 1-7-2019

IEM Inc a NC Risk Management company holds true to their core business model by creating a report comparing the price of wood vs. concrete when elevating homes. The report awards 5% more grant funds to use timbers and 5% less for concrete CMU blocks.

RECONSTRUCTION NOTICE:

- **Solution 2 Reconstruction Homeowners:** Elevating your home using concrete blocks also known as CMU will lower your grant cap below the state approved economy / standard price structure.
- **Solution 1 Home Reconstruction Contractors:** Your choice between Wood and Concrete could change your bottom line by more than 5% +/-.

Homeowner Policy:

Restore Louisiana Homeowners Manual Version 5.1 Page 31

Section 9. Level and Terms of Assistance

Part a. Eligible Award Cap

"The maximum award will be determined by (a) an assessment of work completed prior to submitting an application to the Program and / or (b) an assessment of work remaining to be completed. Both assessments are based on economy / standard grade building materials as calculated by the Program using national building standard estimating software. "

"The necessary rehabilitation or **reconstruction** is priced based on an **economy/standard grade of building materials determined by industry software prices** and not the price of replacing the Damaged Home or its components with like or similar materials. "

The state of Louisiana for the Restore Louisiana Homeowners Program has used the software **Xactimate** with updates from May 2017 to determine economy / standard grade prices for all grant award calculations to date.

A report titled **ELEVATION COST ANALYSIS, ELEVATION OF NEW CONSTRUCTION HOMES** version 3.1 dated June 18, 2018 identifies more than a 5% grant award reduction when homeowners select concrete blocks (CMU). The report compares two different elevation materials and methods, simply identified here as "Timber" vs "Concrete". The baseline price difference of more than 10%, timber being less costly and concrete being more costly. When IEM Inc. created a standard single price table for APA 9 they added the Timber + Concrete costs then divided by 2. This created a lower than economy / standard price guide for those using concrete and increased by 5% over the costs of the Xactimate price based on economy / standard grade when elevating with timbers.

The Restore Louisiana Homeowners Program uses Economy and Standard grade prices. The team that created the elevation cost analysis and was approved in APA 9 use an average of two costs to determine a single cost for the program to use when calculating elevation grant caps. The two costs were not using the same materials types which would also change the labor costs. The final prices have been published in APA 9 in the Elevation Allowance Table.

Based on Economy Grade elevation materials and labor and using the APA 9 Elevation Allowance Table table submitted to HUD on July 18, 2018 we discovered the following.

1. 850/sf home:

1. \$38.72/sf Economy Grade by Xactimate for CMU block 6' elevation.
2. \$36.63/sf RLHP price is \$2.09/sf (-5.4%) less than economy grade.
3. Elevation by timber 6': Cost \$34.53 Grant Cap \$36.63 creating +\$2.10 (+5.73%) over economy / standard grade Xactimate pricing.

2. 1100/sf home:

1. \$35.81/sf Economy Grade by Xactimate for CMU Block 6' elevation.
2. \$33.90/sf RLHP price is \$1.91/sf (-5.33%) less than economy grade.
3. Elevation by timber 6': Cost \$31.99 Grant Cap \$33.90 creating +\$1.91 (+5.63%) over economy / standard grade Xactimate pricing.

3. 1300/sf home:

1. \$34.68/sf Economy Grade by Xactimate for CMU block 6' elevation.
2. \$32.81/sf RLHP price is \$1.87/sf (-5.40%) less than economy grade.
3. Elevation by timber 6': Cost \$30.95 Grant Cap \$32.81 creating +\$1.86 (+5.67%) over economy / standard grade Xactimate pricing.

4. 1400/sf home:

1. \$35.23/sf Economy Grade by Xactimate for CMU block 6' elevation.
2. \$33.27/sf RLHP price is \$1.96/sf (-5.56%) less than economy grade.
3. Elevation by timber 6': Cost \$31.32 Grant Cap \$33.27 creating +\$1.95 (+5.86%) over economy / standard grade Xactimate pricing.

5. 1700/sf home:

1. \$32.67/sf Economy Grade by Xactimate for CMU block 6' elevation.
2. \$30.87/sf RLHP price is \$1.80/sf (-5.50%) less than economy grade.
3. Elevation by timber 6': Cost \$29.07 Grant Cap \$30.87 creating +\$1.80 (+5.83%) over economy / standard grade Xactimate pricing.

6. 2100/sf or more home:

1. \$29.95/sf Economy Grade by Xactimate for CMU block 6' elevation.
2. \$28.35/sf RLHP price is \$1.60/sf (-5.34%) less than economy grade.
3. Elevation by timber 6': Cost \$26.74 Grant Cap \$28.35 creating +\$1.61 (+5.68%) over economy / standard grade Xactimate pricing.

The majority of home elevations use CMU blocks as the preferred material and method of elevation. A group of homeowners have questioned how these numbers were determined and have asked but were never given answers beyond, "It's program policy." Now that we see how program policy was created we also can see mistakes with the logic behind the math.

We are challenging the logic used to reduce by more than 5% the elevation grant costs to homeowners that use CMU blocks as their method to elevation. We also would like to point out that increasing the grants by 5% over the economy / standard grade as policy states was not approved in policy by HUD.

Simply solution would be to use the Xactimate economy / standard price for each approved elevation method and not try to create a single unit price for all methods.

Reducing the amount of grant money awarded by 5% to homeowners using concrete blocks to elevate and in the same report increasing the award amount above economy / standard grade for those using timber to elevate clearly shows the **ELEVATION COST ANALYSIS, ELEVATION OF NEW CONSTRUCTION HOMES** report dated June 18, 2018 version 3.1 is not a good fit for the Restore Louisiana Homeowners Program.

Copy provided by TruckAndTools.Com developed by Murray Wennerlund.

Email help@truckandtools.com for additional information.

Copyright © 2019 TruckAndTools.Com All Rights Reserved.

Original location: <https://www.truckandtools.com/disaster/bureaucracy.asp?gdyk=182>

Published: 1-7-2019 Revised: 1-7-2019

Contribute

**TRUCK AND
TOOLS .COM**