



CITY OF HOUSTON BUILD IT FORWARD HOUSING RECOVERY PROGRAM

Harvey Homeowner Assistance Program(HoAP) Guidelines

October 30, 2018*

CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

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HOAP PROGRAM ADMINISTRATION

The Harvey Homeowner Assistance Program (HoAP) is intended to assist eligible City of Houston (City) applicants whose residences were directly impacted by Hurricane Harvey. The Department of Housing and Urban Development (HUD) appropriated \$5,024,251,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding to the Texas General Land Office (GLO). Of this \$5 billion allocation, the City of Houston (City) has received a direct allocation from the GLO of \$1,175,954,338 for development and implementation of programs that directly benefit the residents of the City of Houston. HUD outlined the allocations and applicable waivers and alternative requirements in Federal Register Notices published on February 9, 2018 (83 FR 5844). Subsequent publications of waivers and alternative requirements can be found in the table below under Applicable Laws & Regulations.

The City's Housing and Community Development Department's (HCDD) goal and objective is to provide housing programs that will preserve and expand the housing stock while creating sanitary, safe, energy efficient housing, and a resilient community. HCDD's objectives also include prioritizing elderly and disabled households, households in which members are under the age of 5, and households at or below 50% area median income while affirmatively furthering fair housing. The City of Houston also places an emphasis on housing choices and designs that reduce maintenance and insurance costs as well as provide independent living options. The focus of the program is to fulfill an unmet housing need for extremely low-, low- and moderate-income applicants. The program will also secure housing by bringing existing units into compliance with applicable health and safety codes or by replacing those existing structures that cannot be repaired because of structural or economic barriers.

The City of Houston will administer its Homeowner Assistance Program in accordance with these Harvey Housing Guidelines, City of Houston Harvey Standard Operating Procedures, and HUD CDBG-DR regulatory requirements and guidance. The City of Houston reserves the right to adjust program priorities and re-allocate program funds and program components (reimbursement, rehabilitation, reconstruction, demolition, and interim mortgage assistance) if in doing so would it better serve the affected communities and their residents.

The City of Houston reserves the sole discretion of interpreting and applying these Guidelines, except for those items where GLO or HUD has indicated that their prior approval is required for implementation. HCDD will utilize administrative procedures to implement the programs and modify them to meet any changes made to such rules and regulations of the oversight entities, which may occur over time. At all times, should any conflict in these procedures exist with the applicable funding resource, the requirements of the funding source shall take precedence, other than "local preferences" that are allowable under federal regulations.

Daily administration of the Programs will be under the direct supervision of the Director of HCDD, or his designee. Intake Specialists will be responsible for accepting applications during the intake process through the HCDD Outreach and Intake contractor. Further processes, such as eligibility; duplication of benefits review; inspection and environmental protocols; award determination; contract and contractor assignment; construction; and completion, will be administered and implemented by the selected

Construction Manager and the Master Program Manager. The HCDD Finance Division will authorize payments to contractors after review and validation of submitted invoice packages by HCDD and the Master Program Manager.

CDBG-DR NATIONAL OBJECTIVES

In support of the U.S. Department of Housing and Urban Development’s (HUD) recovery objectives, the City of Houston has specifically designed its storm recovery programs to help impacted residents and communities recover from damage inflicted by Hurricane Harvey. As expressed in the Federal Housing and Community Development Act, the primary objective of the general Community Development Block Grant (CDBG) program is “the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate -income (LMI).” Community Development Block Grant – Disaster Recovery funding appropriated in response to disasters must meet the general goals of the CDBG program.

All CDBG-DR funded activities through the City of Houston HoAP must meet at least one of the three National Objectives defined in the authorizing statute of the CDBG program:

- Benefiting Low- and Moderate-Income Persons (LMI) (80% of Area Median Income)
- Preventing or Eliminating Slum or Blight (SB) through buyout or acquisition with demolition
- Meeting an Urgent Need (UN) by providing housing assistance to applicants making in excess of 80 percent of the area median income (AMI)

All activities funded through the City of Houston HoAP, unless the requirement is waived by HUD, are required to meet one of the National Objectives.

APPLICABLE LAWS & REGULATIONS

Federal Register (FR)	Date of Publication	Public Laws	Location:
83 FR 5844, Vol. 83, No. 28	02/09/2018	P.L. 115- 56	https://www.gpo.gov/fdsys/pkg/FR-2018-02- 09/pdf/2018-02693.pdf
83 FR 40314, Vol. 83, No. 157	08/14/2018	P.L. 115- 123	https://www.gpo.gov/fdsys/pkg/FR-2018-08- 14/pdf/2018-17365.pdf

HOAP OVERVIEW

The Homeowner Assistance Program (HoAP) consists of five program options to assist eligible homeowners with their rehabilitation, reconstruction, and/or other eligible housing needs. Program options are Reimbursement, City Managed Rehabilitation and Reconstruction, Acquisition, Homeowner Managed Rehabilitation, and Interim Mortgage Assistance. The City will assist homeowners to identify the best option to meet their needs based on eligibility, the condition of their home and where they are in the recovery process. Program options are as follows:

1. **Reimbursement:** Homeowners who have completed partial or full repairs on their home may

be eligible for reimbursement of eligible expenses incurred prior to application to the program for work performed. The reimbursed value of repair work will be limited to the cost of achieving minimum program standards. As per HUD regulations, any work considered for reimbursement must have been performed prior to program application or and following an environmental “Tier II” clearance. Xactimate® or similar industry standard tool will be used to ensure cost reasonableness, and the work will be validated through an on-site inspection.

2. **City Managed Rehabilitation and Reconstruction:** The City will manage and complete the construction process for the rehabilitation or reconstruction of Harvey-damaged homes on behalf of homeowners. The City will contract with multiple firms to provide design and construction services for the rehabilitation or reconstruction of damaged properties.
3. **Homeowner Managed Rehabilitation:** This option will allow homeowners who have started the process, and are under contract with a contractor at the time of application, but need financial assistance to complete repairs. The City will assist homeowners participating under this option to navigate Program compliance requirements and funding process. Services are anticipated to include general customer service assistance, identification and referral to community resources and referrals, program guidance, support in accessing funds, progress inspections, and on a case-by-case basis, limited construction information. Homeowners will select their own licensed and insured contractor(s) and contract verifications, subject to approval and verification by HCDD. Xactimate® or similar industry standard tools will be used to ensure cost reasonableness and the work will be validated through an on-site inspection. Homeowner managed rehabilitation will only be available to homeowners who have initiated the repair process and are under contract with a contractor at the time of application. Program Standard Operating Procedures will fully address program details, including minimum construction standards, environmental compliance, program controls, and circumstances under which this option may be provided
4. **Acquisition:** Homeowners may be eligible to have their single-family homes voluntarily acquired by the City in conjunction with its Single-Family Development Program. The City will provide owners of substantially damaged homes the option to exchange their home for a newly constructed, or rehabilitated home, built to flood resilient standards. The City-acquired home may then be sold, reconstructed or rehabilitated to flood resilient standards and offered to another homeowner within the acquisition program or for sale to an LMI buyer.
5. **Interim Mortgage Assistance (IMA):** Interim Mortgage Assistance (IMA) may be provided to homeowners who are making both a mortgage payment on their storm-damaged home and making a rental payment for a temporary home. These homeowners may be eligible to receive up to 20 months of assistance based on the lesser of their monthly mortgage and temporary rental housing payments. This option may be considered when the rehabilitation or reconstruction of a home extends beyond three months, during which mortgage payments may be due, but the home remains uninhabitable. This assistance will help to ease the financial hardship homeowners may face during the post disaster recovery period and prevent

homeowners from going into foreclosure.

Assistance for Reimbursement, City Managed Rehabilitation and Reconstruction, Acquisition, and Homeowner Managed Rehabilitation is provided in the form of a zero-interest, forgivable loan, secured by placement of a lien on the applicant’s real property during the compliance period. The lien will be placed in the highest available position on each property.

HOAP GENERAL PRIORITIZATIONS

Funding priorities have been established to assist vulnerable populations based on Area Median Income (AMI), including low to moderate income, elderly or disabled persons and households with a child or children under age 5. Applicant prioritization sequence for funding will be based on the following criteria:

1. Elderly (62 years or older) or disabled households at or below 80% AMI
2. Households at or below 80% AMI with young children under the age of 5
3. Households at or below 50% AMI
4. Households at or below 80% AMI

Note: Upon exhaustion of applications eligible for priorities 1-4 under each subprogram, a review will be completed for eligible households above 80% AMI. Meeting one or all prioritization criteria does not guarantee assistance, as allocated funding and program timelines are limited. HCDD reserves the right to cap assistance to households above 80% AMI at \$150 million.

Based on household composition and qualified income sources, applicants’ income will be evaluated using HUD’s recent Area Median Income (AMI) as published annually by HUD. The Housing and Community Development Department (HCDD) will use a definition of income, as allowed by HUD, and will use the IRS Method for purposes of verifying and determining income eligibility for the Program. Income limits are updated annually and published on HCDD’s Disaster Recovery website. The 2018 annual income limits are as follows for this publication:

2018 Income Limits Summary								
Family Size	1	2	3	4	5	6	7	8
Low to Mod (80%) Income Limits	\$41,950	\$47,950	\$53,950	\$59,900	\$64,700	\$69,500	\$74,300	\$79,100

All local taxes must be current or on an approved payment plan for less than \$5,000. In addition, applicants must demonstrate child support payments are current or on an approved payment plan that is current.

HOAP ELIGIBILITY OVERVIEW

General housing activities allowed under CDBG-DR; HCDA Section 105(a)(1), 105(a)(3-4), 105(a)(8) 105(a)(11), 105(a)(18), and 105(a)(25), 24 CFR 570.201(g) include but are not limited to:

- i. Single family owner-occupied rehabilitation and reconstruction
- ii. Demolition
- iii. Hazard mitigation
- iv. Property Acquisition & Exchange
- v. Reimbursement for the (HUD-CDBG-DR eligible) repairs, rehabilitation, and reconstruction of existing owner-occupied property damaged as a result of Hurricane Harvey.
- vi. Other activities associated with the recovery of impacted single-family housing stock

This eligibility overview provides the requirements, income criteria, and funding priorities that applicants must meet to be eligible for the City of Houston's CDBG-DR funds, specifically for the Homeowner Assistance Program. All eligibility and verification methods are subject to City of Houston's Housing and Community Development Department (HCDD), GLO, and HUD approval. The program requirements and eligibility elements include but are not limited to meeting a National Objective, verification of income, duplication of benefits, property location, ownership, occupancy, primary residence, documented damage and flood insurance.

Additionally, the City of Houston defines "not suitable for rehabilitation" for the HoAP as such:

- Structures that are considered "beyond rehabilitation" and do not meet the HoAP's housing rehabilitation standards, and/or federal, state, local code requirements shall be deemed not suitable for rehabilitation, as determined by the program and consistent with program guidelines. See section below - City Managed Additional Participation Terms for additional requirements.
- Residential properties that have experienced repetitive losses under FEMA's National Flood Insurance Program (NFIP).

The following eligibility criteria must be met prior to participation in any of the Homeowner Assistance Program's five (5) options:

HOAP PROPERTY ELIGIBILITY REQUIREMENTS:

- i. Must be located outside of the floodway
- ii. Must have been owner-occupied at the time of Hurricane Harvey (August 25, 2017)
- iii. Must have been the applicant's primary residence at the time of Hurricane Harvey
- iv. Must have sustained damage from Hurricane Harvey
- v. Must have an environmental review record completed and evaluated for eligibility

HOAP HOMEOWNER ELIGIBILITY REQUIREMENTS:

- i. All homeowner/applicants, co-applicants and household members over age 18 must be current on payments for child support.
- ii. Homeowner/applicants must furnish evidence that property taxes are current, under an

approved payment plan, or that there is an exemption under current laws. Deferments are only accepted in conjunction with a payment plan for a total amount of \$5,000 or less.

- iii. Homeowner/applicants must agree to a limited subrogation of any future awards related to Hurricane Harvey, to ensure duplication of benefits compliance.
- iv. Assistance will be provided in the form of a zero-interest forgivable loan, secured by placement of a (second) lien on the applicant property. Homeowners are required to maintain principal residency in the assisted property throughout the length of the compliance period. Cash-out refinancing, home equity loans, or any loans utilizing the assisted property as collateral are not allowed during the compliance period. A violation of this policy will activate the loan repayment terms.
- v. Program participants must agree to compliance period and lien requirements. The compliance period of homes will be based on the amount of assistance provided: a five-year compliance period for up to \$10,000 assistance, a 10-year compliance period for \$10,001 to \$80,000 of assistance, and a 20-year compliance period for over \$80,000 of assistance. The lien on the property will be removed upon completion of the terms and conditions of all documents related to the program and completion of the compliance period.
- vi. Forgiveness of the loan provided will be prorated over the course of the determined compliance period. The proration percentage will depend on the length of the period, with 100% of the loan being forgiven and the lien satisfied at the termination of the compliance period. Should the homeowner use the property as collateral, sell, or otherwise convey their ownership interest in the property during the compliance period, the remaining prorated amount of assistance will become immediately due and payable.
- vii. The compliance period for participants who have inherited storm damaged property during the death of an applicant who applied to the program will not be subject to the repayment requirements. The damaged property will continue it's affordability period.
- viii. Program participants must maintain insurance for the assisted property. Hazard, flood, and windstorm (if applicable) insurance will be monitored during the length of the compliance period. Please note, flood insurance must be maintained on the property during the life of the property, regardless of transfer of ownership. Failure to maintain flood insurance may result in the denial of future federal disaster assistance should another event occur.
- ix. Upon receipt of the disaster recovery benefit, if the property is sold, flood insurance requirements are transferred to the new homeowner. Such requirements and transfer parameters must be conveyed in writing with documents evidencing the property transfer and ensuring the new homeowner understands and accepts all terms and conditions.
- x. Must meet one of the two (2) applicable HUD CDBG National Objectives: Low- and moderate-income (LMI) benefit or Urgent Need.

Specific eligibility criteria also apply to the individual HoAP options: Reimbursement, City Managed Program, Homeowner Managed, Acquisition, and Interim Mortgage Assistance as outlined below.

ADDITIONAL ELIGIBILITY REQUIREMENTS

I. Reimbursement Participation Terms:

Conditions for participation and receipt of funds via the reimbursement option of HoAP include, but may not be limited to the following:

- If all necessary repairs are completed as determined by the City, a Certificate of Compliance or equivalent document must be submitted to the HoAP prior to the release of funds.
- The release of reimbursement funds for applicants that have not completed all necessary repairs will occur after a grant award has been finalized.
- Applicant must provide a written affidavit and/or certification to include a detailed description and cost of completed repairs (which will also be validated by a City-issued site inspection), external third-party funding resources received/used for purposes of repairs, as well as time-periods of repairs and contractor information.
- An executed HoAP Agreement of Compliance must be provided by the applicant indicating understanding of (and adherence to) all HoAP program compliance requirements.
- Sweat equity repair costs are ineligible for reimbursement funds. All construction repair work must be validated through a site inspection verifying completion of repairs, identified as a “Work in Place” inspection.

Maximum Assistance for Reimbursement Option:

- The maximum amount of reimbursement funds is not to exceed \$80,000.
 - a. For LMI households at or below 80% AMI – 100% reimbursement will be allowed, not to exceed \$80,000 in benefit; as determined by a self-certification or Xactimate validation, whichever is of lesser value.
 - b. For LMI households between 80%-120% AMI – 50% reimbursement will be allowed, not to exceed \$40,000 in benefit; as determined by a self-certification or Xactimate validation, whichever is of lesser value.
 - c. For LMI households over 120% AMI – 25% reimbursement will be allowed, not to exceed \$20,000 in benefit; as determined by a self-certification or Xactimate validation, whichever is of lesser value.
- Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) will only be considered for participation within the HoAP Reimbursement option.
- The Program assessment, conducted via site inspection, estimates the value of completed permanent repairs using standardized Xactimate® pricing to ensure that all applicants are reimbursed fairly and equally, the costs are reasonable and the repairs were necessary.

II. City Managed Rehabilitation and Reconstruction Participation Terms:

- HoAP Contractors will be directly assigned to the applicant by the HCDD.

- Feasibility determinations regarding the suitability for rehabilitation or reconstruction are completed by the City. If the total cost of repairs exceeds 50% of the pre-storm value, the Program recommendation of feasibility will be rehabilitation. If the total cost of repairs of the pre-storm value are between 50% and 75%, the Program recommendation of feasibility will be reconstruction, however the homeowner will have the option to select rehabilitation upon submittal of documentation that the home. For total repair costs above 75% of the pre-storm value, the Program recommendation of feasibility will be reconstruction. If the applicant chooses rehabilitation, the applicant must first provide the program with a Licensed engineer's report to confirm there are no structural integrity issues prior to contractor notice to proceed for rehabilitation repairs.

Maximum Assistance for City Managed Rehabilitation and Reconstruction HoAP Option:

- i. Rehabilitation: Costs as determined by utilizing Xactimate® cost estimating software to address repairs in accordance with, and program award costs not to exceed, the City's approved and published Minimum Property Standards. The maximum amount of benefit may not exceed \$80,000 for rehabilitation.
- ii. Reconstruction: Local composite builder bid amount based on procured builders and the builder's house plans based on household size and not greater than \$200,000 per unit.
- iii. Additional allocations of funds may be provided to address certain site-specific conditions including Access and Functional Needs (AFN), environmental, resiliency/mitigation measures, elevation, municipal ordinances, and homeowner/neighborhood requirements.
- iv. Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) will only be considered for participation in the HOAP Reimbursement option.

III. Homeowner Managed Rehabilitation and Reconstruction Participation Terms:

- All contractors and applicants under this program option must amend and fully execute a HoAP Contract Addendum which incorporates Program requirements and the City-provided scope of work, to their existing contract agreement before contractor is provided a formal Program Notice to Proceed.
- The applicant's chosen contractor will be verified by the Program and must have required licensure and insurance that meet program standards.
- All disbursements must be tied to a program progress inspection performed by designated City staff.

Homeowner Managed - Maximum Assistance

- Rehabilitation: Costs as determined by utilizing Xactimate® cost estimating software to address repairs in accordance with, and program award costs not to exceed, the City's approved and published Minimum Program Construction Standards. The maximum amount of benefit may not exceed \$80,000 for rehabilitation.

- Reconstruction: Local composite builder bid amount based on procured builders and the builder's house plans based on household size and not greater than \$200,000 per unit
- Additional allocations of funds may be provided to address certain site-specific conditions including Access and Functional Needs (AFN), environmental, resiliency/mitigation measures, elevation, municipal ordinances, and homeowner/neighborhood requirements, etc.
- Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) will only be considered for participation in the HOAP Reimbursement option

IV. Acquisition Participation Terms:

- HoAP eligible owner-occupant properties must be classified as substantially damaged as provided by the local flood plain administrator and/or in accordance with program.
- All verified homeowner properties must be classified as substantially damaged or determined infeasible for rehabilitation. A substantial damage status is established by written local municipal determination letter. In the absence of a substantial damage or non-substantial damage determination by the City, the HoAP may determine substantial damage using an agreed upon feasibility model.
- The intent for the property will be determined prior to acquisition, including exchange, new construction, transfer to a nonprofit, transfer to the Houston Land Bank, etc.

Maximum Assistance for HoAP Acquisition Option:

- Acquisition and Exchange: Applicants who are interested and eligible for the HoAP Acquisition option will have the damaged property assessed at current fair market value.
- New Construction: Local composite builder bid amount based on procured builders and the builder's house plans based on household size and not greater than \$200,000 per unit.
- If acquisition is determined to be the best option, reimbursements for any repairs to existing structures following Harvey will not be provided.
- Eligible HoAP Applicants will not be allowed to participate in the Acquisition option if they have an existing mortgage they are unable to pay off or, if applicable, where the new lender is unable or unwilling to transfer the new mortgage.
- Houses offered in exchange of the acquired Harvey damaged property will be based on availability of lots and existing city-owned/developed properties. Availability and selection criteria may be limited and offered on a first-come-first-serve basis.
- Access and Functional Needs (AFN) or special requirements will be considered beyond the maximum assistance cap.

V. Interim Mortgage Assistance (IMA) Participation Terms:

- Interim Mortgage Assistance (IMA) may be provided to homeowners while in construction under the Homeowner Assistance Program who are making both a mortgage

payment on their storm-damaged home and making a rental payment for a temporary home.

- IMA will be considered when the rehabilitation or reconstruction of a home is at least three (3) months or more, during which mortgage payments may be due, but the home remains uninhabitable.
- Other mortgage assistance to HoAP eligible applicants may be eligible on a case-by-case basis, with HCDD approval, if applicant provides documentation of hardship. Mortgage payment assistance outside of the official Program- affiliated construction phase may not exceed three (3) months under any circumstances.
- Homeowners who are receiving housing benefits (a Temporary Housing Unit, rental payments, or other assistance) through FEMA are not eligible for the Interim Mortgage Assistance Program.
- Homeowners may be eligible to receive up to 20 months of assistance to pay the mortgage on their Harvey damaged dwelling. The amount of assistance equals the lesser of their monthly mortgage or temporary rental housing payments, not to exceed Fair Market Rents (FMR) for the Houston-The Woodlands-Sugar Land HUD Metro area

Interim Mortgage Assistance (IMA) Maximum Assistance:

- Program mortgage assistance payments cannot exceed Fair Market Rents (FMR) for the Houston-The Woodlands-Sugar Land HUD Metro area. The 2018 FMRs are listed below for reference and are adjusted annually and published on HCDD’s Disaster Recovery website.
- Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) will only be considered for participation in the HOAP Reimbursement Option only.

Final FY 2018 FMRs By Unit Bedrooms				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$772	\$871	\$1,066	\$1,456	\$1,844

Meeting the Homeowner Assistance Program eligibility criteria does not guarantee assistance as allocated funding and program timelines are limited.

General HoAP Ineligible Activities:

- i. Forced mortgage payoffs
- ii. Incentive payments to households to move to disaster-impacted floodplains
- iii. Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance or housing incentives
- iv. Rehabilitation/reconstruction of a home where:
 1. The combined household income is greater than 120 percent AMI or the national median, AND

2. The property was located in a floodplain at the time of the disaster, AND
3. The property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance

Assistance for the repair, replacement, or restoration of a property to a person who has failed to meet Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a), which states that no federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for “repair, replacement, or restoration” for damage to any personal, residential, or commercial property if that person at any time has received federal flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable federal law on such property.

COMMUNITY ENGAGEMENT/AFFIRMATIVE MARKETING/ OUTREACH PLAN

The City of Houston has engaged in a robust community engagement strategy to inform Houstonians on the status of the local government’s efforts to secure funding for its long-term recovery from Hurricane Harvey. The City of Houston, through HCDD, is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts will include the development of an Affirmative Marketing & Outreach Plan based on U.S. Department of Housing and Urban Development (HUD) regulations to ensure that units financed through the Program are affirmatively marketed to the public at large. This plan will ensure that outreach and communication efforts reach eligible homeowners and renters from all racial, ethnic, national origin, religious, familial status, disabled, and gender groups. The Affirmative Marketing & Outreach Plan will give detailed information about how the City of Houston plans for effective outreach to all groups of homeowners, landlords, and renters mentioned above, as well as how the application and enrollment process for programs will be suitable for persons with limited English proficiency, persons with disabilities and those with special needs. For each program offered by the City of Houston, notification to these populations will include: information on vacant units available for sale and/or rent; information on how to apply for unit purchase, rehabilitation or rental; opportunities to buy and/or rent the unit of their choice, and opportunities to rehabilitate their primary residence to address storm-impact.

Particular emphasis will be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the storm. Outreach efforts will include door-to-door canvassing and special outreach efforts to hard-to-reach populations (e.g. seniors and persons with severe disabilities who either do not have information about the resources or are unable to independently apply for resources.)

In addition to marketing through widely available media outlets, efforts may be taken to affirmatively market the CDBG-DR Disaster Recovery Program as follows:

- Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.

- Include flyers in utility and tax bills advertising the City of Houston's Hurricane Harvey CDBG-DR funded recovery programs.
- Reach out to public or non-profit organizations and hold/attend community meetings.
- Other forms of outreach tailored to reaching the eligible population may be used, including door to door outreach if necessary particularly on the weekends.
- Measures will be taken by the City to make the CDBG-DR Disaster Recovery Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing American Sign Language (ASL) translation when requested, and providing special assistance for those who are hearing or visually impaired when requested.
- Applications and forms will be offered in English and other languages, including Spanish, French, Urdu, Chinese, and Vietnamese, prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 8.6), Limited English Proficiency (LEP) and other fair housing and civil rights requirements, such as the effective communication requirements under the Americans with Disabilities Act. Every effort will be made to assist such applicants in the application process.
- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.

The City of Houston is required to use the fair housing logo in Program advertising, post fair housing posters and related information, and, in general, inform the public of its rights under fair housing regulations law. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity. Evaluation will be an ongoing process.

HCDD has discretion in the modification and/or addition of requirements to the Affirmative Marketing & Outreach Plan.

NEEDS ASSESSMENT

The City of Houston completed its Local Housing Needs Assessment to identify the impact of Hurricane Harvey on the city's housing stock. Information has been gathered from a number of sources to document the impact of Hurricane Harvey including demographic profile of impacted households including low-and moderate households.

The impact on housing is based on an estimation of the extent and depth of flooding using a flood risk assessment methodology and an estimation of damage to all buildings in Houston using a damage assessment methodology. The two methodologies provide an assessment of the impact of Hurricane Harvey's rainfall on residential buildings. The models used in these methodologies provide information on the level of inundation in each structure and the associated damage in dollar amounts to the building structure and its contents.

The entire City of Houston is located in an area HUD identified as “most impacted and distressed” as it relates to the damage from Hurricane Harvey. The City of Houston’s Local Action Plan and Local Housing Needs Assessment are the basis for the development and prioritization of recovery activities in Houston using CDBG-DR funds. The City has consulted with affected residents and stakeholders, such as the Houston Housing Authority to assess needs. As additional data becomes available and as additional community and stakeholder engagements take place, the unmet needs and activities to address community needs through CDBG-DR funds may be updated.

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PROCUREMENT

Subrecipients, vendors, and contractors shall provide adequate documentation to show that selection processes were carried out in an open, fair, uniform, and thorough manner to ensure that federal (2 CFR 200.318–200.326), state, and City requirements were met.

Record retention records must include, but are not limited to, the following information:

- Rational for the method of procurement;
- Evaluation and selection criteria;
- Contractor selection or rejection; and
- The basis for the cost or price.

During the procurement process, subrecipients, vendors and contractors should clearly identify any items included in the bid/purchase that are not included in the CDBG-DR agreement with the City. Subrecipients, vendors, contractors and the City may utilize HUD's CDBG-DR and Procurement Guidance.

Subrecipients, vendors and contractors must procure goods and services using the federal procurement and contract requirements outlined in 2 CFR 200.318 – 200.326. These procurement requirements must be followed for reimbursement from grant allocations of CDBG-DR funds provided by HUD. Subrecipients, vendors and contractors and the City are also required to follow state and local procurement law and policies, as well as the additional requirements stated in 2 CFR Part 200.

Additionally, the City's Strategic Procurement Division may review draft solicitations or responses prior to award for compliance with applicable city, state and federal rules and regulations. Subrecipients and the City should clearly identify during the procurement process any items included in the bid/purchase that are not included in the CDBG-DR contract.

Regardless of the type of procurement used, subrecipients, vendors, contractors and the City must execute a contract to document the period of performance, the work to be completed, the agreed price, and contractor or provider's required compliance with all applicable federal, state, and local requirements that subrecipients and the City must follow. If there is a conflict between federal, state, and local laws and regulations regarding procurement, the more stringent law or regulation will apply. Additionally, subrecipients, vendors and contractors are required to achieve compliance with Section 3 (24 CFR Part 135). It is strongly suggested that HUD's best practices be utilized to help achieve compliance (HUD Model Section 3 Plan), including creating a Section 3 Plan. Subrecipients, vendors and contractors are also required to "take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible." (HUD CFR 200.321).

Furthermore, HUD and GLO require the City maintain a comprehensive public website that provides information for individuals and entities awaiting assistance for Harvey related damage, and the general public to see how all grant funds are used and managed/administered. To meet this requirement, the City and its subrecipients must make the following applicable items available to post on City's website: procurement policies and procedures; description of services or goods currently being procured by

subrecipients; subrecipient and state administrative contracts and a summary of all procured contracts (as defined in 2 CFR 200.22), including those procured by subrecipients, vendors, contractors, or the city (e.g., a summary list of procurements, the phase of the procurement, details of ongoing procurement processes, requirements for proposals, and any liquidation of damages associated with a contractor's failure or inability to implement the contract, etc.). Updated summaries must also be posted monthly on the website. HUD will post guidance related to this requirement on the HUD Exchange website (www.hudexchange.info).

FINANCIAL MANAGEMENT

The City of Houston, as a CDBG-DR recipient, is required to follow the financial administration requirements outlined in [24 CFR Part 85.20 \(Subpart C\)](#). These standards help ensure that the financial systems put in place by the City:

- i. Provide adequate, current, and complete disclosure of the financial results (regular financial reporting) of all financially assisted activities, in accordance with the financial reporting requirements of the grant.
- ii. Document that funds have been used only for authorized purposes. For CDBG-DR this includes not only eligible activities but that the funded projects meet a National Objective;
- iii. Maintain accounting records that show the sources and uses of funds, displaying funds authorized, obligated and unobligated balances, assets, liabilities, outlays or expenditures and income;
- iv. Establish effective internal controls over all cash, real and personal property, and other assets acquired with program funds;
- v. Track actual program cost against program budget in a manner that relates to program productivity and accomplishments;
- vi. Use Uniform Administrative Requirements outlined in [2 CFR 200](#) principles to determine whether program costs are reasonable, allowable, and can be allocated, either directly or indirectly;
- vii. Maintain source documentation for accounting records;
- viii. Implement procedures for cash management that permit the timely disbursement to applicants and subrecipients and complete and accurate monitoring and reporting; and
- ix. Comply with [2 CFR 200 Subpart F](#)

The roles and responsibilities described below are related to the financial management of the City of Houston's CDBG-DR allocation for Hurricane Harvey. These descriptions are not intended to be an exhaustive list of activities performed by each entity in relation to the CDBG-DR grant or in general.

The City of Houston

- I. Finance Department – The Strategic Procurement Division (SPD) is housed within the City of Houston's Finance Department and is responsible for procuring goods and services for CDBG-DR funded activities.

- II. The City Controller –The Office of the City Controller certifies the availability of funds prior to City Council approval of City commitments, processes and monitors disbursements, invests the City's funds, conducts internal audits of the City's departments and federal grant programs, operates and maintains its financial management system, conducts the sale of public improvement and revenue bonds and produces a comprehensive annual report of City finances - Comprehensive Annual Financial Report (CAFR). The Controller will be responsible for providing a variety of approvals for release of CDBG-DR funds as payment to contractors and beneficiaries.
- III. Housing and Community Development Department (HCDD) – HCDD is the grant manager for Houston's Hurricane Harvey CDBG-DR allocation and responsible for administering all programs outlined in the City's Local Action Plan.
 - a. Disaster Recovery and Public Services Division: This division is responsible for program development and oversight, as well as community outreach.
 - b. Finance Division: This division is responsible for processing CDBG-DR grant funding through the Systems Applications and Products (SAP), performing draws in HUD's Integrated Disbursement Information System (IDIS) and Disaster Recovery Grant Reporting (DRGR) System, and reconciling budgets and expenditures. This division is also responsible for processing payment requests in SAP and federal reimbursement requests to the GLO to be realized in the City's budget.
 - c. Planning and Grants Management Division: This division is responsible for the City's CDBG-DR Local Action Plan, Local Needs Assessment, program applications, other rated planning documents, substantial amendments, project/activity budget set-up and completion in IDIS and DRGR and related reporting to HUD and GLO.

Key Funding Objective

At least 70% of the City of Houston's CDBG-DR funds must be spent on LMI impacted residents and will require close monitoring of the eligibility and award calculation stages.

DUPLICATION OF BENEFITS

Many federal and state agencies are involved in responding to Presidentially declared major disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the "Stafford Act"). Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding or the Stafford Act may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all or a portion of the activity. Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as a matching requirement, share, or contribution for any other federal program.

Each application will be reviewed to determine if previous funding awarded to the applicant was appropriately used on the home and if any funds were received for the same purpose. The applicant must have an unmet need to move forward in the program. The City must determine the applicant's

unmet needs first and then calculate the applicant's Duplication of Benefits (DOB). Applicants must provide documentation of insurance, FEMA, SBA, and any other type of funding received. Additionally, the City will verify that the submitted documentation is accurate and current at the time of the award, to the extent possible (e.g., validate against FEMA data). The City will also determine if insurance was required under the terms of the applicant's mortgage, or required as a condition of prior federal assistance received, as part of the application review.

The applicant must repay any assistance later received for the same purpose as those awarded or provided for with CDBG-DR funds. The applicant is obligated to certify they understand this requirement as outlined in detail within the subrogation terms included in their Grant Agreement.

To comply with these requirements, the City of Houston will design Standard Operating Procedures to ensure that any funds determined to be a DOB are deducted from the final assistance award amount for each applicant across the eligible activities of all programs.

SURVEY AND APPLICATION PROCESS

Individuals seeking to participate in Harvey related CDBG-Disaster recovery programs administered through the City of Houston will be required to first complete a survey. The survey will be accessible through various means, including the HCDD-DR website, in-person or through an Intake Kiosk at area Housing Resource Centers (HRC's), community outreach events, as well as over the phone with direct assistance from an assigned Housing Advisor.

The HoAP survey serves a number of purposes. Initially, the data collected through the survey will help to better identify specific housing needs across the City of Houston's area population and highlight the alignment with the targeted household prioritizations as revealed through the Needs Assessment results. Additional purposes of the survey will include assessing the impacts of the Affirmative Marketing & Outreach Plan, and identifying actions for ongoing outreach efforts.

HCDD will develop a process to accept applications for funding to serve extremely low-, low-, and moderate-income households. Funding priorities will be developed in a manner that affirmatively furthers fair housing objectives.

Application Intake

The application packet will be available online and will include detailed instructions for completing the application, scoring and priority criteria (if applicable), policy overview and eligibility criteria, steps for appeals and/or program escalations, document checklists, environmental requirements, program contact information including location and hours of area Housing Resource Centers (HRC's), etc.

HCDD Intake Specialists will be responsible for receiving program specific applications and supplemental documentation during the intake process from the applicant until all required information is collected for HCDD to make an official eligibility determination. As applications are being accepted and reviewed

for determinations of eligibility to participate in the Program, each applicant will be assisted with documentation collection and made aware of their application status.

Applications and forms will be offered in English and other languages prevailing in the region, including Spanish, Chinese, Vietnamese, Urdu, and French, in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 8.6), Limited English Proficiency (LEP) and other fair housing and civil rights requirements, such as the effective communication requirements under the Americans with Disabilities Act. Every effort will be made to assist such applicants in the application process.

Intake Specialists or Language Specialists Assistants must be able to communicate with applicant in their primary language and assigned to the clients as appropriate. Additionally, they must ensure effective communications with persons with disabilities pursuant to 24 CFR 8.6 and other fair housing and civil rights requirements (such as the effective communication requirements under the Americans with Disabilities Act).

Power of Attorney & Communication Designee

For the Homeowner Assistance Program, an owner who occupied the property as a primary residence at the time of the storm must be the applicant. An individual with Power of Attorney (POA) or approved Communication Designee for the owner-occupant may assist with the completion of applicant's application. Only a properly executed POA allows another individual to sign on behalf of the applicant.

Applicant Contract Award Meeting (Forgivable Loan Closing)

The provision of assistance is contingent upon the availability of funding. When funding is limited or unavailable, the City may create a waiting list pending notification from the GLO and HUD of additional funding. Applicants seeking assistance may be placed on a waiting list after the survey and application phase if necessary.

Once a wait list is opened, if funding is available, applicants will be served based on the program priority groups and affiliated scoring tiers.

Applicants with the most points will be processed first when funding becomes available. If all or several applicants have an equal number of points, then applicants will be served and ranked based on the time of application (on a first come-first served basis). Completed applications of income-eligible households will be prioritized on a weekly basis. Qualified households who are not in one of the priority categories will have their application considered once priority applications have been considered, and contingent on available funding.

Applicant Voluntary Withdrawal

If an applicant chooses to voluntarily withdraw or is administratively withdrawn from the Program, the applicant is required to return ALL previously disbursed funds back to the Program. Applicants must clearly provide a written reason and notice of intent to voluntarily withdraw their application. HCDD will send the applicant a written notice of acknowledgement of his/her voluntary withdrawal.

Voluntary Withdrawal Reinstatement Requests

Applicants who have voluntarily withdrawn from the Harvey CDBG-DR programs may submit a written request for reinstatement based on extenuating circumstances. The request will be reviewed and approved by HCDD, on a case-by-case basis.

Administrative Withdrawals

Applicants may be administratively withdrawn for multiple reasons; the following are several example reasons:

- Any applications that are started but not completed and not submitted within sixty (60) days of the initial start of the application or by the end of the application period will be formally withdrawn.
- The program confirms that an application is a duplication of other valid applications or results in an overlap of other program funds.
- An applicant fails to provide required documentation or information after receiving a written request, or to communicate a reasonable timeframe for supplying said documentation;
- An applicant is aggressive and/or abusive to a HCDD employee or any other representative or affiliate of the Build it Forward Program.

CONSTRUCTION

Housing that is constructed or rehabilitated with CDBG-DR funds must meet all applicable local, codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG-DR funds are used for a rehabilitation development, the entire unit must be brought up to the applicable property standards and meet Housing Quality Standards. The City will conduct an initial damage assessment, progress as well as final inspections of the property. Any deficiencies identified in the final inspection must be corrected before final retainage is released.

The City of Houston, through its Standard Operating Procedures will outline detailed procedures for the performing, tools and interfaces associated with the construction management and oversight function.

SITE AND DEVELOPMENT RESTRICTIONS

Site and Development Restrictions

1. General Standards

All housing units participating in the Homeowner Assistance Program (HoAP) will be required to meet Housing Quality Standards detailed under 24 CFR 982.401 and Fair Housing Accessibility Standards. Housing activities must also meet all local building codes or standards that may apply. All single-family homes should also incorporate resiliency solutions which may include: elevating the first floor of the habitable area; windstorm protection, reinforced roofs; storm shutters; use

of ENERGY STAR appliances and fixtures; and mold and mildew resistant products. All new construction projects must also meet Green Building Standards.

2. Lead-Based Paint

All projects must comply with the lead-based paint requirements of 24 CFR Part 35, Subparts A, B, J, K, and R. See additional information regarding lead-based paint abatement in Sections 4.E.(1) and 4.H.(1)(f) of these guidelines.

3. Housing Quality Standards (HQS)

All CDBG-DR assisted rehabilitation projects must meet HQS (24 CFR 982.401) at completion, at a minimum, as well as all applicable local codes and ordinances.

4. Standards for:

a. Constructed or Substantial Improvements

City's currently adopted IRC or higher (IRC) (with windstorm provisions) and International Building Code (IBC) must be met where they apply. All rehabilitation, reconstruction, and new construction should be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Whenever feasible, HCDD will follow best practices, such as Professional Certifications and Standard Work Specifications provided in the U.S. Department of Energy's Guidelines for Home Energy Professionals.

b. Green Building Standards

New housing construction, reconstruction or substantially rehabilitated housing must comply with ONE of the following Green Standards:

- i. ENERGY STAR (Certified Homes);
- ii. EPA Indoor Air Plus (Energy Star a prerequisite);
- iii. LEED (New Construction, Homes, or Neighborhood Development); or
- iv. CC-700 National Green Building Standard.

c. Elevation

The City of Houston will apply the following elevation standards to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, as defined under 44 CFR 59.1, designed principally for residential use and located in the 500-year (or 0.2 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined under 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least 2 feet above the annual floodplain elevation or as modified by local code. Mixed-use structures with no dwelling units and no residents below the annual floodplain must be elevated or floodproofed in accordance with FEMA floodproofing standards under 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least 2 feet above the annual floodplain or as modified by local code.

Applicable state, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

5. Standards for Rehabilitation of non-substantial damaged residential
Contractors and the City must follow the HUD CPD Green Building Retrofit Checklist available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. Contractors and the City must apply these guidelines to the extent applicable to the rehabilitation work undertaken.
6. Accessibility
Single Family Housing Units must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the City's Visitability Standards. Covered multifamily dwellings, as defined at 24 CFR 100.201 as well as common use facilities in developments with covered dwellings, must meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619), the design and construction requirements of the Fair Housing Act Design Manual and the ADA 2010 requirements with the HUD exceptions (79 FR 29671, May 23, 2014).

INITIAL HOAP START UP

The initial HoAP start up team will include a small population of potential applicants to allow expedited development of the program operations system, test the current program design procedures and ensure all impacted residents receive maximum efficiency in customer service from start up to closeout. This approach results in earlier service to all program applicants by engaging early on select applicant sites that can be quickly qualified and executed during the startup phase. The startup pool will include households that have already inquired and/or applied to area nonprofits and HCDD programs. The initial subset will help to expedite the implementation phase by identifying and resolving potential bottleneck areas in advance of the full program rollout.

ENVIRONMENTAL

In accordance with the US Department of Housing and Urban Development's (HUD) regulations for implementing the National Environmental Policy Act at 24 CFR Part 58, the City of Houston's Housing and Community Development Department (HCDD) must perform and complete Environmental Reviews of proposed programs, projects, and activities that will utilize Hurricane Harvey CDBG-DR funds. These funds will be administered by the Texas General Land Office (GLO), which will review all levels of Environmental Review documentation submitted before issuing environmental clearance for each proposed action to utilize funds. GLO will maintain an Environmental Review Record (ERR) of approved documentation as a compilation of each level of environmental review performed under the City's CDBG-DR funded programs. HCDD maintains an ERR of all submitted and GLO-approved compliance documentation. HCDD also maintains a record of site-specific documentation that demonstrates environmental compliance of GLO-approved construction activities.

HCDD's ERR will compile all levels of environmental review documentation required under 24 CFR Part 58. This includes HUD required forms and checklists submitted and approved by GLO for activities determined exempt according to 24 CFR 58.34 or those that are Categorically Excluded Activities Not Subject to the Section 58.5 Statutes (24 CFR 58.35(b)). These contain documentation of compliance with the statutes and regulations listed at 24 CFR 58.6 (Floodplain Disaster Protection Act, Coastal Barriers Resources Act, Airport Runway Clear Zone or Runway Protection Zone, and Clear Zone Disclosures). The ERR will also contain GLO-approved site-specific environmental assessments of proposed actions per 24 CFR Part 58.40.

Where considered appropriate, one or more of the City's CDBG-DR funded programs will be subject to a tiered environmental review process in accordance with 24 CFR Part 58.15. The tiered approach allows for a Tier I level broad environmental analysis of proposed policy and action(s) in the early stage of strategic development when site-specific analysis is not yet feasible, yet those actions are known to be geographically and/or functionally aggregated. The Tier I Broad Environmental Review thus identifies environmental compliance factors that can be analyzed and resolved with policies and decisions at this stage, to streamline or narrow the focus of the Tier II site-specific environmental assessment of potential environmental impacts once construction sites are known and appropriate mitigation measures can be specified. Therefore, HCDD's ERR will also maintain the GLO-approved versions of all Tier I and Tier II level environmental reviews performed.

While not currently anticipated, certain proposed actions undertaken by the City with CDBG-DR funds may be determined to have a potentially significant impact on the human environment and therefore require an Environmental Impact Statement in accordance with 24 CFR part 58.37. In the event such an effort become necessary, all required documentation developed during the process would also become part of HCDD's ERR.

APPEALS

Applicants have a right to appeal an eligibility determination, grant calculation or final scope of work via the formal appeals process that will be prescribed in detail on program determination letters/notifications. The City's appeal process will be provided in writing. Appeals steps will also be clearly posted on the City's Harvey Disaster Recovery website. Both applicants and HCDD representatives are responsible for submitting and responding to appeals in a timely and professional manner. HCDD will keep a record of each appeal that it receives to include all communications and their outcomes.

Since program staff are most often the first line of communication for program beneficiaries, HCDD will implement an internal procedure for handling incoming issues or concerns, including a formal escalation process to ensure concerns are handled at the earliest stage in the process. A designated Escalations and Constituent Services Representative will track issues and resolutions. Documentation for each formal appeal must be maintained. Each file must include the following:

- Contact information for the complainant/appellant;

- Initial reason for appeal/concern;
- Address and assigned project number (if applicable);
- Any communications to and from complainant or appellant;
- Results of the investigation, together with any notes, letters, or other investigative documentation;
- The date the complaint or appeal was closed; and
- Any other action taken.

CROSS CUTTING FEDERAL REGULATIONS

The HoAP will be designed and implemented in compliance with cross-cutting federal regulations when applicable, including:

- Americans with Disabilities Act (ADA)
- Davis-Bacon Labor Standards
- Equal Employment Opportunity
- Fair Housing
- Fair Labor Standards Act of 1938, as Amended
- Limited English Proficiency
- Minority- and/or Woman-Owned Business Enterprises
- Section 3
- Residential Anti-Displacement
- Uniform Relocation Act and Real Property Acquisition
- Real Property
- Acquisition of Real Property
- Insurance and Property Management
- Record Keeping, Retention and File Management
- Reporting
- Record Retention
- Access to Records (State – City)
- Audit Requirements
- Fraud, Waste and Abuse
- Conflict of Interest and Confidentiality

MONITORING

HCDD's Compliance and Monitoring Plan (Plan) will outline principals of governance, standards and management, supporting the City of Houston's (City) HoAP Program. The Plan is mandated to establish a coherent governance structure, management standards and content requirements for policies and processes to manage compliance risk factors of the Program.

The Plan will outline the activities required by the City and expected from applicants, contractors, subcontractors, subrecipients and vendors, and the records required to document these activities. In addition to monitoring, this includes activities required to correct any issues raised as part of the monitoring process and documentation of activities required to remedy these issues. The Plan will also aim to do so in a way that balances HCDD's need to examine a sufficient sample of all Program applications processed by contractors against the constraint of limited resources within the City for this purpose.

Compliance monitoring is necessary to validate the key assumptions, data sources and procedures used in measuring and monitoring compliance risks and to confirm controls are working as intended.

HCDD will formulate its own monitoring plan, which will encompass all compliance-related issues that are specified in the Guidelines and Standard Operating Procedures (SOP); and HCDD will establish detailed tools and checklists to fulfill the Program requirements regarding:

1. Case Management
2. Planning
3. Pre-Construction
4. Construction
5. Close-out

PROGRAM CLOSEOUT

HCDD assigned program staff will coordinate all required file documentation with homeowners and contractors necessary for verification of completion of construction to program requirements and submit for approval of completion and closeout and proper record keeping. In accordance with HCDD approved Standard Operating Procedures, the HCDD assigned project staff will ensure compliance with program construction requirements.

DEFINITIONS

Acquisition: Acquisition of Real Property at 100 percent post-disaster fair market value (FMV) of the land and structures that allows City to acquire real property for any public purpose, as set forth in 24 CFR 570.201(a). Acquisition-only is typically not considered a complete activity in the Program and may be combined with another eligible activity (i.e., relocation assistance and new construction of housing). Methods of acquisition include purchase, long-term lease (15+ years), donation or otherwise (CPD-17-09). The City has the flexibility to hold any property purchased through acquisition as undeveloped green space in perpetuity or to redevelop it in a resilient manner.

Adjusted Gross Income (AGI): AGI is an individual's total gross income minus specific deductions as shown on the federal tax return.

Affirmatively Furthering Fair Housing (AFFH): AFFH is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. HUD's AFFH rule provides an effective planning approach to aid program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. The HUD AFFH assessment tool and final rule can be found here: https://www.huduser.gov/portal/affht_pt.html.

Applicant/Homeowner/Survivor: (Used interchangeably) Individuals whose homes or housing units were destroyed, made uninhabitable, needed repairs, or who suffered disaster-related displacement from their primary residences and/or loss of property.

Area Median Income (AMI): Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the programs. May also be referred to Area Median Income (AMI) in other program documents.

Beneficiary: The recipient deriving advantage from CDBG-DR funding.
Builder/Contractor: (Used interchangeably) A person who contracts to construct or repair houses or buildings and/or supervises building operations.

Builder Assignments: A qualified pool of builders developed by contractors or the City. They must also meet state, city and federal procurement requirements and possess controls that will ensure quality construction that meets the standards of the CDBG-DR Housing Program.

Case Management: Working with individual survivors and their families to understand the Program's housing options, resulting in clear and transparent determination of eligibility. Case managers must consider all special circumstances of the survivor's needs to decrease their barriers to participate in the program where possible. Staff should meet at designated locations and supply information in a standard format.

Compliance Period: The time period during which a property must comply with CDBG-DR program rules and regulations, including primary residency, income, and rent restrictions as applicable.

Damage Assessment: An inspection of the housing unit to document damage from the event. The assessment by a certified or licensed inspector (HQS, TREC, or similar license) is required to specifically and clearly document storm-related property damage via photographic evidence and detailed narratives. Damage assessments must include final cost of repair estimates according to local code, an assessment of the cost-effectiveness of each recommended activity (rehabilitation, reconstruction, or new construction), mold remediation, and assistance needed to bring the home up to code at completion.

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts (DBRA): All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property only if such property contains not less than 8 units.

Demolition: The clearance and proper disposal of dilapidated buildings and improvements.

Duplication of Benefits: The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source.

Elevation Standards: Standards that apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1).

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Event: The Presidentially declared Hurricane Harvey, and subsequent flooding, disaster event.

Family: The term "family" means all persons living together in the same housing unit, as further defined under 24 CFR 570.3.

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994: Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

Flood Hazard Area: Areas designated by FEMA as having risk of flooding.

Flood Insurance: The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain: FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- “100-year floodplain” — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- “500-year floodplain” — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Floodway: FEMA designated channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

General Land Office (GLO): The Texas General Land Office is the lead agency for managing the State’s Community Development Block Grant – Disaster Recovery grants.

Grant Agreement: A funding agreement detailing eligible program costs and project-specific award agreements between HUD and the GLO, including regulatory provisions, certifications, and requirements.

Green Building Standards: All rehabilitation (meets the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes or Multifamily High-Rise), (2) EPA Indoor Air Plus (Energy Star a prerequisite), (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC–700 National Green Building Standard.

Home/Housing Unit: (used interchangeably) a house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the household.

Housing and Community Development Act of 1974, as amended by the Supplemental Appropriations Act of 1984: Established the program of Community Development Block Grants to finance the acquisition and rehabilitation of real property and which defined the recipients and uses of such grants, with the primary goal of benefitting LMI persons.

Housing and Urban Development Act of 1968, Section 3: Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32.

Housing Quality Standards (HQS): The HQS establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes and multifamily housing as outlined in 24 CFR 982.401.

Low/Mod Housing (LMH) : Any activity that involves the buyout, acquisition, or rehabilitation of property to provide housing or improve permanent residential structures will upon completion benefit and must be occupied by low- and moderate-income households (42 U.S.C. 5305(c)(3)). Income eligibility will be determined using Area Median Income (AMI), adjusted for family size and verified in accordance with City's Adjusted Gross Income Methodology. The most current income limits, published annually by HUD, shall be used by the City to verify the income eligibility of each household applying for assistance at the time assistance is provided.

Low/Mod Income (LMI): Activities which benefit persons of income that does not exceed 80 percent of the area median income:

- Extremely low: Household's annual income is up to 30 percent of AMI, as determined by HUD, adjusted for family size;
- Low: Household's annual income is between 31 percent and 50 percent of AMI, as determined by HUD, adjusted for family size; and
- Moderate: Household's annual income is between 51 percent and 80 percent of AMI, as determined by HUD, adjusted for family size.

Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Mitigation: Improvements made to reduce the possibility of property damage, personal and commercial hardship, as well as long lasting monetary burdens. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of

housing in high-risk floodplains are two visible and effective mitigation projects that can be taken to make residents and communities safer in the face of natural disasters.

Modular Housing: A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

Multifamily Rental: Eight or more rental units in the property.

Needs Assessment: A needs assessment is a critical component in the allocation of funding across and within National Objectives for CDBG-DR funds. A given needs assessment will recommend the proportions of funding that should be set aside to benefit each LMI and non-LMI economic group. The needs assessment will determine the activities to be offered, the demographics to receive concentrated attention, the disabled, "special needs," vulnerable populations, and target areas to be served. The needs assessment will also include an assessment of the types of public services activities that may be needed to complement the program. The needs assessment should set goals within the income brackets similar to the housing damage sustained within the impacted areas. Deviations from goals must be approved by the City before the Program may move forward. Each needs assessment will be posted for a 30-day public comment period and approved by the GLO before implementation.

New Construction: A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

One for One Replacement: Subpart B Requirements Under Section 104(d) of the Housing and Community Development Act of 1974, 24 CFR 42.375 provides for public and/or assisted lower-income dwelling units to be demolished or converted to a use be replaced with comparable lower-income dwelling units.

Overall Benefit: The City must certify that, in the aggregate, not less than 70 percent of the CDBG-DR funds received by the City will be used for activities that benefit LMI households.

Reconstruction: Demolition and rebuilding of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. This activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new or standard MHU or stick-built/modular housing unit. The number of units on the lot may not increase, and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased based on the applicant's current household size.

Rehabilitation: Repair or restoration of storm-damaged housing units to applicable construction codes and standards.

Reimbursement Program: Program designed for eligible applicants who have used non-disaster relief funds for completed reconstruction, rehabilitation, elevation, and/or mitigation on single family homes

prior to the date of application to a disaster relief program. Reimbursement for costs after application are ineligible.

Single Family Home: A single-unit family residence detached or attached to other housing structures.

Slum and Blight National Objective: Activities which help to eliminate slum and blighted conditions. (Use of this National Objective is limited due to its inability to contribute towards the overall requirement for 70 percent LMI to benefit low- to moderate-income beneficiaries.) See 24 CFR 570.208(b).

Slum and Blight activities must meet the criteria of one of the three following categories:

- Prevent or eliminate slum and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

Subrecipient: Cities, counties, Indian tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured vendors, private grant administrators, or contractors providing supplies, equipment, construction, or services and may be further restricted by Program rules or other guidance including applications. See vendor definition for further clarification.

Subrogation Agreement: An agreement executed by the beneficiary agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

Substantial Damage: Damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR 59.1).

Substantial Improvement: Any reconstruction, rehabilitation, addition, or other improvement of a structure which the cost equals or exceeds 50 percent of the fair market value of the structure before the “start of construction” of the improvement. This term includes structures which have incurred “substantial damage,” regardless of the actual repair work performed. The term does not, however, include either: (1) any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions, or (2) any alteration of a “historic structure,” provided that the alteration will not preclude the structure’s continued designation as a “historic structure”(44 CFR 59.1).

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA’s objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily

damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months, as waived by the FR.

Urgent Need National Objective: An urgent need that exists because conditions pose serious and immediate threat to the health or welfare of the community; the existing conditions are recent or recently became urgent; and the applicant cannot finance the activities on its own because other funding sources are not available. The city must document how each program and/or activity funded under this category responds to a disaster-related impact. See 24 CFR 570.208(c).

Vendor: Vendors and private grant administrators procured by the city or contractors to provide supplies, equipment, or services necessary to implement the Program and to serve homeowner assistance needs. Upon approval, the vendor may implement the Program or act on behalf of the City.

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