



HOME REPAIR PROGRAM GUIDELINES



- I. INTRODUCTION 2
- II. DEFINITIONS..... 2
- III. OUTREACH 3
- IV. APPLICATION PROCESS 4
- V. ELIGIBILITY REQUIREMENTS 4
- VI. INELIGIBILITY 4
- VII. ENVIRONMENTAL REVIEW..... 5
- VIII. PROPERTIES IN THE FLOODPLAIN 5
- IX. LEVELS OF ASSISTANCE 5
 - a. Minor Rehabilitation-Tier I..... 5
 - b. Moderate/Substantial Rehabilitation-Tier II..... 5
 - i. Moderate Rehabilitation..... 5
 - ii. Substantial Rehabilitation..... 6
 - c. Reconstruction/Replacement Housing-Tier III..... 6
- X. CONSTRUCTION/RECONSTRUCTION..... 6
 - a. Homeowner Responsibilities 7
 - b. HCDD Responsibilities 7
 - c. Property Insurance..... 7
 - d. Preconstruction Conference 7
 - e. Construction Management..... 7
- XI. DEATH OF THE HOMEOWNER 8
 - a. Loan Payoff 8
 - b. Modification of the Loan 8
- XII. CLOSE-OUT..... 8
- XIII. DUPLICATION OF ASSISTANCE..... 8
- XIV. MONITORING THROUGHOUT LIEN PERIOD 9
 - a. Monitoring 9
 - b. Sell or Transfer of Property..... 9
 - c. Releases of Liens 9
 - d. Verification of Insurance..... 9
- XV. COMPLAINTS AND APPEALS..... 9
- XVI. SECTION 3 10
- XVII. CONFLICT OF INTEREST 10

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CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
HOME REPAIR PROGRAM GUIDELINES

I. INTRODUCTION

The City of Houston's (City) goal in the Home Repair Program (HRP) is to ease life, health, and/or safety hazards resulting from substandard conditions in a home owned and occupied by low and moderate-income homeowners.

The City will use Community Development Block Grant (CDBG), and Tax Increment Reinvestment Zone (TIRZ) funding to provide HRP assistance to qualified homeowners. The Housing and Community Development Department (HCDD) will carry out the requirements of the HRP on behalf of the City and in accordance with the United States Department of Housing and Urban Development (HUD) regulations as outlined in 24 CFR Part 570 and Chapter 311 Tax Increment Financing Act of the Texas Tax Code, the Fair Housing Act, 42 U.S.C. 3601 et seq., and City's Housing Bond Funds.

These HRP Guidelines govern current allocations, and any future allocation of federal and local funds for housing Rehabilitation and Reconstruction activities to be performed under the HRP. The Director of the Housing and Community Development Department is authorized, at his/her discretion, to amend the Guidelines to comply with HUD and other regulatory requirements or to ensure the efficient and proper administration of the HRP without further Council approval.

II. DEFINITIONS

Affordability Period - the period during which a homeowner must comply with the terms of the HRP. The period begins upon the date of the issuance of the Homeowner's Acceptance Form and ends on the Maturity Date.

AMFI – Area Median Family Income, as annually determined by HUD.

Applicant - the person requesting assistance through the HRP.

Community Development Block Grant (CDBG) – a federal program administered by HUD under Title I of the Housing and Community Development Act of 1974, as amended.

City- City of Houston

Co-Applicant - an additional person seeking to obtain assistance along with a primary applicant.

Communication Designee – is a third party authorized by the Applicant to obtain, release, and provide information to the HCDD on their behalf.

Contractor - the person or entity selected to perform the Work on the residential structure under the HRP.

Deed of Trust - shall mean the deed between Homeowner and City of Houston wherein the legal title to the Property is transferred to a trustee, identified as the Director of HCDD.

Director - the Director of HCDD or any other person(s) that may be designated to perform the various functions assigned to the Director.

Forgivable Loan - a form of a loan that is deferred over a period and then forgiven at the end of the Affordability Period if all terms and conditions of the HRP have been met.

HCDD - City of Houston's Housing and Community Development Department.

Home Repair Program (HRP) – the City's Home Repair Program to be implemented based on these Guidelines.

Homeowner – the owner/occupant of a single-family structure who qualifies for the HRP.

Homeowners Acceptance Form – shall mean a written statement issued by the HCDD and signed by the HCDD’s inspector and the Contractor, to be delivered to Homeowner for execution, stating that all Work has been satisfactorily completed.

HUD - United States Department of Housing and Urban Development.

Household Member- the occupant of the home listed in application documents that is not the applicant nor co-applicant.

Low Income – a person/household whose annual income does not exceed eighty (80%) percent of the AMFI established by HUD for the City of Houston in effect at the time of the application.

Maturity Date – shall mean five years (Moderate Rehabilitation), ten years (Substantial Rehabilitation) and twenty years (Reconstruction) from the date of the Homeowners Acceptance Form.

Minimum Property Standards – shall mean standards adopted by HCDD to provide the HRP with a clear understanding of what procedures, workmanship, and material standards are required for the Rehabilitation and Reconstruction of single-family residences.

Minor Rehabilitation – also referred to as the Tier I component, these repairs are made to remove life, health, or safety hazards to a Property, the cost of which must not exceed \$9,999.

Moderate Rehabilitation - also referred to as the Tier II component, these repairs are made to remove life, health, or safety hazards to a Property, the cost of which must be between \$10,000 and \$29,999.

Non-Resident Homeowner – An individual with an ownership interest in the Property that does not occupy the dwelling as their primary residence.

Notice to Proceed - the written authorization issued by HCDD for the Contractor to proceed with Work set forth in the applicable HRP documents and agreements.

Power of Attorney – provides the authority to act for another person in health, legal, and/or financial matters.

Promissory Note – shall mean the Promissory Note in the amount of the Grant executed by Homeowner and payable to the City of Houston.

Property – traditional stick built, detached, single-family dwelling unit located within the incorporated areas of the City, to be rehabilitated or reconstructed, as described in the HRP documents related to the Property.

Reconstruction – demolition and re-building of a Property.

Rehabilitation – restore to a habitable condition by removing life, health, or safety hazards.

Substantial Rehabilitation – shall mean repairs to remove life, health, or safety hazards to an existing home with a cost between \$30,000 and \$65,000.

TIRZ Funds - Tax Increment Reinvestment Zone Funds authorized under Chapter 311 of the Texas Tax Code.

Work – the labor necessary to complete the construction or rehabilitation of the home under the terms of the applicable HRP documents and agreements.

III. **OUTREACH**

HCDD will perform outreach activities in targeted areas to advertise the program and encourage potential applicants to apply for assistance. Methods of outreach may include (but are not limited to) newsletters, brochures, and featuring the HRP application on the HCDD website, social media platforms, and at public meetings, hearings, and other department events. Program information will be published in languages commonly used in the Houston area.

When all available funding has been committed to eligible households, the remaining list of unserved interested homeowners will not be retained.

IV. APPLICATION PROCESS

Interested homeowners should contact the HCDD Call Center (at 832.394.6200) and request an application. Applications may also be obtained online at: http://www.houstontx.gov/housing/home_repair_programs.html.

Upon receipt and subject to the availability of funds, applications will generally be processed on a first-come first served-basis, with consideration given to HCDD priorities.

Applicants may designate a representative to confer with HCDD staff on their behalf by submitting a Communication Designee form or Power of Attorney.

When all funding has been exhausted, unserved applicants will be notified that the HRP is closed. No preference will be given to previously submitted applications in future programs. Unserved applicants can reapply to the HRP when additional funding becomes available.

Applicants can voluntarily withdraw from the HRP at any time. Applicant(s) who voluntarily withdraw from the HRP will not be allowed to re-activate their application.

V. ELIGIBILITY REQUIREMENTS

Applicants may be considered eligible if they meet certain eligibility requirements. HCDD will verify the following:

1. Ownership of the Property
2. Property taxes are current, deferred, or on an approved payment plan in good standing
3. Property type and location
4. Household income
5. Principal residency
6. previous assistance received

Applicants must be responsive in providing required documents supporting their eligibility. Failure to disclose accurate and complete information may render the applicant ineligible for assistance. Applicants deemed eligible will receive written notification and will be contacted by HCDD staff to schedule a meeting to discuss next steps.

Meeting the eligibility requirements does not guarantee assistance.

VI. INELIGIBILITY

Applicant(s) may be deemed ineligible for any of the following reasons:

1. Applicant not recorded owner of Property
2. Title issues
3. Senior lienholder refuses to sign subordination agreement
4. Reverse mortgage exists
5. Failure to complete Non-Resident Homeowner Consent and Acknowledgement Affidavit, if applicable
6. Pending Bankruptcy
7. Pending Foreclosure
8. Property taxes under suit

9. Properties in floodplain [See Section VIII]

VII. ENVIRONMENTAL REVIEW

In accordance with 24 CFR Parts 50, 58, 92, 570, 574, 578, 576, and 970, homes of Applicants applying for assistance under the HRP are subject to a review to evaluate impacts to the environment. The Property must pass an environmental review before being deemed eligible for HRP assistance.

VIII. PROPERTIES IN THE FLOODPLAIN

Substantial improvement and substantial damage provisions of Chapter 19 of the City Code of Ordinances apply to 100-year floodplain and floodway. This may make some floodplain properties ineligible for a floodplain development permit to complete the proposed Work. HCDD will request that the Flood Management Office make a substantial damage determination for any potential floodplain project as part of confirmation of eligibility for the HRP.

IX. LEVELS OF ASSISTANCE

An HRP Inspector will perform an initial inspection to determine the level of assistance needed to remedy conditions that present threats to the life, health, and safety of the household.

a. Minor Rehabilitation-Tier I

The cost of repairs cannot exceed \$9,999, unless the Director has authorized an eligible residence cost waiver. Repairs may include but are not limited to: roof repairs/replacement, plumbing (domestic water lines and sanitary waste lines), HVAC repairs/replacement, electrical (Panel Box and Ground Fault Circuit Interrupter), siding/trim, windows, and doors to alleviate life, health, or safety hazards.

b. Moderate/Substantial Rehabilitation-Tier II

Moderate and Substantial Rehabilitation repairs include renovations to a limited and specific area or portion of the housing structure. It is not the intent of this assistance to remodel homes, but to conserve and preserve the existing home. The maximum cost of repairs in the Tier II category cannot exceed \$65,000 per house, including approved change orders and any other applicable costs. HCDD anticipates funding moderate and substantial rehab projects with CDBG and TIRZ Funds. These repairs include but are not limited to: structural, siding/trim, windows, doors, roof repairs/replacement, substantial systems such as HVAC, water, and wastewater. Homes built prior to 1978 will be assessed for lead based paint and if present, this hazard will be removed in accordance with the Resident Lead-Based Paint Hazard Reduction Act of 1992 under Title X of the Housing and Community Development Act and the HUD Lead Safe Housing Rule under 24 CFR Part 35.

i. Moderate Rehabilitation

Homes that qualify to receive Moderate Rehabilitation repairs between \$10,000 and \$29,999 will be offered this assistance in the form of a five (5) year, zero percent interest, deferred, forgivable loan that is secured by a lien on the Property. During this five (5) year period, also referred to as the Affordability Period, the amount of assistance will be forgiven/reduced on an annual pro-rated basis for each year the Homeowner continues to occupy the home as their primary Residence.

Should the Homeowner sell or otherwise convey their ownership interest in the Property during the Affordability Period, without the City's written permission, the remaining prorated amount of assistance will become immediately due and payable.

ii. Substantial Rehabilitation

Homes receiving Substantial Rehabilitation repairs will be offered this assistance in the form of a ten (10) year, zero percent interest, deferred forgivable loan that is secured by a lien on the Property. During this ten (10) year Affordability Period, the amount of assistance will be forgiven/reduced on an annual pro-rata basis for each year that the Homeowner continues to occupy the home as their primary Residence. The lien on the Property will be removed upon compliance with the terms and conditions of all documents related to the HRP and completion of the Affordability Period.

Should the Homeowner sell or otherwise convey their ownership interest in the Property during the Affordability Period the unforgiven amount of assistance under the loan will become immediately due and payable.

c. Reconstruction/Replacement Housing-Tier III

Homes requiring repairs that exceed fifty percent (50%) of its value or repairs needed to rehabilitate the Property that will exceed \$65,000 qualify for Tier III Reconstruction assistance. HCDD anticipates using CDBG, and/or TIRZ Funds to assist homeowners with Reconstruction. Home values are determined by the appropriate County Appraisal District information, a brokers' opinion of value, or a private appraisal. The Property will be demolished and reconstructed on the same site. The replacement home will be constructed according to the market rates for new construction in the Houston area.

Homes requiring Reconstruction will be offered this assistance in the form of a twenty (20) year, zero percent interest, deferred forgivable loan that is secured by a lien on the Property. During this twenty (20) year Affordability Period, the amount of assistance will be forgiven/reduced on an annual pro-rata basis for each year the Homeowner continues to occupy the home as their primary residence. The lien on the Property will be removed upon completion with the terms and conditions of all documents related to the HRP and completion of the Affordability Period.

Should the Homeowner sell or otherwise convey their ownership interest in the Property during the Affordability Period the remaining prorated amount of assistance will become immediately due and payable.

X. CONSTRUCTION/RECONSTRUCTION

In accordance with Housing Quality Standards (HQS) and HCDDs' Minimum Property Standards for New Construction, Reconstruction, or Rehabilitation for Single-Family Housing, the HRP will address immediate threat(s) to the life, health, and/or safety hazards of household members by meeting these standards in addition to the most recent local, county or state building codes.

The General Contractors for the HRP will be procured through the City's Procurement Division.

General Contractors will be selected and assigned additional work based upon their financial capacity, ability to complete Work within scheduled timeframes, and ability to construct with minimal corrections.

a. Homeowner Responsibilities

Homeowners are solely responsible for:

1. Preparing their Property for demolition as provided by the assigned HCDD Inspectors.
2. Notifying the assigned HCD Inspectors when they have vacated the Property and removed all personal belongings, debris, inoperable vehicles, and any other material that may impede construction or poses a safety and/or health threat to construction workers.
3. Disconnection and reconnection of utilities upon HCDD request.
4. Relocation of themselves and all household belongings.

Failure on the part of the Applicant to prepare the Property for demolition and/or manage the utilities may jeopardize their ability to participate in the HRP.

b. HCDD Responsibilities

HCDD may on a case-by-case basis provide limited packing and storage assistance for homeowners with an “extreme hardship” as determined by HRP staff and approved by the Director.

Note: Neither the City, HCDD, nor the Contractor shall be held liable for theft or any damage to any personal belongings.

c. Property Insurance

Homeowner shall maintain property insurance, and, if applicable, flood insurance in accordance with applicable City, state and federal laws and regulations, and as may be required in these Guidelines or any related document. If the Homeowner fails to maintain the property insurance required by this paragraph, or fails to notify any transferee of the Property of such insurance requirements, and the Property is damaged by a future disaster, then Homeowner **may not** be eligible for future assistance. In addition, if the Homeowner resides in the 100-year floodplain and fails to maintain flood insurance, then the Homeowner **will not** be eligible for any further assistance.

If an insurance check is received for damages to an HRP Property in the amount of \$10,000 or more, the progress of repairs to the Property will be monitored by the City.

d. Preconstruction Conference

HCDD will coordinate preconstruction conferences with the applicants that qualify to receive Tier I-Minor Rehabilitation, Tier II-Moderate/Substantial Rehabilitation, or Tier III-Reconstruction, HCDD Inspectors will coordinate a preconstruction conference with the Homeowner and the assigned contractor.

e. Construction Management

HCDD inspectors will perform field/progress inspections to ensure contract requirements have been satisfactorily fulfilled.

XI. DEATH OF THE HOMEOWNER

If the Homeowner receiving any Tier of assistance dies before the Work begins, the co-applicant or other adult household member(s) must be deemed eligible to participate in the HRP to become the new Applicant of the household. If no co-applicant and/or adult household member is listed on the HRP application, HCDD will be unable to proceed with the rehabilitation or construction.

If the Homeowner receiving Moderate/Substantial Rehabilitation-Tier II repairs dies after the construction process has begun or during the Affordability Period. The surviving heirs (other than co-applicant) will not be responsible for meeting the terms of the contract signed by the deceased Applicant-Homeowner and the remaining amount of the loan is forgiven and a Release of Lien will be processed.

If the Homeowner receiving Reconstruction-Tier III assistance dies after the demolition/construction process has begun or during the Affordability Period, the remaining prorated amount of assistance will become immediately due and payable. HCDD may foreclose its lien against the Property to recapture the remaining amount of assistance.

In the event of the sale or early loan payoff of the deceased Homeowners' Property, the City is not obligated to render any additional assistance associated with repairs or maintenance. The successor of the Property will be responsible for all maintenance on the Property at their expense.

In the event of the death of a Homeowner, the surviving heir(s) can request one of the following options:

a. Loan Payoff

Through the sale of the home, HCDD will recapture its investment in the Property according to the terms established in the Deed of Trust and Promissory Note.

b. Modification of the Loan

A modification request can be submitted to HCDD that will allow surviving heirs to assume the original terms of the loan and reside in the home as their principal residence for the remainder of the Affordability Period. The proposed modification, subject to the approval of the HCDD Director, will require the requestor to be deemed eligible to participate in the HRP. If the requestor is not deemed eligible for assistance, HCDD will require payment of the remaining amount of the prorated loan, which can be paid in monthly installments until the loan is paid in full, or in a lump sum through the loan payoff or sale of the Property.

XII. CLOSE-OUT

Upon completion of an HRP activity and closure of a project under the HRP, a close-out audit will commence.

XIII. DUPLICATION OF ASSISTANCE

Any Homeowner that has previously received home repair or replacement assistance from the Housing and Community Development Department on behalf of the City of Houston in an amount under \$50,000 may be considered for additional assistance.

If the Homeowner qualifies under a new program's requirements, their existing Affordability Period will be not change and continue to be subject to the agreed upon terms outlined in the Note, Deed of Trust and/or other closing documents with the City. The new Affordability Period will run concurrent

with the existing Affordability Period and mature as indicated on the Note, Deed of Trust and/or closing documents with the City of Houston. The only deviation from the original terms and conditions will be allowed for the occupancy required, if the new program requires temporary vacancy of the Property to complete repairs or replacement of the dwelling.

XIV. MONITORING THROUGHOUT LIEN PERIOD

a. Monitoring

HCDD reserves the right to periodically monitor properties to determine if it was transferred or sold during the time the lien is active. The following sources of verification may be used:

- Title report search
- Lien and ownership search in the applicable County Clerk's Office online records
- Ownership verification in applicable tax office appraisal records

b. Sell or Transfer of Property

If a Property is sold or transferred before the lien matures, the remaining principal balance of the HRP assistance must be paid to the City.

c. Releases of Liens

Releases of liens will be issued once a Homeowner has successfully complied with all the terms and conditions of the HRP documents.

d. Verification of Insurance

If required, property insurance and/or flood insurance must be maintained throughout the Affordability Period, and must be furnished upon request. See Section X(c) for additional details.

XV. COMPLAINTS AND APPEALS

HCDD has developed a complaint and appeals process, which can be provided to an Applicant upon request.

Fair Housing Act

The federal Fair Housing Act prohibits the discrimination in all housing transactions based on race, color, national origin, sex, religion, handicap, or familial status (having children under the age of 18). Homeowners that feel they have been discriminated against can contact:

U.S. Department of Housing & Urban Development – Fair Housing & Equal Opportunity

Discrimination inquiries and/or complaints

800-669-9777 (Voice)

1-800-927-9275 (TTY)

HUD Local 713-718-3199 (Ask for a FHEO)

www.hud.gov/offices/fheo

OR

Texas Workforce Commission

Civil Rights Division

1-888-452-4778 (Voice)

1-800-735-2989 (TTY)

XVI. SECTION 3

The City comply with Section 3 requirements to ensure employment and other economic opportunities generated by certain HUD financial assistance shall, to the “greatest extent feasible,” and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons.

XVII. CONFLICT OF INTEREST

In accordance with the CDBG regulations at 24 CFR §570.611, Conflict of Interest, no person who is an employee, agent, consultant, officer, or elected or appointed official of the City, or of any designated public agency, or of a sub-recipient receiving funds from the City under the HRP, who exercises any functions or responsibilities with respect to the HRP or who are in a position to participate in a decision making process or gain inside information with regard to the HRP, may obtain a financial interest or benefit from the HRP, or have any financial interest in any contract, subcontract, or agreement with respect to the HRP, or with respect to the proceeds of the HRP, either for themselves or those with whom they have business or immediate family ties, during their tenure at the City or for one year thereafter.

For City employees or their immediate family members to participate in the HRP, the employee must follow the policies and procedures set forth in the HCDD Non-Procurement Conflict of Interest and Ethics Policy, as may be amended from time to time.