



CITY OF HOUSTON BUILD IT FORWARD HOUSING RECOVERY PROGRAM

Harvey Homebuyer Assistance Program Guidelines

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CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT



Harvey Homebuyer Assistance Program (HBAP)

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Harvey Homebuyer Assistance Program (HBAP)

HBAP PROGRAM ADMINISTRATION

The Harvey Homebuyer Assistance Program (HBAP) is intended to assist eligible City of Houston (City) applicants who 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 expand to increase homeownership opportunities for residents within the incorporated areas of the City of Houston. This program will help improve homeownership affordability for City of Houston residents affected by Hurricane Harvey. The HBAP will serve low- and moderate- income individuals and non-low- and moderate-income individuals.

The City of Houston will administer its Homebuyer Assistance Program in accordance with these Harvey Homebuyer Assistance 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 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; environmental protocols; and award determination; will be administered and implemented by HCDD. The HCDD Finance Division will authorize assistance awards after review and validation of submitted packages by HCDD and the Master Program Manager.



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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 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 HBAP, 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

HBAP OVERVIEW

The Homebuyer Assistance Program (HBAP) will provide funds for down payment assistance, closing costs, principal buydown, and other direct financial assistance to homebuyers to finance the purchase of a home. This program will help improve homeownership affordability for residents affected by Hurricane Harvey. The Homebuyer Assistance Program will be in tandem with the Homeowner Assistance and Single-Family Development Programs, to facilitate the movement of households into new homes after their homes were damaged by Hurricane Harvey. This program will also provide an option for individuals in floodplains to purchase a home outside the floodplain.

The Homebuyer Assistance Program may provide down payment and closing cost assistance to eligible households. Direct homeownership assistance under 570.201(n) allows the City to pay up to 100 percent of the down payment amount required by the lender. The City may also use other forms of direct homebuyer assistance such as subsidizing interest rates and mortgage principal amounts,



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including making grants to reduce the effective interest rate on the amount needed by the household to achieve an affordable mortgage payment level. Primarily, the City will provide direct financial assistance in the form of forgivable loans.

HBAP ELIGIBILITY OVERVIEW

Activities eligible for CDBG-DR funds as listed in 24 CFR 570.20(n) , HCDA Section 105(a)(24) and 570.201(e), including, but not limited to:

- i. Provide up to 100% of required down payment assistance
- ii. Pay reasonable closing costs
- iii. Provide principal write-down assistance
- iv. Subsidize interest rates

This eligibility overview provides the minimum 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 Homebuyer 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.

Those eligible participants of the HBAP may also participate in the Harvey Single Family Development Program only.

The following eligibility criteria must be met prior to participation in the Homebuyer Assistance Program.

HBAP PROPERTY ELIGIBILITY REQUIREMENTS:

- i. Located within the incorporated areas within the City of Houston
- ii. Must not be located in a floodway
- iii. Must have an environmental review record completed and evaluated for eligibility
- iv. Meet Harvey Minimum Property Standards

HBAP HOMEOWNER ELIGIBILITY REQUIREMENTS:

- i. All homeowner/applicants, co-applicants and household members over age 18 must be current on payments for child support.
- ii. Be a homeowner or renter whose home was impacted by Hurricane Harvey
- iii. Meet income eligibility requirements (up to 120% of AMI)
- iv. Be a U.S. citizen or permanent resident alien
- v. Agree to attend and complete a HUD certified homeownership and counseling training(s)
- vi. Show full disposal of owner-occupied residence at the time of Harvey, prior to closing
- vii. 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



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less.

- viii. Homeowner/applicants must agree to a limited subrogation of any future awards related to Hurricane Harvey, to ensure duplication of benefits compliance.
- ix. Assistance will be provided in the form of a zero-interest forgivable loan, secured by placement of a lien in the highest position 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.
- x. Program participants must agree to compliance period and lien requirements. The compliance period of homes purchased will be based on the amount of assistance provided: five (5) years for up to \$25,000 of assistance and ten (10) years for \$25,001 to \$50,000 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.
- xi. 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.
- xii. 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.
- xiii. 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 its affordability period.
- xiv. 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.
- xv. Must meet one of the two (2) applicable HUD CDBG National Objectives: Low- and moderate-income (LMI) benefit or Urgent Need.

Maximum Assistance:

- The maximum amount of Homebuyer Assistance available is \$30,000.

COMMUNITY ENGAGEMENT/AFFIRMATIVE MARKETING/ OUTREACH PLAN



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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



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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.

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:



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- 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.



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- 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 need 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. Private insurance companies will be notified with applicant approval to contact, to verify/confirm values received as well.

HCDD will ensure compliance with the Stafford Act through collection, analysis, and verification of third-party benefits received by applicants for purposes of repairs and/or other duplicate services offered through the HBAP housing options.



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Any sources of funds previously received for the same recovery will be deducted based on information obtained from private insurance, SBA, FEMA, and/ or volunteer organizations (including in kind assistance) used for the same purpose that the CDBG-DR award is intended to assist. The award amount will be determined by onsite inspection of each damaged property to determine the applicant's unmet recovery need. That amount will be reduced by all previously received funding to determine the final award. Any amounts that are determined to be allowable activities will not be included in the reduction of the final award. Allowable activities will include activities that are excludable per Stafford Act and HUD guidance.

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 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



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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).

The Application Intake phase will be initiated by invitation only (dependent on priority and volume of survey respondents received). Priority tiers will be assessed on a monthly basis and formally announced on the website and through updated program memos/e-blasts. All official applicant program notifications will be made by US Mail (using the mailing address provided by the applicant or communication designee). However, additional contact attempts will also be made via phone and email and/or text if provided. Applicants will be provided an initial 30 days to respond to the invitation to complete a HBAP Application from the date of the official Invitation Notification letter. Applicants, if necessary, will be provided up to two (2) more mailed notifications with an additional 30-day time period to apply (totaling 90+ days). If no response is made to the invitation to apply after all three (3) official Invitation to Apply notifications, applicants will be automatically withdrawn from the active HBAP population (requiring a formal HBAP appeal for consideration of reinstatement).

Applicants who initiate the Application and Intake phase within the prescribed timelines, will be allowed **90 days** to fully complete the application and required supplemental documentation. An Application Document Checklist will be provided along with every Application to clearly identify document types accepted for each eligibility criteria. In addition to assigning Intake Specialists to each Applicants, extensive efforts will be made to assist applicants to successfully complete the intake phase within this timeline, including actively working area nonprofits and case managers, providing limited legal aid, translation services, routine community outreach events, and making mobile area and house visits. Extensions to the 90-day Intake time period will be formally made in writing on a case-by-case basis by the City.

Other Survey and Application Intake deadlines may be determined in the future based on date of invitation and initiation of Application and overall availability of CDBG-DR/HBAP specific funding. All applicants prior to the loan closing date, will be informed in writing that funding even after eligibility determination, will not be guaranteed. New policy and critical date determinations will be provided on the website and shared through written Harvey Recovery Program notifications.



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Original (paper) records will not be accepted and will be returned by mail if received. All records will be developed and signed via Docusign within the systems and/or scanned electronic records. Paper records, originals or copies, will not be retained over a long-term period. The programs Document Management Standard Operating Procedures will provide specifics of document naming conventions, receipt, transfer, tracking, and general record retention details.

Power of Attorney & Communication Designee

For the Homebuyer Assistance Program, the applicant must have lived or is in the process of securing ownership within the incorporated City limits of Houston. An individual with Power of Attorney (POA) or approved Communication Designee for the resident 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



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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.

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.



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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.

CROSS CUTTING FEDERAL REGULATIONS

The HBAP 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 including Single Audit (2 CFR 200.501)
- 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) Homebuyer Assistance 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



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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 and tools, which will encompass all compliance-related issues that are specified in the Guidelines and Standard Operating Procedures (SOP).

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.

GUIDELINE UPDATES/PUBLIC COMMENTS

HCDD will publish all Program Guidelines the City’s website [www.recovery.houstontx.gov]: All guidelines will initially be published for a 30-day public comment period. Any subsequent changes to the Guidelines after approval by the Texas General Land Office will be posted for a minimum of seven days for public comment and the latest versions available on the City’s website.



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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.

Affidavit: Written statement or statements of facts voluntarily made by an applicant under oath and under penalty of perjury administered by a person authorized to do so by law.

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.

Borrower(s)/Homebuyer: The person that (i) has applied, met specific requirements, and received a monetary loan from a lender; (ii) is legally responsible for repayment of the loan and (iii) is subject to any penalties for not repaying the loan back based on the terms as described in the loan agreement, promissory note and/or deed of trust.

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



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program where possible. Staff should meet at designated locations and supply information in a standard format.

Closing Costs: Costs associated with the acquisition of a real property, to ensure a legal and secure transfer from one owner to the next.

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.

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.

Deferred Payment Loan (DPL): A loan whose principal and/or interest payments are postponed for a specific period of time provided the Borrower meets the terms and conditions of such loan.

Down Payment: Amount deemed as a necessary up-front payment towards the purchase of a home, by the principal lender of the buyer(s)

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



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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 geographic area defined by FEMA as having a 0.2 percent change 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.

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



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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 Counseling: Eight-hour first-time homebuyer education course the buyer(s) must complete as a pre-requisite to participation in the HBAP.

Lender: The mortgage institution providing financing of a home loan to a qualified buyer(s).

Loan: An arrangement in which a HBAP approved lender gives money to a borrower, and the borrower agrees to return the property or repay the money at some future point(s) in time.

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.

Mortgage Lender: Financial institution, licensed by the State of Texas to provide mortgage loans.

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



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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.

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.

Principal Residence: The primary home/property that the homebuyer/borrower inhabits. For the purpose of HAP, the property must remain the buyer's principal residence for the entire affordability period to avoid default.

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 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).



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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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