BUILD IT FORWARD:
Housing Recovery After Hurricane Harvey

CITY OF HOUSTON
DRAFT LOCAL ACTION PLAN SUMMARY
JUNE 7, 2018
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HOW TO PROVIDE INPUT ON THE DRAFT LOCAL ACTION PLAN

The City of Houston (City) will receive $1,155,119,250 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds for assisting in long-term housing recovery from Hurricane Harvey. To receive this funding, the City must submit a local action plan to the Texas General Land Office (GLO), which will be incorporated into the State of Texas Plan for Disaster Recovery: Hurricane Harvey – Round 1 as a substantial amendment. This local action plan is prescribed by the GLO and includes a local needs assessment, programs and budget, and expenditure timelines for the City’s expected allocation of CDBG-DR funds.

The draft local action plan is available for review and public comment from Thursday, June 7, 2018 through Thursday, June 21, 2018. Public comments may be submitted by email to: Fatima.Wajahat@houstontx.gov or by mail: HCDD, ATTN: Fatima Wajahat, 601 Sawyer, Suite 400, Houston, TX 77007. This document summarizes the draft Plan, but is not the Plan itself. View the draft Plan at:

- HCDD website www.houstontx.gov/housing
- Main Public Library – 500 McKinney, 77002
- HCDD Office – 601 Sawyer, Suite 400, 77007 (copies may be obtained at this location upon request)

To learn more about CDBG-DR and upcoming events related to disaster recovery, please call 832.394.6200 or visit www.houstontx.gov/housing. An online survey asking about your disaster recovery needs and priorities is available at: www.surveymonkey.com/r/HoustonHarveyRecovery.
MESSAGE FROM MAYOR SYLVESTER TURNER

Hurricane Harvey hit hard for many Houstonians, but it didn’t break our spirit. Today, Houston is ready to build forward as one city, stronger, more resilient, and more equitable than ever. On June 27, 2018 my administration will present a local action plan for housing recovery to City Council for approval. The plan outlines Houston’s priorities for $1.15 billion in federal money to keep housing affordable and create economic opportunities for all Houstonians. This document is a summary of the local action plan, which is being released today for public input through June 21.

With these recovery dollars, our goal is to make historic progress in ensuring that every Houstonian has a safe, affordable place to live, and that our neighborhoods provide economic opportunities for Houstonians to thrive. To magnify the impact of federal dollars, we must partner with the private sector and philanthropy. And we must make sure that recovery dollars stay in our local economy, with the recovery effort carried out by Houstonians.

Houston’s recovery strategy will bring relief to those still suffering from the impact of Hurricane Harvey. At the same time, we have the chance to make strategic investments to advance resilience and equity across the city. I encourage all Houstonians to read the plan and participate in the public process to comment on it. I’m proud of the work the City has done to engage the community thus far and the work we will continue to do to listen to community voices throughout the recovery.

Together, we will build forward from Harvey, stronger than we’ve ever been.

— Mayor Sylvester Turner
June 7, 2018
WHAT’S A LOCAL ACTION PLAN?

The city’s local action plan contains an assessment of recovery needs in Houston, an overview of recovery programs, a budget for $1.15 billion in housing recovery funds, and a timeline for when these funds will be spent.

After a major disaster like Harvey, Congress passes special budget measures to provide disaster recovery funds to affected communities. These funds are distributed among federal agencies, like the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), and the U.S. Department of Housing and Urban Development (HUD). After Harvey, HUD announced that Texas would receive $5 billion for housing recovery. Houston will receive $1.15 billion of these funds.

HUD has many requirements to make sure that funds are being spent for their intended purpose. One of the first requirements is that government entities that are receiving recovery funds submit a document called an “Action Plan” outlining how funds will be spent.

For Harvey, the City of Houston is receiving funds through the State of Texas’ General Land Office (GLO). The GLO submitted its Action Plan to HUD on May 8, 2018, with a note that Houston and Harris County would submit their local action plans later.

Allocations for 2017 Community Development Block Grant Disaster Recovery Grantees
February 9, 2018

HUD Overall Distribution: 7.4 Billion

State of Texas: $5 Billion
Puerto Rico: $1.5 Billion
State of Florida: $616 Million
U.S. Virgin Islands: $243 Million
City of Houston: $1.15 Billion
Texas General Land Office (GLO): $2.75 Billion
Harris County: $1.1 Billion

Any strategy for disaster recovery must respond to the needs of affected communities. The local action plan includes a needs assessment that identifies unmet housing need in Houston. “Unmet housing need” is defined as households that were displaced by the storm and/or did not receive any – or enough – assistance from insurance, FEMA, or SBA to rebuild.

In the local action plan, the Housing and Community Development Department (HCDD) included a preliminary needs analysis, based on data provided by the GLO. HCDD has been gathering data and engaging the community to understand the effects of the storm on housing in the city. The city will publish its own needs assessment with additional data to inform program development later this summer. The city’s needs assessment will recommend proportions of funding to be set aside for low- and moderate-income (LMI) persons and non-LMI persons. It also will set goals about distributing spending within income brackets.

We know that $1.15 billion is nowhere near enough to meet the unmet housing need in Houston. That’s why the City will continue to lobby the State and Congress to make more funding available, and why we’re exploring partnerships with philanthropy and the private sector to stretch recovery dollars.

In addition to looking at the numbers, HCDD has been listening to community voices. Since April, HCDD has held 17 community meetings and focus groups meetings on disaster recovery. In these meetings, residents have shared their disaster experience at the neighborhood level, as well as their priorities for recovery spending. HCDD also launched an online survey in English and Spanish on May 14, 2018. As of June 6, 383 Houstonians had responded.

In the community meetings and the survey, several themes emerged as high priorities for Houstonians:

- **People need resources to rebuild their homes and their lives:** In all kinds of communities across the city, we heard that the highest priority for Houstonians is securing the resources they need to rebuild their homes. Too many people have not gotten enough help and are struggling to figure out how they will afford to make their homes safe and resilient over the long term.

- **Those who have received the least help are the most vulnerable:** While Harvey often is described as an equal opportunity storm because of its wide geographic reach, we know that its effects hit hardest in communities that were already struggling before the storm. Because short-term federal disaster recovery assistance is tied to property values, Houstonians with the fewest assets have so far received the least financial help.

- **People are worried about future flooding:** With the start of the 2018 hurricane season, people across the city are anxious about whether their neighborhoods and homes will flood again.

- **Residents in areas that didn’t flood don’t want to be displaced:** Property values are quickly rising in neighborhoods that didn’t flood and historically have been affordable. Long-time residents are worried that they will no longer be able to afford to stay in their neighborhoods. Residents see Houston’s natural affordability as being at risk after the storm.

- **Harvey’s effects on renters are harder to see and track:** We heard from renters who are struggling to find stable, safe, affordable housing after the storm. Residents consistently described rising rents and concerning conditions – like persistent mold – in rental apartments. We also know that it often is harder for renters to participate in community meetings and that renter needs are not captured as clearly in the current unmet needs analysis. This will require special attention going forward.
WHAT WE’RE DOING NOW

Guided by the input we have received so far, we have been working to get housing recovery underway by:

- **Helping people start to rebuild:** In February 2017, the city entered into a partnership with FEMA and the State of Texas to administer some of FEMA’s temporary housing assistance programs. The city is concerned that too few Houstonians have been helped in short-term housing programs. As long-term assistance programs get underway, helping residents who were affected by the storm but may not have received sufficient FEMA assistance is a top priority for the city.

  The State administered the Partial Repair and Essential Power for Sheltering (PREPS) program to provide preliminary repairs to storm-damaged homes, up to $20,000. The city is running a program called Direct Assistance for Limited Home Repair (DALHR) to provide up to $60,000 worth of repairs to homes damaged during Harvey. The city expects to assist 200 homeowners through this program. As of June 1, 102 homes have been authorized for repairs to begin. Repairs on all homes are anticipated to be completed by July.

- **Fighting for the resources Houstonians need to recover:** We know that the unmet housing need in Houston is much greater than the resources that will be available. And we know that those who were economically vulnerable before Harvey have suffered the most and longest. That’s why the city pushed in February and March 2018, working with the State and HUD, to make sure that Houston got its fair share of the available housing recovery resources. The city also made sure that Houston would have local control over recovery dollars, while being a good partner to federal government.

- **Engaging the community in new ways:** Houstonians are all too familiar with flooding and storms. They have an important voice in shaping recovery from Harvey. In April, HCDD launched its biggest-ever effort to engage the community in disaster recovery planning. For the first time, HCDD is partnering with community groups, city council members, and super neighborhood councils to co-host meetings around the city. Since April, more than 600 Houstonians have attended one of these meetings and another 383 have participated in HCDD’s online recovery survey. HCDD will continue to educate, inform, and listen to the community as the recovery unfolds, beginning with engagement around the development of program guidelines this summer.

- **Building new partnerships to stretch recovery dollars:** With the size and scale of Harvey recovery, we know that government can’t meet the need alone. Government must work with the private sector and
How can we spend $1.15 billion in housing recovery funds for Houston?

HUD set out requirements for how Harvey recovery funds can be spent in a notice \(^3\) in the Federal Register on February 9, 2018:

- Funds are primarily for **unmet housing recovery needs**.
- Proposed programs and projects must be linked to an assessment of unmet housing needs.
- At least 70% of funds must be used to support activities benefitting low- and moderate-income persons.
- Low- and moderate-income persons are defined as those earning 80% of Area Median Income (AMI) and below. For Houston, AMI for a family of four is $71,880; 80% of AMI is $59,900.
- Due to HUD requirements, some homeowner assistance programs may be limited to those earning 120% AMI and below.
- HUD prioritizes certain recovery activities, such as:
  - Repairing and rebuilding housing
  - Promoting housing for vulnerable populations, including homeless individuals and those with disabilities
  - Promoting sustainable, long-term recovery
  - Promoting sustainable building practices

In disaster recovery, government funds are most valuable in two ways:

1. When government goes first and assumes risks that the private sector won’t take on its own
2. When government goes last and provides the last piece of financing that allows a recovery activity to go forward

The City will play an important role in Harvey recovery by creating an environment that attracts private investment, especially in areas that have historically been underserved. Houston has a chance to have an impact well beyond the $1.15 billion by investing recovery dollars in a way that spurs additional investment.

**More data analysis to understand Harvey’s impact:**

The local action plan contains a preliminary analysis of unmet need in Houston, consistent with the methodology used by the GLO. To design a smart, equitable recovery, we will need a more detailed understanding of the storm’s impact on people, buildings, jobs, and communities. In February, City Council approved a contract with Civis, a data analytics firm that is helping the city conduct a more detailed needs analysis that will be published later this summer.

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As a result of Harvey, Houston is now facing a heightened version of the affordability crisis that cities across the country are experiencing. And it’s the most vulnerable in our community who have been least able to recover from Hurricane Harvey’s impact. A thriving city needs affordable housing for people of all income levels. Harvey shrunk the supply of affordable housing, which is driving up costs and limiting housing options, especially for those who were housing insecure before the storm. Our challenge in recovering from Harvey is to preserve Houston’s promise of being a city of opportunity for all people. The proposed programs in the local action plan focus on two housing priorities. These programs will help make sure that all Houstonians have housing opportunities in neighborhoods that have the community and economic assets for families to grow and thrive.

1. **Build back into existing homes**: Help people who are displaced from, or living in, homes that have not been rebuilt after Harvey by providing funding for repairs, rebuilding and relocation. Make neighborhood improvements to protect homes from future flooding.

2. **Build forward into new opportunities**: Assist people and families living in unsafe conditions by financing the development of affordable housing in areas that are safe from future flooding. Help households who are ready, to prepare for and realize the dream of homeownership.

We know from listening to Houstonians across the city that flood prevention and drainage issues are high priorities. While the $1.15 billion in this local action plan is for housing recovery, HUD announced in April 2018 that the State of Texas will receive an additional $4.7 billion for mitigation activities to invest in infrastructure improvements to make the city more resilient. We expect that some of these funds will be spent in Houston. In the same announcement, the City received its own $61 million for mitigation. The city’s engagement about this money will begin once HUD publishes guidance about the funds later in 2018.

Economic development and job creation also are priorities for many Houstonians. Economic revitalization is an important complement to housing repair and development so that neighborhoods become more vibrant. With a smart recovery strategy that leverages federal funds, we can help spur additional investment in Houston’s economy and housing market.

### BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Program / Activity</th>
<th>Program Allocation</th>
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<tr>
<td>Homeowner Assistance Program</td>
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<tr>
<td>Single-Family Development Program</td>
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<tr>
<td>Multifamily Rental Program</td>
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<td>Small Rental Program</td>
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<td>Homebuyer Assistance Program</td>
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<td>Buyout Program</td>
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<td>Housing Administration</td>
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<td>Public Services</td>
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<td>Economic Revitalization Program</td>
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<tr>
<td>Planning</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>$1,155,119,250</strong></td>
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PROGRAM DESCRIPTIONS

1. **Homeowner Assistance Program – $385 million**
   Five programs to help homeowners with rehabilitation and reconstruction of storm-damaged homes. Participants in HCDD’s community engagement meetings consistently identified this as the highest priority for recovery funds.
   - **City-managed rehabilitation and reconstruction**: The city manages the construction process on behalf of homeowners. An outside firm(s) will provide design and construction services.
   - **Reimbursement**: Homeowners who have completed some or all repair work on their homes are reimbursed for eligible expenses incurred.
   - **Single-family home acquisition**: The city acquires homes for rehabilitation/reconstruction, or provides the option for homeowners to exchange their storm-damaged home for a newly constructed home.
   - **Homeowner-managed rehabilitation**: The city assists homeowners to manage their own home rehabilitation by providing construction advisory services. Homeowners select their own contractors and contract with them directly.
   - **Interim mortgage assistance**: Mortgage assistance is provided to homeowners participating in the Homeowner Rehabilitation Program who are making both a mortgage payment on their storm-damaged home and a rental payment for their temporary home.

2. **Single-Family Development Program – $200 million**
   Harvey flooded an unprecedented number of homes across the city. Many of these homes were destroyed or remain uninhabitable. Even before the disaster, many communities had vacant lots in need of infill development. New construction of single-family homes will help restore neighborhoods impacted by the storm and improve neighborhoods in need of new development. The program will create opportunities for residents to move out of areas prone to repetitive flooding.
   - Provides affordable single-family homes for low- and moderate-income homebuyers impacted by Harvey.
   - HCDD will work with for-profit and nonprofit contractors and organizations to implement the program.
   - Properties or lots for new construction will be identified from multiple sources, including the Houston Land Bank, HCDD’s Homeowner Rehabilitation Program, and other programs that have existing land available.

3. **Multifamily Rental Program – $315 million**
   Harvey exacerbated the shortage of affordable rental housing units available to meet the needs of renters in Houston. Residents and housing advocates have highlighted challenges in accurately capturing the needs of renters in Houston and the need for special attention to the needs of low-income renters. The program aims to address the shortage of rental housing and meet the needs of disaster-impacted rental households.
   - Finances the development of new multifamily rental housing.
   - Finances acquisition and/or rehabilitation of flood-damaged multifamily rental housing.
   - Finances strategic land acquisition for multifamily development.
   - Provides housing designed to meet the needs of special populations.
4. Small Rental Program – $60 million
   Many families are seeking rental opportunities in single-family homes. This program aims to rebuild the
   affordable rental housing stock by rehabilitating small rental properties (1–7 units) damaged by Hurricane
   Harvey and to create new housing stock, through infill development of new small rental properties, to
   meet the increased demand for this type of rental housing in Houston.
   - Includes repair, rehabilitation, or reconstruction of damaged properties and new construction of small
     rental properties.
   - Funds reconstruction or conversion of non-disaster damaged property to address the affordable rental
     housing shortage exacerbated by Harvey.

5. Homebuyer Assistance Program – $21 million
   Part of an affordable housing strategy is helping renters become owners. This program will help improve
   homeownership affordability for LMI residents affected by Hurricane Harvey. The program assists LMI
   households move into new homes after their homes were damaged by Hurricane Harvey. It also provides
   an option for LMI homeowners in floodplains to purchase homes outside the floodplain.
   - Provide funds for down payment and closing cost assistance to eligible LMI households.
   - Subsidizes interest rates and mortgage principal amounts to make mortgage payments affordable.

6. Buyout Program – $40 million
   Many homes have flooded repeatedly since 2015, highlighting a need for a more permanent solution for
   some residents. This program is intended to assist residents to move out of areas that have been impacted
   by multiple disasters or are at high risk of flooding from future disasters. The program encourages targeted
   revitalization efforts and the creation of open space, which many participants in community engagement
   meetings identified as priorities for their neighborhoods.
   - Funds the targeted purchase of residential structures to demolish them and create park amenities, open
     space, or detention areas.
   - May include the buyout of impacted single and multifamily housing.

7. Public Services (including homelessness initiatives) – $60 million
   As Houstonians conveyed in community meetings, the lingering effects of Harvey damage has impacted
   resident’s physical and mental health. Vulnerable populations are often less able to recover from disaster
   impacts, which could directly affect their job prospects and housing options. The public services program
   complements housing programs to provide comprehensive recovery for Houstonians.
   - Services may include housing counseling, legal assistance, transportation services, fair housing services,
     health/mental health services, employment training, and other services to address the needs of those
     impacted by Hurricane Harvey.
   - To address the needs of those impacted who have become homeless or are at risk of becoming
     homeless, services may include subsistence payments, rental housing subsidies, security deposits, and
     other services to assist in housing and/or rehousing this population.
   - Remedy title or tax issues through legal services and providing housing counseling for low-
     and moderate-income communities, may prepare more residents to become eligible for HCDD’s
     Homeowner Rehabilitation and Homebuyer Assistance Programs.
8. **Economic Revitalization Program – $30 million**

The program will help create jobs to improve the economic viability of areas impacted by Hurricane Harvey. Many small businesses were impacted, resulting in lost earnings. This has direct implication for a household’s ability to pay for housing, especially for 0-30% AMI households, that may become homeless when a household member loses employment.

- Assists in creating and retaining jobs in the community by providing credit and technical assistance to businesses, including microenterprises.
- Includes support for small businesses that provide housing construction.

9. **Planning and Housing Administration - $44 million**

In addition to the programs previously mentioned, the city must invest in its own capacity to plan for and deliver high-quality programs and services, with appropriate oversight of funds. For example, some participants in community meetings focused on delays in the permitting and inspection process. Enhancing these processes requires investments in multiple departments, such as HCDD, Planning, Public Works, Procurement, and Legal. Planning funds also are used to support community engagement and planning studies. The city is budgeting $23 million for planning activities and $20 million for housing administration. These funds will help the city expand its capacity to manage a large-scale recovery effort.

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**KEY DATES**

**September 8, 2017:** Disaster supplemental budget bill passes into law, including $7.4 billion to support response and recovery across the country.

**February 9, 2018:** The U.S. Department of Housing and Urban Development (HUD) publishes a Federal Register Notice allocating $5.024 billion to the State of Texas.

**April 10, 2018:** GLO publishes its State Action Plan for public comment. The Action Plan includes placeholders for Houston and Harris County to submit amendments describing their plans.

**May 8, 2018:** GLO submits its Action Plan to HUD for approval (HUD has 45 days to approve).

**May and June 2018:** The City of Houston holds public engagement meetings around the city to receive input on its amendment.

**June 7, 2018:** Houston publishes a draft Action Plan amendment for public comment.

**June 27, 2018:** City Council considers the City’s draft amendment.

**July 2018:** GLO publishes a new Action Plan that includes the City and the County’s amendments for two weeks of public comment before submitting to HUD for approval (HUD has 45 days to approve).

**Summer 2018:** HCDD publishes a needs assessment and drafts more detailed program guidelines, with input from the public.

**Late Summer / Fall 2018:** HUD, GLO, the City sign grant and sub-grant agreements to allow the City to begin drawing down funds for disaster recovery programs.

**Fall 2018:** Applications open for residents to apply to the City’s first disaster recovery programs.