



CITY OF HOUSTON

AFFORDABLE HOME DEVELOPMENT PROGRAM

HOUSING AND COMMUNITY DEVELOPMENT
DEPARTMENT – SINGLE FAMILY DIVISION

Program Guidelines

Version 1.1

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1.0	09/01/2022	City Council Approval <i>HCDD Management Approval 08/25/2021</i>
1.1	09/12/2022	Revised income limit requirements up to 120% Added reference to Single Family Minimum Construction Standards Added additional language on Conflict of Interest



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CITY OF HOUSTON LARGE TRACT AFFORDABLE HOME DEVELOPMENT PROGRAM

I. OVERVIEW

A. Executive Summary

The City of Houston’s Housing and Community Development Department (“HCDD”) is committed to creating homeownership opportunities for Houstonians—making possible the development of quality, affordable homes in thriving communities. To achieve this HCDD seeks to provide financing for larger-scale projects which will result in the new construction of single-family homes, increasing our housing stock while creating homeownership opportunities for households for whom the market-value sales price of a solid home would be otherwise unaffordable in walkable neighborhoods with access to high quality schools, mass transit and low crime. The City will also prioritize projects located in Complete Communities.

To accomplish these goals, HCDD has created the Affordable Home Development Program (“AHDP” or “Program”). The intended purpose of the Affordable Home Development Program is to create homeownership opportunities within the City of Houston for Homebuyers at 60-120% Area Median Income Levels. This is achieved by providing gap financing for developers to build new Single-Family Homes. Each Developer can target any range of AMI levels between 60-120%. These levels are set based on the cost of construction and the local comparable home sales for each neighborhood. Developers will not be allowed to exclude Homebuyers from purchasing a home at any AMI range between 60-120%. Through this Program, both for- and non-profit developers are eligible to apply for AHDP funds for projects which set aside a portion of the homes as affordable. Developers are required to complete and submit the Pre-Application in order to be considered for funding. Selected projects will receive an Invitation to Apply and submit a Full Proposal for final consideration. Projects will be evaluated on their alignment with the City of Houston’s Affordable Housing Annual Objectives and Priorities, cost, readiness, timeline and overall outcomes. All Awards must be approved by the Mayor of Houston and the Houston City Council.

B. Program Overview and Administration

The Affordable Home Development Program will result in affordable homeownership for prospective Homebuyers whose annual income qualifies pursuant to these Guidelines. The program will accomplish this through HCDD financing provided to qualified Developers.

The City of Houston and the Uptown Tax Increment Reinvestment Zone (“TIRZ”) Development Authority issued a bond under City Ordinance No. 2021-17 adopted on January 6, 2021, yielding \$100 Million in TIRZ funds to be allocated to affordable housing programming. Of the total bond issuance, AHDP has



been allocated **Thirty Million and One Hundred Eighty-Nine Thousand and Forty-Five Dollars (\$30,189,045.00)**, to make equitable homeownership opportunities possible for qualifying Houstonians.

The City will administer AHDP in accordance with these Guidelines and applicable state and local laws, ordinances, policies, and regulations. The City reserves all rights to modify program priorities, budgets and requirements as needed. The City reserves sole authority for interpreting and applying these Guidelines. HCDD will carry out the requirements of this Program on behalf of the City and in accordance with the Chapter 311 Tax Increment Financing Act of the Texas Tax Code, the Fair Housing Act, (42 U.S.C. 3601 et seq), the City's Housing Bond Fund requirements, required procurement laws and procedures, and all other governing laws, rules, and requirements. These Guidelines govern the current allocation and may govern any future allocation of local funds for large tract affordable housing development activities to be performed under the AHDP. These Guidelines have been submitted to the City Council of the City of Houston, Texas, pursuant to and shall be governed by City of Houston Ordinance No. 2005-1395, as amended by Ordinance No. 2018-121, including its provisions regarding amendments, modifications and corrections to these Guidelines and the Program to which they relate, provided that such amendments, modifications and corrections shall also be subject to and must be done in compliance with the requirements set forth herein.

C. Purpose

The purpose of these Program Guidelines is to provide a framework for potential Applicants to understand the goals and requirements of this Affordable Home Development Program, and how the City (through HCDD) will review developer applications and make award decisions. These Guidelines are integral with the Preliminary Application other supplemental documents and exhibits associated with this Program.



II. DEFINITIONS

The following terms used throughout these Program Guidelines will have the definitions and meanings provided below.

Affirmative Fair Housing Marketing Plan (AFHMP): An AFHMP is the marketing strategy and plan which will provide a framework toward ensuring that information about housing created through this Program reaches historically underserved communities and encourages their participation.

Affirmatively Furthering Fair Housing (AFFH): Affirmative Fair Housing goes beyond the Fair Housing Act's requirements of non-discrimination by identifying historically underserved communities and actively taking steps to encourage their participation and benefit. The United States Department of Housing and Urban Development's ("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.

Affordable: Affordable is defined as having a housing cost that is no more than thirty (30) percent of gross income, including utilities for Homebuyers.

Affordability Period: The time period during which a newly constructed affordable single-family home must comply with these Guidelines and the rules and requirements of this Program.

Affordable Homes: Affordable Homes is defined as housing in which a Homebuyer is paying no more than thirty (30) percent of gross income for housing costs, including utilities.

Applicant: An Applicant is a Developer requesting financing through this Program.

Approved Final Project Budget: A detailed construction budget for the project that include soft costs, hard costs and all other costs necessary to complete the project per the approved plans, specifications, drawings and approved construction contract. This final budget has been approved by the Director of HCDD.

Area Median Income (AMI): Area median incomes published annually by the U.S. Department of Housing and Urban Development, for the relevant geographic area.

Certificate of Compliance (COC): The document issued by the City of Houston Permitting Center For New Construction/remodels when all inspections have been performed and approved.

Complete Communities¹: The City of Houston Initiative to improve neighborhoods providing Houston's

¹ <https://www.houstontx.gov/completeness/mocc.html>



residents and business owners access to quality services and amenities.

Developer: A Developer is a private business entity with specialized skills, capital, and site control which will bring capacity to finance, construct and sell homes pursuant to the terms of the Program.

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

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 C.F.R. § 55.2(b)(1).

Family: All persons living together in the same Housing Unit, as further defined under 24 C.F.R. § 570.3.

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

"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 (1%) chance of experiencing a flooding event in any given year.

"500-Year Floodplain" - the geographic area defined by FEMA as having a two-tenths of one percent (0.2%) chance of experiencing 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 to more than a designated level.

For-Profit Entity: A private business entity which (among other goals and purposes) aims to earn a profit through its activities.

Full Application: The phase of the Affordable Home Development Program application process after the "Invitation to Apply" phase in which the Developers submit a more comprehensive proposal and all supplemental documentation

Green Building Standards: The standards required in this Program related to energy efficiency and building quality.

HCDD Financing: Financing awarded by the City of Houston, Housing and Community Development Department, pursuant to the terms of this Program, toward the goals of this program, to a Developer.

Home: A single-family house, meeting the requirements of this Program. See also 'Housing Unit'.

Homebuyer: Person(s) eligible to purchase a home developed under the AHDP. See also Household.

Household: All persons occupying the same housing unit, regardless of their relationship to each other.



The occupants may consist of a single family, comprised of any group of related or unrelated persons who share living arrangements.

Housing Unit: A single-family house, meeting the requirements of this Program. See also 'Home'.

Housing and Community Development Act of 1974 (HCD Act): (As amended by the Supplemental Appropriations Act of 1984). Established the program of Community Development Block Grants to finance the acquisition and rehabilitation of real property and which defined the recipients and uses of such grants, with the primary goal of benefitting low-to-moderate income 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 Developers/Contractors/subcontractors with the Section 3 requirements, as outlined in 24 C.F.R. § 135.32.

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

Houston Special Flood Hazard Area (HSFHA): The Floodplain Ordinance defines the Houston Special Flood Hazard Area (HSFHA) as comprising both the 100-year and the 500-year floodplain that are each defined in EO 11988 and 24 C.F.R. Part 55.

Invitation to Apply: The phase of the Affordable Home Development application process after the preliminary application in which a Developers are selected to submit a Full Application for consideration for financing by the City

Land: Real estate or property, minus buildings and equipment. Land ownership includes the surface, soil and any natural resources that exist with the boundaries of the property

Low-to-Medium Income (LMI): Households whose income does not exceed one hundred and twenty percent (120%) of the Area Median Income. Calculations are performed by HUD, and adjustments are made for household size.

Very low: Households whose annual income is up to fifty percent (50%) of AMI, as determined by HUD, adjusted for family size.

Low Income: Households whose annual income is up to sixty percent (60%) of AMI, as determined by HUD, adjusted for family size.

Moderate Income: Households whose annual income is up to eighty percent (80%) of AMI, as



determined by HUD, adjusted for family size.

Medium Income: Households whose annual income is up to one hundred and twenty percent (120%) of AMI, as determined by HUD, adjusted for family size.

Market Rate Home: Any home within the development project that is intended to be available for sale at the prevailing market value to Homebuyers which are not income-qualified pursuant to the Program Guidelines.

Minimum Construction Standards (MCS): The Minimum Construction Standards (MCS), as read in the context of these Guidelines, encompasses the Single-Family Minimum Construction Standards that meet or exceed the Housing Quality Standards established by HUD to provide "decent, safe and sanitary" housing.

Mitigation: Improvements made to reduce the possibility of property damage, personal and commercial hardship, as well as long lasting monetary burdens.

New Construction: In the context of these Guidelines, a residential or accessory structure which did not previously exist, and which does not make use of a previously existing foundation or slab.

Nonprofit Organization: A private entity organized for purposes other than generating profit and in which no part of the organization's income is distributed to its members, directors or officers. Governed by IRS code 501(c)(3)

Preliminary Application (Pre-App): The first phase of the Affordable Home Development application process in which Developers submit a proposal for consideration for financing by the City

Real Property: The land and improvements thereto, and all of the interests, benefits, and rights inherent in the ownership of real estate.

Recapture: A mechanism in which all or a portion of the City Financing is returned to the City by the awardee in the event the program requirements are not satisfied.

Single-Family Home: A single-unit family residence detached or attached to other housing structures. See also Home and Housing Unit.

Vendor: Vendors procured by the City or contractors to provide supplies, equipment, or services necessary to implement the Program and to serve Homebuyer assistance needs.



III. PROGRAM REQUIREMENTS

A. Developer Eligibility

Applicants may be for- or non-profit entities, or a partnership comprised of for- and non-profit entities.

B. Good Standing

Applicants (inclusive of their contractors, partners and vendors (individually or corporately) must be in good standing with the City of Houston and HCDD on all previous grants, loans, or loan commitments. HCDD may determine, in its sole discretion, that an Applicant with defaults or negative collection actions relating to any financial obligation, either to the City of Houston or any other public agency or private lender or is not otherwise in good standing with the State of Texas, is ineligible for funding. Any Applicant on the federal debarment list will not be allowed to participate in compliance with [City of Houston's Code of Ordinance Section 15-102](#)² and HCDD's Policy 01-014.

C. Experience

Applicants must have a documented capacity, based on the City's determination, to execute their proposed development. The City may perform background checks and seek references from other lenders, partners, or public agencies with which the Applicant has recently done business. Applicants with no prior, similar, successful experience developing large-tract single-family housing should not apply.

D. Single-Family Home Development

Developers must market and sell to Low-to-Medium income (LMI) Homebuyers who are current residents of the City of Houston. In the Pre-Application, Applicants will propose the number and size of both Market Rate and Affordable Homes, the market prices and sales prices of the Homes (see Section IV, subsection A), and the income levels targeted for eligible Homebuyers of the Affordable Homes.

E. Number of Affordable Homes

Eligible projects must contain no fewer than forty (40) Affordable Homes and a proportionate amount of Market Rate Homes. The City is seeking an appropriate mix for the area of Market Rate and Affordable

² https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTVIICODE_S15-102DEPEIN



Home for each Development Project awarded.

F. Compliance with Fair Housing Act

Applicants must not discriminate against any individual or group, in the advertising and sale of housing, based on federally or locally protected classes i.e. race, color, national origin, religion, sex, familial status, or disability.

G. Initial (Pre-Application) Development Project Eligibility

Initial eligibility will be established in the Pre-Application as a condition of HCDD issuing an Invitation to Apply. Final eligibility will be determined by HCDD based on the Applicant's Full Application. Further conditions will apply prior to the award of City financing. The following requirements apply at the Pre-Application stage:

- Letters of commitment for development financing sufficient to satisfy HCDD that the Applicant can access the capital need to complete the Project.
- Applicant must have site control (currently own the land or an option to purchase the land on which the Project is proposed to be completed).
- Proposed Development must be located within the City limits of Houston.
- Proposed Development may not be located in the floodway or 100-year floodplain.
- Proposed Developments in the 500-year floodplain or Zone X must follow the Chapter 19 Floodplain Ordinance 2018-258.
- Proposed Homes must be ENERGY STAR® compliant³.
- Proposed Homes must be new construction; no rehabilitation of existing Homes is permitted.
- Proposed Developments must meet all requirements of City of Houston resilience standards, as they may be revised from time to time³. Developments that exceed the minimum threshold for resiliency will be prioritized during the Pre-Application evaluation process.
- Proposed Homes must incorporate accessibility features and standards³.
- Proposed developments must contain both Market Rate and Affordable Homes. No proposals will be considered for communities in which all of the Homes are Affordable Homes.
- Affordable Homes must be of equivalent size, quality, materials and finishes as Market Rate Homes.

³ As outlined in the latest [HCDD Procedure: Single Family Minimum Construction Standards #07-002](#)

- Affordable Homes must be distributed throughout the Development in a manner satisfactory to the HCDD, in a manner in which there are no perceptible concentrations of homes by income level of homeowner or affordable pricing.
- A complete and fully responsive Pre-Application, inclusive of timely and complete response to all questions and concerns and requests for additional information by HCDD by the deadline imposed by HCDD for such responses when submitting an inquiry to the Applicant.

H. Full Application Development Project Eligibility

Those projects submitting a successful Preliminary Application and receiving an Invitation to Apply will submit a Full Application. Applicants should not submit a Preliminary Application if they cannot subsequently meet the Full Application eligibility requirements. Final eligibility will be a condition of HCDD Financing. The following requirements will apply to the Full Application.

- Project must be determined feasible and viable by HCDD, based on its underwriting review of the Full Application.
- The submission of a Full Application must include an Affirmative Fair Housing Marketing Plan (AFHMP), which must meet HCDD's requirements.
- Completed Phase I Environmental Site Assessment (ESA)
- The development must comply with all applicable federal, state, and local laws, regulations, ordinances, and requirements.
- The Project will be subject to an agreement regarding the number of total Homes, the number of Affordable Homes, their sales prices, and other key considerations.
- The Full Application may be required to stipulate additional project requirements as it pertains to minimum land tract size, project readiness, and other factors.
- A complete and fully responsive Full Application, inclusive of timely and complete response to all questions and concerns and requests for additional information by HCDD by the deadline imposed by HCDD for such responses when submitting an inquiry to the applicant.

I. Uses of Funds

This Program permits various approaches to the structuring of HCDD Financing. Pre-Applications must specify the proposed amount and form of proposed HCDD Financing. HCDD will consider risk, cost, feasibility and other factors when determining whether the Applicant's proposed approach is viable. HCDD will consider the cost-benefit relationship between the requested HCDD financing and the aggregate pricing difference between market rate homes and Affordable Homes.

IV. Marketing and Sales of Affordable Homes

A. Pricing of Affordable Homes

Pricing of Affordable Homes will be at amounts to be established in an agreement between the Developer and the City, as a condition of HCDD Financing. Pricing levels must be affordable for the eligible Homebuyers. The affordability will be determined based on the Households' ability to obtain conventional mortgage financing in amounts sufficient to purchase the Affordable Homes at the established pricing.

The number of Affordable Homes (including their levels of affordability and their corresponding pricing) is a key outcome the City seeks to achieve with its HCDD Financing. For illustration purposes only, see the sample calculation at Exhibit A, **“Sample Calculation Based on AMI, Homeownership Affordability”**

HCDD is distinguishing between the “market price” of the home, which reflects its market value, and the “selling price” to eligible Homebuyers. For Market Rate Homes, the market price and the selling price will be the same. For Affordable Homes, the market price will be the market value for the home, but the selling price should reflect a discount, rendering the home Affordable.

The HCDD will consider various approaches to structuring the sale of Affordable Homes, including, but not limited to:

- A reduced, affordable sales price for the Homebuyers, with a LURA to impose resale restrictions.
- A market sales price to qualifying homebuyers, in which the conventional mortgage in first lien is affordable, and the balance of the sales price is in the form of a forgivable second mortgage.
- Other proposed approaches which permit qualifying homebuyers to purchase a home, while protecting the program goals of long-term homeownership and equity appreciation. This approach should ultimately convert HCDD Financing through this Program to affordable homeownership.

HCDD is accepting and encouraging innovative and creative development approaches from Developers to leverage HCDD financing to reach our goal of creating Affordable homeownership opportunities for Houstonians.

B. Marketing and Sales of Homes

Developers will be required to produce and implement an Affirmative Fair Housing Marketing Plan (AFHMP). The purpose of this AFHMP is to ensure potential Homebuyers are offered equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP ensures single-family Developers effectively market the availability of housing opportunities

to groups which are least likely to pursue homeownership opportunities through the Program.

It is the responsibility of the Developer to tailor outreach and marketing efforts in accordance with the goals of the program.

This plan will ensure that outreach and communication efforts reach prospective from all racial, ethnic, national origin, religious, familial status, disabled, “special needs,” and gender groups. For each project or program, notification to these populations will include:

- Fully informed of vacant units available for sale
- Encouragement to apply for purchase
- The opportunity to buy the unit of their choice

In addition to marketing through widely available media outlets, efforts may be taken to affirmatively market the 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.
- 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 Program accessible to persons who are 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, Vietnamese, Chinese, Arabic and French, prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 C.F.R. 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 and the COH Language Access Policy #2-11⁴, COH Title VI Policy Statement⁵, and HCDD Procedure #01-046: Written Translations for Persons with Limited English Proficiency

⁴ <https://www.houstontx.gov/adminpolicies/2-11.html>

⁵ https://www.houstontx.gov/legal/titlevi/titlevi_non_discrimination_policy.pdf



Procedure . Every effort will be made to assist such Applicants in providing reasonable accommodations.

- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained, and made available to the public upon request.

C. Homebuyer Assistance Program Eligibility

Developer can refer LMI Homebuyers to the City of Houston’s homebuyer assistance programs. City Programs available to LMI Homebuyers are TIRZ-funded Homebuyer Assistance Program (HAP) or Homebuyer Choice Program (HCP)(collectively, “Assistance Program(s)”). It is the responsibility of the chosen homebuyer Assistance Program to complete intake, eligibility determination, ensure appropriate homebuyer and homeownership counseling is available, and other efforts toward ensuring the successful purchase and ownership of homes created under this program. In the event of inconsistency or conflict between the provisions of the AHDP Guidelines and those of an assistance program (operated by the City or otherwise) used by a Homebuyer, the more restrictive provisions shall apply.

Homebuyer shall maintain property insurance and/or flood insurance throughout the Affordability Period in accordance with city, county, state and federal laws and regulations, and as may be required in these Guidelines or any related Program document. Proof of insurance must be furnished to HCDD upon request. If the Homebuyer fails to maintain the property insurance required by this Program or fails to notify any transferee of the Property of such insurance requirements, and the Property is damaged by a future disaster, then the Homebuyer’s property **may not** be eligible for future assistance.

It is the intent for this program to use TIRZ funds for the development of newly built single family homes and Homebuyer assistance.

D. Price Restrictions and Affordable Sales

The Developer’s Pre-Applications must clearly document the proposed number of newly constructed homes to be sold at market rates and the number of homes to be sold at affordable price points to income-qualifying Households. Homebuyer eligibility will be based upon household income, adjusted for family size, as a percentage of Area Median Income (AMI), which is established annually by HUD and the ability of the prospective Homebuyers to qualify for a mortgage loan. To qualify as for the purchase of an Affordable Home, the Homebuyer income must not exceed 120 percent AMI; however, HCDD expects developers to propose a range of income levels and sales prices Affordable to Homebuyers at those income levels.

Developers awarded funding will be required to sell homes in accordance with the agreed upon



market-rate to affordable-rate allocation which may be formalized in a land use restriction agreement, provisions in a loan agreement, or other agreement or method (collectively, “LURA”). The terms of the LURA may vary depending the development project, the number of affordable homes provided, the amount awarded, and the current market rate of the homes sold. For example, in a neighborhood in which a considerable gap exists between the current market prices of the home and the affordable purchase price of the home, the LURA will require a forgivable loan that will impose a lien at the highest available lien position for up to four (4) years with the following Affordability Period:

Affordability Period	Loan Forgiveness Rate per Year
4 Years (with a lien)	<1 Year – 0%
	Year 1 – 25%
	Year 2 – 50%
	Year 3 – 75%
	Year 4 – 100%

E. Recapture

Should a Homebuyer 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. HCDD will enforce recapture provisions through a lien. Recapture parameters will be outlined in the applicable Assistance Program guidelines and documents.

F. HCDD Loan Disbursement Schedule

The awarded development projects will be funded based on a project completion schedule. The proceeds of the loan shall be dispersed only for eligible and approved costs of the work and materials purchased that are included in the Approved Final Project Budget, approved by the Director of Housing and Community Development Department.

When disbursement of the City loan is requested, the Developer must submit a disbursement request along with all supporting documentation (which shall include but not be limited to invoices and draw requests submitted by Contractor, and monthly construction progress reports on a unit by unit basis for verification by a third party inspector or a representative of the City) and evidence of required permits. Disbursements are will only be honored on monthly basis.

G. Retainage

Disbursement for the work or other expenses under the Approved Final Construction Budget shall be subject to a ten percent (10%) retainage under Section 53.101 et seq. of the Texas Property



Code (as it may be amended from time to time), but notwithstanding the foregoing, in no case shall retainage be released prior to thirty (30) days following the completion of the work as certified by the architect or other person acceptable to the City.

V. PROPERTY AND CONSTRUCTION STANDARDS

A. General Overview

New single-family housing must meet all applicable local codes, ordinances, and zoning ordinances at the time of project completion. Minimum Construction Standards (MCS) for single-family new construction homes are outlined in the City of Houston’s HCDD Minimum Construction Standards for Rehabilitation, Reconstruction and New Construction of Single Family Housing⁶.

The City, through its written agreements with Developers, will outline performance requirements and operational tools associated with construction management and oversight. The agreement will include construction inspection information for progress and final payment requirements and Texas Real Estate Commission (TREC) compliance. A Certificate of Compliance (COC) will be required to be submitted as proof of compliance.

The Developer will be responsible for maintaining the property and insuring the homes so that there is no gap in insurance coverage. Warranties will be required for: workmanship and materials; mechanical or delivery systems; and the structural warranty covering the major structural components of a Housing Unit. The Developer and its subcontractors will be responsible, directly or through a warranty contract, for all requests related to the correction of any defects that arise out of defective workmanship or construction materials that appear after completion until the end of the warranty period of the completed property. (All charges are subject to determination of cost reasonableness and City approval.) The warranty period shall commence on the date of sale to the Homebuyer.

Developers shall provide to the HCDD Director all necessary final certificates, licenses, consents and other approvals of the various governmental authorities having jurisdiction, including, a permanent COC, as applicable. All COC, warranties, and other final documents will be provided to the Homebuyer upon completion of the work.

B. Minimum Construction Standards (MCS)

All single-family new construction must, at a minimum, meet MCS at completion as well as all applicable local codes and ordinances, including Chapter 19 of the Code of Ordinances, City of Houston, Texas.

⁶ [HCDD Procedure #07-002 Single Family Minimum Construction Standards](#)



C. Green Building Standards

At minimum all unit designs must be ENERGY STAR® compliant. The Pre-Application may specify additional commitments to the City for green building standards. Projects which commit to stronger standards would be preferred. Within the Full Application Applicants will be required to submit designs compliant with the green building standards indicated in the Pre-Application. Inspections following construction completion will be conducted to confirm compliance.

Green Building Standards proposed by Applicants in the Pre-Application must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR® (Certified Homes or Multifamily High-Rise), (2) EPA Indoor Air Plus (Energy Star a prerequisite), (3) LEED® (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC–700 National Green Building Standard.

D. Elevation

The City of Houston will apply home Elevation Standards in compliance with FEMA requirements, and the City’s current, more stringent, Chapter 19 of the Code of Ordinances, , known as the Floodplain Ordinance No. 2018-258, effective September 1, 2018, as amended (“Floodplain Ordinance”). The Floodplain Ordinance defines the Houston Special Flood Hazard Area (HSFHA) as comprising both the 100-year and the 500-year floodplain that are each defined in E.O. 11988 and 24 C.F.R. Part 55. The City’s Floodplain Management Office requires the HSFHA elevation standard of 500-year floodplain plus two feet, or at least three feet above the highest adjacent grade where the depth is not specified. Furthermore, the Program will prohibit new construction activities in the floodway and the 100-year floodplain.

E. Resilient Home Construction

The Pre-Application will commit to minimum resilient design requirements. The City will prioritize projects which incorporate industry-recognized resilient home design standards which exceed the base program requirements. Resilient standards when incorporated will increase a home’s resilience to natural hazards, including high wind, hail, and tropical storms.

During the Full Application process Applicants will be required to submit designs compliant with the resilient building standards identified in the Pre-Application. Inspections following construction completion will be conducted to confirm compliance.

F. Accessibility

Developers must have the capacity to build Homes compliant with the Americans with Disabilities Act (ADA). Applicants submitting Full Applications will be required to commit to ADA compliant designs.

Inspections following construction completion will be conducted to confirm compliance and sales to Homebuyers in need of ADA units.

G. Insurance and Property Management

For all projects in the Program, all Developers must procure and maintain insurance for the duration of the agreement to protect all contract assets from loss due to any cause, such as theft, fraud, and physical damage.

H. Environmental

All funded developments will require a Phase I Environmental Site Assessment (ESA) to be in compliance with the standards established in American Society for Testing and Materials (ASTM) E1527 – 13. Any additional studies identified in the Phase I ESA will be required, including but not limited to Phase II ESAs, where applicable. Any Phase II ESAs will need to be in compliance with the standards established in ASTM E1903 – 19. HCDD will review the Phase I ESA (and if applicable Phase II ESA) to ensure any and all environmental issues requiring mitigation have been successfully addressed. To be considered current, Phase I ESA's must be less than 6 months old at the time of Full Application submission. No Phase I ESA is required as part of the Pre-Application. Phase I ESA's which are 6-12 months old at the time of Full Application submission must be updated and resubmitted, and in the event a Phase I ESA is more than 12 months old, the Developer will be required to complete and submit a new Phase I ESA. Any additional studies and/or testing (including but not limited to Phase II ESAs) determined necessary based on Phase I recommendations, would be required to comply with these standards. ESA requirements must be fulfilled as a condition of the closing of any HCDD financing.

I. Additional Requirements

Applicants must comply with the following to the extent that they are applicable to the work being performed and such other rules and regulations that the City may identify and require:

- Labor standards and worker protection requirements that may be required consistent with applicable law;
 - Project costs must be “reasonable and customary”;
 - Prior to commencement of construction, the Developer/borrower must have a Notice to Proceed issued by HCDD.
 - Requirements may be imposed related to guarantees, draws of HCDD financing, inspections, retainage or other protections toward ensuring the City's investment of funds is protected from failure to perform.
-

Following the construction completion and sales of all Affordable Homes, the Developer must submit all required project closeout documentation to HCDD.

VI. PROGRAM PRIORITIES

A. Selection Criteria

The City will prioritize the following as it pertains to the evaluation, selection, and award of funds to enable affordable single-family large tract development through this Program:

- The development site must be located within Houston City Limits
 - Developer capacity and experience and likelihood to succeed on an accelerated timeframe in all areas, inclusive of partnerships, financial capacity, prior record of success, and other considerations.
 - The quality of the proposed site, and its proximity to good schools, transportation, entertainment and recreation, food, jobs, and other locational considerations consistent with high opportunity, strong community, and overall good outcomes for Homebuyers. The City will consider higher-income census tracts as preferable generally but will broadly consider whether the proposed location is consistent with the likelihood of success, including the ability to market and sell both the affordable and market-rate homes within the community and the amount of HCDD financing required.
 - Proposed community amenities, such as walking trails, playgrounds or dog parks.
 - The relationship between the quality of the proposed community to the proposed home sales prices and need for HCDD financing. Premier locations, requiring extensive HCDD financing and providing relatively few Affordable Homes at relatively higher levels of required income would be disadvantaged. Locations with high concentrations of poverty, achieving relatively more Affordable Homes, but failing to achieve various key outcomes would be disadvantaged. HCDD seeks a balance of cost and outcomes.
 - Appropriateness and affordability of projected homeowners' association dues or costs.
 - Developments with an appropriate balance of Affordable Homes to market-rate homes.
 - Appropriateness of Home sizes, density of homes in the development, open space, numbers of bedrooms, and other similar considerations.
 - Development proposals providing a range of affordability options, based on income levels.
 - The overall design and build quality of the proposed homes, including incorporation of industry-recognized resilient home design features, long-lived building systems, low-maintenance features, accessibility features, value, and other aspects of quality design and construction
-



related to energy efficiency, indoor air quality and disaster resilience.

- The amount of requested HCDD Financing relative to the affordability value of the proposed homes. For example, an Applicant proposing \$15 Million in HCDD Financing, but providing only \$10 Million of proposed affordability (as represented by the proposed Affordable Home sales prices relative to market value) would be inferior to an Applicant proposing \$12 Million in HCDD Financing while proposing \$11 Million of proposed affordability.
- Projects with demonstrated readiness to break ground expeditiously following approval and award and fulfill on the overall obligations of the award.

Meeting one or all of the above selection criteria does not guarantee an award as funding and program budget is limited and timelines are limited. HCDD understands that some of the above-listed priorities may be difficult to achieve simultaneously, and therefore no one awarded proposal will be required to excel in all of these areas. Applications meeting the threshold participation requirements will be carefully considered.

VII. CROSS CUTTING FEDERAL REGULATIONS CONSIDERATIONS

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

A. Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services. The City of Houston Housing and Community Development Department (HCDD) takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by HCDD, and that any services are delivered in the most integrated manner possible. HCDD's mandate to conform to the requirements of ADA flows down to every stakeholder, including, Vendors, Contractors and Developers.

B. Davis-Bacon Labor Standards (as applicable)

The Davis-Bacon Act and Related Acts (DBRA) applies to Developers, Contractors and subcontractors carrying out certain federally funded or assisted construction contracts in excess of \$2,000 and requires, the payment of the prevailing wages (including fringe benefits) for corresponding work on similar projects in the area. In some cases, City of Houston Prevailing Wage Law is in effect. In the event of a difference in the prevailing wage rate between the rates of the funding entity (e.g. the federal government) and the City, the higher prevailing wage rate must be adhered to and made applicable. For certain federally assisted prime construction contracts of more than \$100,000 subject to the DBRA, Contractors and



subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, HCDD must follow the reporting requirements per HUD and the U.S. Department of Labor regulations. This requirement also extends to HCDD's Developers.

C. Equal Employment Opportunity

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal Contractors and federally-assisted construction Developers, Contractors and Subcontractors who do over \$10,000 in government business in one year from discriminating in employment decisions based on race, color, religion, sex, sexual orientation, gender identity, or national origin. The Executive Order also requires government Contractors or Developers to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment. This regulation is adhered to within HCDD programs.

All contracts entered into by the City involving expenditures of \$50,000 or more of public funding is subject to the Anti-Discrimination Provisions in City Contracts set forth by City of Houston Ordinance Chapter 15, Article II7.

D. Fair Housing

The [Fair Housing Act](#) requires all grantees and/or Developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. HCDD enforces the Fair Housing Act by ensuring that all grantees, and/or Developers meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated [forms](#) on HCDD's website, where applicable. The Affirmative Marketing Plan must comply with applicable Fair Housing Laws and demonstrate how the Applicant will affirmatively further fair housing.

E. Fair Labor Standards Act of 1938, as Amended

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage standards work and requires the payment of overtime, for certain employees, at the rate of at least one and one-half times the basic hourly rate of pay for hours worked after 40 hours of work in a workweek. These labor standards are applicable to the entire construction contract, regardless if CDBG-DR funds

⁷ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodetid=COOR_CH15CO_ARTIIANSCPRCO



finance only a portion of the project.

F. Minority- and/or Woman-Owned Business Enterprises

The Federal [Executive Order 12432](#) guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned Business Enterprises (MBEs). 2 C.F.R. § 200.321 requires the non-federal entity to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible and for the non-federal entity to require its prime Contractor, if Subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of 2 C.F.R. § 200.321(b).

All contracts, agreements, or other undertakings anticipated for construction work in excess of \$1,000,000 and the supply of goods or nonpersonal or non professional services in excess of \$100,000 is subject to the provisions in [Chapter 15, Article V of the City of Houston's Code of Ordinances](#)⁸.

G. Section 3

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 Developers/Contractors/Subcontractors with the Section 3 requirements, as outlined in 24 C.F.R. 135.32. Section 3-eligible residents are low- and very low- income persons who live in the metropolitan area or non-metropolitan county where a HUD-assisted project for housing or community development is located and people who live or reside in public or government assisted housing. Compliance with Section 3 is required by 24 C.F.R. Part 135.

H. Access to Records (State of Texas – City)

24 C.F.R. § 570.490, Recordkeeping requirements and 2 C.F.R. Part 200, Subpart D, Record retention and access:

“(c) Access to records.

- 1) Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt and use of CDBG funds and necessary to facilitate such reviews and audits.

⁸ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeld=COOR_CH15CO_ARTVMIWOSMBUEN

- 2) The State of Texas (State) shall provide citizens with reasonable access to records regarding the past use of CDBG funds and ensure that units of general local government provide citizens with reasonable access to records regarding the past use of CDBG funds consistent with State or local requirements concerning the privacy of personal records.”

The availability of records is subject to the exceptions to public disclosure set forth in the Texas Public Information Act, Chapter 552 of the Texas Government Code, (“TPIA”). TPIA requests must be made in writing to the City’s Public Information Officer and will be processed in accordance with the procedures set forth therein.

I. Fraud, Waste and Abuse

The City will assess all program systems, processes and Standard Operating Procedures from an anti-fraud, waste, and abuse perspective. The City will provide anti-fraud training to program staff. Anyone with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the City by sending an electronic report via email to the following email address: housingfraud@houstontx.gov.

J. Conflicts of Interest

The Program requires compliance with all applicable conflict of interest provisions, including but not limited to federal, state, and local statutes, laws, regulations, ordinances, and other requirements including but not limited to the Texas Local Government Code Chapters 171⁹, 176¹⁰, and 553¹¹, Chapter 36, Sections 36.02¹² and 36.08¹³ and Chapter 39, Section 39.02¹⁴ of the Penal Code, Article VII, Section 4 of the City Charter¹⁵, Chapter 14, Article II, Section 14-183¹⁶, Chapter 15, Article III, Sections [15-1](#)¹⁷ (as amended by City Ordinance No. 2021-44¹⁸), 15-55¹⁹, & 15-56²⁰ and Chapter 18, Article I, Section

⁹ <https://statutes.capitol.texas.gov/Docs/LG/htm/LG.171.htm>

¹⁰ <https://statutes.capitol.texas.gov/docs/lq/htm/lq.176.htm>

¹¹ <https://statutes.capitol.texas.gov/Docs/GV/htm/GV.553.htm>

¹² <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.36.htm#36.02>

¹³ <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.36.htm#36.08>

¹⁴ <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.39.htm#39.02>

¹⁵ https://library.municode.com/tx/houston/codes/code_of_ordinances/178617?nodeId=CH_ARTVIICICO_S4REUPMECO

¹⁶ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH14CISE_ARTIIRU_DIV15RU15.DIACGE_S14-183VICEST

¹⁷ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIINGE_S15-1PUPOPRIINCOPEINCI

¹⁸ https://library.municode.com/tx/houston/ordinances/code_of_ordinances?nodeId=1066559

¹⁹ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIICOPR_S15-55COIN

²⁰ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIICOPR_S15-56ETVAGUPR



18-3²¹ of the City of Houston's Code of Ordinance, Executive Order 1-28²², City of Houston Conflict of Interest Policy #2-22²³, and the HCDD's latest Conflict of Interest Policy.

The Program requires all program staff to disclose any relationship with an Applicant, Developer, Vendor or Contractor. Program staff, sub-grantees, program administrators, Developers, Vendors and Contractors who disclose such relationships are placed in roles where there is no opportunity for them to display favoritism or collude to financially or otherwise benefit themselves, the Applicant, Developer, Vendor or the Contractor.

K. Confidentiality/Privacy

The Program is committed to protecting the privacy of all individual stakeholders, including the public and those individuals working on the program. The program's policies describe how information is to be handled and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed.

The data collected from Applicants for the Program may contain personal information on individuals that is covered by applicable federal and state laws, regulations, and rules. Effective September 1, 2019, the Texas Public Information Act makes confidential the personal identifying information of any person who applies for federal or state disaster funding. These laws provide for confidentiality and restrict the disclosure of confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The information collected may only be used for limited official purposes:

- Program staff may use personal information throughout the award process to ensure compliance with program requirements, reduce errors, and mitigate fraud and abuse.
- Independent auditors, when hired by the City to perform a financial or programmatic audit of the program, may use personal information in determining program compliance with all applicable HUD and federal regulations, including the Stafford Act, and State and local law.
- HCDD may disclose personal information on an Applicant to those with official Power of Attorney for the Applicant or for whom the Applicant has provided written consent to do so.

Organizations assisting HCDD in executing the AHDP must comply with all federal and state law enforcement and auditing requests, including, but not limited to requests from HUD, FEMA, FBI, Office

²¹ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodetd=COOR_CH18&FID=ARTIINGE_S18-3STCO

²² <https://www.houstontx.gov/execorders/1-28.pdf>

²³ <https://www.houstontx.gov/adminpolicies/2-22.pdf>

of the Comptroller, and the HUD Office of the Inspector General.

L. Record Keeping, Retention and File Management

HCDD has established recordkeeping and retention requirements for the Developer and Contractor agreements for the purposes of maintaining records to adhere to program requirements and applicable federal, state, and local regulations including, but not limited to, Texas Government Code 552.004²⁴, City of Houston Code of Ordinance Chapter 2, Article IV Division 5²⁵, and HCDD Procedure #21-018: Records Management SOP.

The HCDD Records Management Program seeks to ensure that:

- HCDD complies with all requirements concerning records and records management practices under federal and state regulations;
- HCDD has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements, and community expectations; and
- These records are managed efficiently and can be easily accessed and used for as long as they are required.

VIII. Complaints & Appeals

Complaints

The HCDD welcomes feedback and complaints from any member of the public. Complaints are accepted in writing or over the telephone. Complaints will be responded to in writing within fifteen (15) business days, as practicable.

Appeals

HCDD's appeal process will be provided in writing to any appellant upon request or receipt of an appeal, and the same process will be clearly posted on the City's websites. Applicants have the right to appeal decisions made on their program file based on the following:

- Non-receipt of award through NOFA process
- Denied services through any of HCDD's programs
- Denial of a request for resolution for tax credits
- Program eligibility determination
- Program award calculation
- Program determination of Moderate or Substantial damage leading to Rehabilitation or

²⁴ <https://statutes.capitol.texas.gov/Docs/GV/htm/GV.552.htm>

²⁵ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH2AD_ARTIVCIRE_DIV5MUREMA



Reconstruction

- Procedural error where the application was not processed by program staff in accordance with the program guidelines
- Affirmatively Furthering Fair Housing

Appeals must be made in writing, and may either be in letter form, through HCDD's website, or on HCDD's Appeal Request Form (available on HCDD's website or at the HCDD office). Written appeals will be accepted either by mail or in-person at the HCDD office. To be considered complete, an appeal must contain the following information:

- Name
- Property address
- Mailing address (if different from Property Address)
- Phone number
- Application number (if applicable)
- Email address
- Reason for Appeal

Appeals must be made within thirty (30) days from the date of the notice of the determination on the Applicant's file that generated the appeal. Upon receipt of an appeal, HCDD will respond in writing to the appellant of the program area's decision regarding the appeal and provide the basis thereof within thirty (30) days, as practicable.

Contact Information

HCDD Mailing Address

Housing and Community Development Department
2100 Travis St., 9th Floor
Houston, TX 77002

Attn: Planning & Grants Management / Complaints & Appeals

Email - HCDDComplaintsAppeals@houstontx.gov

Complaints - <https://houstontx.gov/housing/complaints.html>

Appeals - <https://houstontx.gov/housing/appeals.html>

Telephone

(832) 394-6200

HCDD Business Hours

Monday through Friday
8:00 AM to 5:00 PM



City of Houston Housing and Community Development Department
 Single Family Division | Affordable Home Development
 Program Guidelines

Exhibit A: Sample Calculation Based on AMI, Homeownership Affordability

Sample Affordability Calculations Based on Area Median Income													
Price inputs are for illustration only and should not be interpreted as price point preferences the City has established.													
\$79,200	100% AMI (2021 Houston MSA) 4-Person HH												
Sample Calculations for TWO Bedroom Home Affordability (Selling Price vs. Market Value = Discount)													
AMI Level	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	115%	120%
2BR Income (3-Person at 1.5 Persons/Bedroom)	\$42,768	\$46,332	\$49,896	\$53,460	\$57,024	\$60,588	\$64,152	\$67,716	\$71,280	\$74,844	\$78,408	\$81,972	\$85,536
% Income to Mortgage, Utilities, Taxes and Insurance	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Assumed Annual HOA Dues	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Assumed Annual Insurance	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Assumed Annual Taxes	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total Assumed Annual Carrying Costs	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700
28% of Income to Annual Carrying Costs	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357	\$20,357
Remaining Income for Debt Service	\$22,411	\$25,975	\$29,539	\$33,103	\$36,667	\$40,231	\$43,795	\$47,359	\$50,923	\$54,487	\$58,051	\$61,615	\$65,179
28% of Income to Debt Service	\$6,275	\$7,273	\$8,271	\$9,269	\$10,267	\$11,265	\$12,263	\$13,260	\$14,258	\$15,256	\$16,254	\$17,252	\$18,250
Supportable Mortgage Payment	\$523	\$606	\$689	\$772	\$856	\$939	\$1,022	\$1,105	\$1,188	\$1,271	\$1,355	\$1,438	\$1,521
1st Mortgage Assumed % Interest	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1st Mortgage Amortized Over YRS	360	360	360	360	360	360	360	360	360	360	360	360	360
Obtainable Mortgage / Selling Price	\$97,400	\$112,900	\$128,300	\$143,800	\$159,300	\$174,900	\$190,400	\$205,800	\$221,300	\$236,800	\$252,400	\$267,900	\$283,300
Assumed Home Market Price	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000
Calculated Needed Affordability Discount	\$132,600	\$117,100	\$101,700	\$86,200	\$70,500	\$55,100	\$39,600	\$24,200	\$8,700	NONE	NONE	NONE	NONE
Percent Price Reduction Needed	58%	51%	44%	37%	31%	24%	17%	11%	4%	NONE	NONE	NONE	NONE
Sample Calculations for THREE Bedroom Home Affordability (Selling Price vs. Market Value = Discount)													
AMI Level	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	115%	120%
3BR Income (4.5-Person at 1.5 Persons/Bedroom)	\$49,421	\$53,539	\$57,658	\$61,776	\$65,894	\$70,013	\$74,131	\$78,250	\$82,368	\$86,486	\$90,605	\$94,723	\$98,842
% Income to Mortgage, Utilities, Taxes and Insurance	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Assumed Annual HOA Dues	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320	\$1,320
Assumed Annual Insurance	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650
Assumed Annual Taxes	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300
Total Assumed Annual Carrying Costs	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270	\$6,270
28% of Income to Annual Carrying Costs	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393	\$22,393
Remaining Income for Debt Service	\$27,028	\$31,146	\$35,265	\$39,383	\$43,502	\$47,620	\$51,738	\$55,857	\$59,975	\$64,094	\$68,212	\$72,330	\$76,449
28% of Income to Debt Service	\$7,568	\$8,721	\$9,874	\$11,027	\$12,180	\$13,333	\$14,486	\$15,640	\$16,793	\$17,946	\$19,099	\$20,252	\$21,406
Supportable Mortgage Payment	\$631	\$727	\$823	\$919	\$1,015	\$1,111	\$1,207	\$1,303	\$1,399	\$1,496	\$1,592	\$1,688	\$1,784
1st Mortgage Assumed % Interest	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1st Mortgage Amortized Over YRS	360	360	360	360	360	360	360	360	360	360	360	360	360
Obtainable Mortgage / Selling Price	\$117,500	\$135,400	\$153,300	\$171,200	\$189,100	\$207,000	\$224,900	\$242,700	\$260,600	\$278,700	\$296,600	\$314,400	\$332,300
Assumed Home Market Price	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000	\$253,000
Calculated Needed Affordability Discount	\$135,500	\$117,600	\$99,700	\$81,800	\$63,900	\$46,000	\$28,200	\$10,300	NONE	NONE	NONE	NONE	NONE
Percent Price Reduction Needed	54%	46%	39%	32%	25%	18%	11%	4%	NONE	NONE	NONE	NONE	NONE
Sample Calculations for FOUR Bedroom Home Affordability (Selling Price vs. Market Value = Discount)													
AMI Level	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	115%	120%
4BR Income (6-Person at 1.5 Persons/Bedroom)	\$55,123	\$59,717	\$64,311	\$68,904	\$73,498	\$78,091	\$82,685	\$87,278	\$91,872	\$96,466	\$101,059	\$105,653	\$110,246
% Income to Mortgage, Utilities, Taxes and Insurance	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Assumed Annual HOA Dues	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440	\$1,440
Assumed Annual Insurance	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Assumed Annual Taxes	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Total Assumed Annual Carrying Costs	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840	\$6,840
28% of Income to Annual Carrying Costs	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429	\$24,429
Remaining Income for Debt Service	\$30,695	\$35,288	\$39,882	\$44,475	\$49,069	\$53,663	\$58,256	\$62,850	\$67,443	\$72,037	\$76,631	\$81,224	\$85,818
28% of Income to Debt Service	\$8,594	\$9,881	\$11,167	\$12,453	\$13,739	\$15,026	\$16,312	\$17,598	\$18,884	\$20,170	\$21,457	\$22,743	\$24,029
Supportable Mortgage Payment	\$716	\$823	\$931	\$1,038	\$1,145	\$1,252	\$1,359	\$1,466	\$1,574	\$1,681	\$1,788	\$1,895	\$2,002
1st Mortgage Assumed % Interest	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1st Mortgage Amortized Over YRS	360	360	360	360	360	360	360	360	360	360	360	360	360
Obtainable Mortgage / Selling Price	\$133,400	\$153,300	\$173,400	\$193,400	\$213,300	\$233,200	\$253,200	\$273,100	\$293,200	\$313,100	\$333,100	\$353,000	\$372,900
Assumed Home Market Price	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300	\$278,300
Calculated Needed Affordability Discount	\$144,900	\$125,000	\$104,900	\$84,900	\$65,000	\$45,100	\$25,100	\$5,200	NONE	NONE	NONE	NONE	NONE
Percent Price Reduction Needed	52%	45%	38%	31%	23%	16%	9%	2%	NONE	NONE	NONE	NONE	NONE