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# Harvey Economic Development Program Guidelines

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Version 3.0

**FINAL DRAFT**

CITY OF HOUSTON  
HOUSING AND COMMUNITY DEVELOPMENT  
DEPARTMENT

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## Change Log

Version	Date	Noted Edits	Page(s)
1	2/27/2020	Introduction – Link added to SBA site where specific industry criteria can be accessed added.	6
2	2/27/2020	A definition of microenterprise has been incorporated throughout the guidelines: a microenterprise or microbusiness shall be defined as businesses with five or fewer employees, one of whom owns the enterprise. capital and resources	Various
3	2/27/2020	Goals and Priorities sections merged.	6, 7
4	2/27/2020	Text changed to reflect that for the grant program, the City will select a partner vendor through competitive procurement	8
5	2/27/2020	Graphic and some more detail provided to program structure section.	7,8
6	2/27/2020	Changed loan program name to Dream Fund Program (DFP)	Various
7	2/27/2020	Funding caps for revolving funds incorporated.	8
8	2/27/2020	Information regarding revolving loan fund interest rates and collateral incorporated.	8
9	2/27/2020	Revolving fund program income and income reuse information added.	9
10	2/27/2020	National objective criteria changed to reflect that LMA classification shall not be utilized for the revolving loan fund program, only for the grant program.	10
11	2/27/2020	Market consultation element taken out of eligibility requirements for grant program; this factor will instead be part of the (forthcoming) Propensity to Succeed Index within the underwriting analysis.	10
12	2/27/2020	Provision added noting that businesses cannot apply for both programs.	8
13	3/26/2020	Clarification added to note that selected revolving fund contractors are <u>not</u> required to only work on City of Houston contracts as program participants	13
14	3/26/2020	Edited to include a period of 3 years after the grant closeout between the GLO and HUD for retention and reporting requirements.	33
15	3/26/2020	Conflict of Interest section added.	35
16	3/26/2020	Changes, Conflicts and Waivers section added.	36
17	3/26/2020	Anti-job pirating section added.	35
18	5/7/2020	Clarification “only...either \$50,000 or \$100,000.”	8
19	5/7/2020	Added line of credit terms (2 years, w/1 year renewal)	9

Version	Date	Noted Edits	Page(s)
20	5/7/2020	Added “Note: selected CDFI partner selected... businesses may be subject to additional reporting regarding any activities undertaken with Program Income funds.”	10
21	5/7/2020	Added “...business via the program in line with federal guidelines”.	16
22	5/7/2020	PSI information and right to verify related docs and info added	16
23	5/7/2020	Clarification noting required adherence of financial and underwriting analysis to Appendix A of CFR 570	17
24	5/7/2020	Appendix A, highlighting PSI underwriting analysis, is added to the Guidelines.	N/A
25	5/7/2020	“Or contractors procured to provide supplies” added to vendor definition.	39
26	5/27/2020	Microenterprise definition edited to be race and gender neutral per City of Houston Legal Team feedback.	9
27	8/31/2020	The Economic Development Program Guidelines version 1.1 approved by GLO	N/A
28	3/30/2022	<ul style="list-style-type: none"> <li>Removed “informal” to “formal” business “cross-over” as a goal of the program.</li> <li>Added outreach to businesses owned by women and minorities as a goal of the program.</li> <li>Maximum combined award amount set to \$150,000.</li> <li>Description of Grant Application requirements expanded.</li> <li>Maximum combined loan and line of credit in the Dream Fund set to \$250,000.</li> <li>Applicant residency requirement removed in favor of business location requirement within the City of Houston.</li> <li>Included federal prohibition on assistance to businesses located in a floodway.</li> <li>Included federal requirement that beneficiaries have historically maintained flood insurance where applicable.</li> <li>Option added for SGP beneficiary to create two part-time jobs in lieu of one full-time job in order to participate.</li> <li>Eligible expenditures for awarded funds updated.</li> <li>Applications are now only accepted in online form.</li> <li>Removed requirement that applicant businesses to the Dream Fund</li> <li>Program be pre-qualified City of Houston contractors.</li> </ul>	Various

Version	Date	Noted Edits	Page(s)
28	3/30/2022	<ul style="list-style-type: none"> <li>Added the service of an LMA residential area as a qualifying national objective for participants in the DFP.</li> <li>In-kind donations defined and added as a component of application review.</li> <li>Removed Direct Deposit Consent Form from the Approval stage.</li> <li>Compliance period defined with a minimum of 60 days and a maximum of 12 months, with some caveats.</li> <li>Subrogation Agreement included as a required condition of participation in the program in case of future Duplication of Benefits.</li> <li>Reporting section updated to reflect terms of the City's contract with the GLO concerning the administration of DR-17 funds.</li> <li>Record retention section updated to include a 3-year post-closeout retention period for certain records.</li> <li>Removed provision which requires the program to make bilingual (English and Spanish) outreach materials available for prospective applicants.</li> <li>Removed Appendix A, highlighting PSI underwriting analysis.</li> </ul>	Various
29	XX/XX/XXXX	<ul style="list-style-type: none"> <li>Reformatted and reorganized content</li> <li>Removed Dream Fund Program</li> <li>Added Table of Contents</li> <li>Addressed discontinuation of Dream Fund Loan Program</li> <li>Revised job creation maximum amount to \$52,200 and job creation requirements for part-time positions</li> <li>Added maximum amount chart</li> <li>Added information about DUNS transition to UEI</li> <li>Added ineligibility for privately owned utility companies</li> <li>Added information about Debarment</li> <li>Updated Applicant Eligibility Requirements</li> <li>Addressed independent contractors (1099)</li> <li>Revised Cross Cutting Federal Regulations</li> <li>Added language regarding documentation requirements for compliance during monitoring period</li> <li>Removed references to Appendix A and other references to the "Propensity to Succeed Index"</li> <li>Removed bullet point specifically referencing "payroll expenses" as staff payroll support falls under working capital awards in the Monitoring section of the Working Capital Calculation section.</li> </ul>	Various

Version	Date	Noted Edits	Page(s)
29	XX/XX/XXXX	GLO Approval – 01/24/2024 City Council Approval – XX/XX/XXXX HCDD Approval – XX/XX/XXXX	



## Harvey Economic Development Program (HEDP) Administration

The Department of Housing and Urban Development (HUD) appropriated \$5,024,251,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding to the Texas General Land Office (GLO). The GLO has allocated \$664,157,590 to the City of Houston (City) for development and implementation of programs that directly benefit the residents of the City. Of this allocation, \$21,803,775 has been set aside for the Harvey Economic Development Program (HEDP)<sup>1</sup>.

Under the HEDP, funding will be utilized for economic development activities eligible under the Housing and Community Development Act of 1974, as amended, and the accompanying implementation regulations.<sup>2</sup> The HEDP is not allowed to duplicate funds that small businesses receive from other sources, including but not limited to business insurance policies, Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), or other federal or state agencies with disaster recovery program grants or similar assistance.<sup>3</sup> HEDP administration shall comply with applicable laws and guidelines, including those in Table 1 presented below.

Law	Title	Pub. Date	Link
Public Law 93-383	Housing and Community Development Act of 1974	8/22/1974	<a href="https://files.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf">https://files.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf</a>
Public Law 93-288	Disaster Relief Act of 1974, amended as the Stafford Act (1988)	4/1/1974	<a href="https://www.govinfo.gov/content/pkg/STATUTE-88/pdf/STATUTE-88-Pg143-2.pdf">https://www.govinfo.gov/content/pkg/STATUTE-88/pdf/STATUTE-88-Pg143-2.pdf</a>
Public Law 100-707	Stafford Act (1988)	11/23/1988	<a href="https://www.govinfo.gov/content/pkg/STATUTE-102/pdf/STATUTE-102-Pg4689.pdf">https://www.govinfo.gov/content/pkg/STATUTE-102/pdf/STATUTE-102-Pg4689.pdf</a>
Public Law 88-352, Public Law 90-284	24 CFR Part 570 ( <i>Community Development Block Grants</i> )	4/1/2013	<a href="https://files.hudexchange.info/resources/documents/24-CFR-Part%20-570-CDBGs.pdf">https://files.hudexchange.info/resources/documents/24-CFR-Part%20-570-CDBGs.pdf</a>
83 FR 5844	Federal Register Volume 83, Issue 28	2/9/2018	<a href="https://www.govinfo.gov/content/pkg/FR-2018-02-09/pdf/2018-02693.pdf">https://www.govinfo.gov/content/pkg/FR-2018-02-09/pdf/2018-02693.pdf</a>
83 FR 40314	Federal Register Volume 83, Issue 157	8/14/2018	<a href="https://www.govinfo.gov/content/pkg/FR-2018-08-14/pdf/2018-17365.pdf">https://www.govinfo.gov/content/pkg/FR-2018-08-14/pdf/2018-17365.pdf</a>

Table 1 Applicable Federal Laws and Regulations

Additionally, the City of Houston will administer the HEDP in accordance with these Guidelines, City's HEDP Standard Operating Procedures, and HUD CDBG-DR regulatory requirements and guidance. The City of Houston reserves the right to adjust program priorities and reallocate program funds and program components, as needed, to better meet program aims.

<sup>1</sup> According to the latest State of Texas Plan for Disaster Recovery, available at <https://recovery.texas.gov/documents/action-plans/2017-hurricane-harvey/5b-sap-amend-13.pdf> According to the latest State Action PlanState of Texas Plan for Disaster Recovery, available at <https://recovery.texas.gov/documents/action-plans/2017-hurricane-harvey/5b-sap-amend-13.pdf>

<sup>2</sup> 24 CFR §570.203

<sup>3</sup> 83 FR 5844

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

Daily administration of the Program will be under the direct supervision of the Director of HCDD, or their designee within the Economic Development Division. The HCDD Economic Development Division will be responsible for: program marketing, the application intake process, eligibility determination, duplication of benefits review, award determination, contract development, contractor assignment, program assessment, and program completion. The HCDD Finance Division will authorize payments to contractors after review and validation of submitted invoice packages by the Economic Development Division.

## CDBG-DR National Objectives

As expressed in the Federal Housing and Community Development Act of 1974, the “primary objective” of the general Community Development Block Grant (CDBG) program is “the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low-and moderate-income (LMI).<sup>4</sup>” To fulfill this aim, the U.S. Department of Housing and Urban Development (HUD) Community Block Grant Program policy guidance<sup>5</sup> outlines three National Objectives:

1. Benefit LMI Persons;
2. Preventing or Eliminating Slum or Blight; and
3. Meeting an Urgent Need (UN).

Unless the requirement is waived by HUD, all CDBG-DR funded activities must meet at least one of these three National Objectives.<sup>6</sup> Accordingly, the City of Houston has designed its disaster recovery programs to meet the Act’s intent, to meet a National Objective, and to help residents and communities recover from the direct and indirect impact of Hurricane Harvey. The HEDP program shall meet the LMI objective by assisting small businesses that:

1. Provide goods or services to residents of a LMI residential area (LMA)<sup>7</sup>
2. Qualify as a microenterprise (no more than 5 employees, including the owner) AND are owned by an LMI individual (LMCMC);
3. Create jobs that will be held by, or made available to, LMI persons (LMJ).

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<sup>4</sup> Section 101 of the Act, <https://files.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf>

<sup>5</sup> [https://www.hud.gov/sites/documents/DOC\\_17134.PDF](https://www.hud.gov/sites/documents/DOC_17134.PDF)

<sup>6</sup> Public Law 115-56; 83 FR 5844

<sup>7</sup> The LMA classification for National Objective Eligibility is only applicable to the Dream Fund Program. **Note:** the Dream Fund program was discontinued as of March 23, 2022.

## Key Funding Objective

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

## Introduction

The City of Houston's Harvey Economic Development Program (HEDP) has been developed to assist low and moderate-income individuals (LMI) with small businesses that were disproportionately impacted by Hurricane Harvey. In this program, a small business is defined according to the U.S. Department of Housing and Urban Development (HUD)'s definition: a business that is independently owned and operated and which is not dominant in its field of operation and in conformity with specific industry criteria (as defined by the Small Business Administration (SBA)).<sup>8</sup>

Additionally, the HEDP will prioritize supporting microenterprises. HUD defines a microenterprise as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise.<sup>9</sup>

## HEDP Goals and Priorities

The HEDP aims to extend economic opportunity to sectors of Houston's population that were disproportionately impacted by Hurricane Harvey. The economic development strategy utilized for this purpose is small business development.<sup>10</sup> Through grants and technical assistance, the HEDP also strives to promote stabilization and growth for small businesses.

**Note:** The HEDP discontinued the Dream Fund Loan Program on March 23, 2022.

To reach these goals, the HEDP program prioritizes:

1. Serving microenterprises; and
2. Outreach towards small business owned by women and minorities.

## HEDP Grant Assistance

The HEDP provides grants to small businesses up to \$150,000. The grant can be used for eligible unmet needs, including outstanding Hurricane Harvey damage, new job creation, and working capital needs.<sup>11</sup> The maximum amount of assistance for working capital and new job creation per Applicant(s) is as follows:

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<sup>8</sup> [https://www.hud.gov/program\\_offices/sdb/about/sbtypes](https://www.hud.gov/program_offices/sdb/about/sbtypes)

<sup>9</sup> Section 102(a)(22) of the Housing and Community Development Act of 1974. See, "Basically CDBG" pg. 8-2. This is consistent with the literature; see Elaine L. Edgcomb and Joyce A. Klein, "Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprises in the United States," FIELD, February 2005, <http://www.fieldus.org/publications/FulfillingthePromise.pdf>

<sup>10</sup> [83 FR 5844](#) §48. Prioritizing small businesses.

<sup>11</sup> Pursuant to CFR 570.201 (o)

Eligible Unmet Need(s)	Maximum Assistance	Total Maximum Assistance
Working Capital	\$100,000	\$150,000
New Job Creation	\$52,200	

*Table 2 Maximum Amount of Assistance for Working Capital and New Job Creation per Applicant*

The maximum assistance for working capital is based on an estimate derived from the Applicant(s)' previous annual working capital assessed from their submitted IRS form(s). The maximum assistance for new job creation, \$52,200,<sup>12</sup> reduces the total amount of working capital assistance, \$100,000, to ensure the total maximum assistance does not exceed \$150,000.

## HEDP Application Process

Program participants will be selected through an application process. The application shall require applicants to provide information about their household, their business, the damage their business sustained in Hurricane Harvey, documentation of assistance their business received for Hurricane Harvey and/or other federally declared disasters, and a description of the Unmet Need required for their business to recover and grow.

The HEDP application process shall include the following stages:

1. [Application Intake](#)
2. [Application Screening](#)
3. [Application Review](#)
4. [Application Approval](#)

### *Application Intake (Stage 1)*

To be considered for HEDP assistance, Applicants must complete and submit an online application. An applicant business will be required to provide information in its application relating to its operations, including, but not limited to:

- Legal business name and address;
- Authorized representative name(s) and contact information;
- Federal Employer Identification Number (FEIN);
- Texas Identification Number (TIN), if any;
- North American Industry Classification System (NAICS) code;
- Current employees, including business owners;
- Services or products offered by applicant business;
- Intended uses for funding, if awarded;
- Evidence of registration on [www.sam.gov](http://www.sam.gov);

<sup>12</sup> For all eligible Job Creation unmet need amounts, an amount equal to 13.5% of the new job annual salary/wages will be added to cover the cost of FICA employer share costs, federal unemployment tax costs, and state unemployment tax costs.

### **Applicant business identification numbers**

Each Applicant applying for assistance under the HEDP must provide:

1. Data Universal Number System (DUNS) number
2. Commercial and Government Entity (CAGE) Code
3. North American Industry Classification System (NAICS) Code

#### ***DUNS number***

An Applicant must provide a Data Universal Number System (DUNS) number associated with the business's tax identification number before any award can be finalized. A DUNS number is a unique nine-digit identification number for each physical location of your business. It is provided without cost to all businesses required to register with the U.S. federal government for contracts or grants. An Applicant can obtain a DUNS number within one (1) business day by applying online at <http://fedgov.dnb.com/webform/pages/CCRSearch.jsp>.<sup>13</sup>

#### ***CAGE Code***

Applicants must be actively registered in the System for Award Management (SAM) and have an assigned CAGE Code in order to receive an award. Neither the Applicant nor any principal owner (20% or more) may be debarred (active exclusion the SAM electronic roster of debarred entities.

Applicants can register for CAGE Code at <https://www.sam.gov/SAM/>. During the SAM registration process, Applicants will be assigned a new CAGE Code if one does not exist for the business. If there is an existing CAGE code, the Applicants' business information will be updated. For more information on this process, Applicants may visit <https://cage.dla.mil>. **Note: Due to increased volume and additional security requirements, a high number of entity registrations are pending CAGE review. Processing time currently exceeds the normal window of ten business days. Some users may experience processing delays of up to four weeks. Apply immediately if you are not yet registered.**

#### ***NAICS Code***

Applicants must provide their NAICS code. NAICS Codes are used by federal statistical agencies to classify business establishments for analysis of statistical data to describe the U.S. economy. Applicant businesses may obtain more information regarding its NAICS classification at <https://www.naics.com/search/>.

### **Conflict of Interest Form**

As part of the application process, Applicants must complete, sign, and date a Conflict-of-Interest form in accordance with the latest HCDD's Conflict of Interest Policy (# 01-040) and City of Houston A.P. 2-22. The application cannot be submitted without this form.

### **Authorized Representatives**

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<sup>13</sup> As of April 2022, the Federal Government transitioned from the use of the DUNS Number to the Unique Entity Identifier (UEI) as the primary means of entity identification for Federal awards government-wide. Therefore, the UEI number will be utilized in place of the DUNS number. The Federal Government issues UEI numbers through [www.SAM.gov](http://www.SAM.gov).

Applicants shall identify on their applications one or more persons, each of whom shall serve as an authorized representative for the Applicant. An authorized representative shall have the authority to alter or execute documents on behalf of, or make decisions for, the Applicant.

#### **Point(s) of Contact (POC)**

Applicants shall identify one or more persons, distinct from the Authorized Representative(s), who shall have the authority to discuss program requirements and application status. These POCs will be recorded in a system of record. A POC may not alter or execute documents on behalf of, or make decisions for, the Applicant. Applicants may revoke the rights of a POC at any time, in writing.

#### ***Application Screening (Stage 2)***

Submitted applications will be screened by the HEDP staff to determine if the initial eligibility criteria are met.

#### ***Application Review (Stage 3)***

After the initial eligibility criteria have been met, HEDP staff will conduct underwriting, which includes, but may not be limited to a financial analysis, duplication of benefits analysis, national objective(s) verification, and calculating award amount. All underwriting review and financial analysis elements shall be conducted in accordance with the underwriting regulations in Appendix A of 24 CFR Part 570.

#### **Financial Analysis**

Applicants' business tax returns or other financial documents, payroll records, quarterly wage reports, etc. may be requested to verify that employment and annual receipts for the business are below the program limits.

Additional business, financial and tax documents, as well as online surveys, may be required to verify information submitted with the application for underwriting purposes.

#### **National Objective(s) Verification**

Each application will be reviewed to determine whether a LMI National Objective can be achieved by the Applicants' activities in accordance with the 24 CFR 570.208(a).

#### **Duplication of Benefits Analysis**

In order for an Applicant to be eligible for assistance from the HEDP, all assistance previously received by the Applicant must be considered. It is the responsibility of the Applicant to disclose all such assistance. The duplication of benefits analysis includes but is not limited to business insurance proceeds, SBA loans, FEMA assistance, Texas General Land Office Economic Revitalization Program ERP), and any other disaster recovery assistance. Multiple sources may be requested to verify duplication of benefits, including verification from third parties and Applicant self-certification (where no other source of information is readily available).

While HEDP funds cannot duplicate previous assistance for the same purpose, previous assistance can supplement. Funds received from another source for the same purpose as this grant program that can be demonstrated to have been used for a different eligible activity may be excluded when

calculating the award. The Applicant's award will be reduced by the amount of the duplicative assistance.

### **In-Kind Donations**

In-Kind donations must be evaluated during the assessment of Total Need. In-Kind donations are not considered a duplication of benefits under the Stafford Act; however, In-Kind Donations reduce the amount of CDBG-DR assistance provided for unmet need because the donated goods or services reduce activity costs (84 FR 28839 IV.A). Applicant(s) are responsible for disclosing at the time of HEDP application within the In-Kind Donation section any In-Kind Donations in the form of goods or services provided for Hurricane Harvey disaster recovery during the DOB Analysis Timeframe (Hurricane Harvey disaster recovery assistance received between August 25, 2017 (the time of Hurricane Harvey), and the date of the Applicant(s)' HEDP application submission).

### **Conflict of Interest Review**

HEDP staff will review each Applicants' Conflict-of-Interest form. If potential or actual conflict is detected, no benefits may be given to the Covered Person unless and until Legal Department determines a conflict of interest does not exist, a GLO waiver is granted if a conflict exists, or the Director authorizes the use of non-federal funds for the Covered Person per the process and limitations described in the latest HCDD's Conflict of Interest Policy (# 01-040) and [COH A.P. 2-22](#). As used in this document, "Covered Persons" means and include any person who is an employee, agent, consultant, officer, or elected or appointed official of the City or its subrecipients that are receiving, directly or indirectly, federal funding. Immediate family members of Covered Persons or persons with whom Covered Persons have business ties are also Covered Persons under this policy. "Immediate family members" means and includes (whether by blood, marriage, or adoption) the spouse, parent (including a stepparent), child (including a stepchild), sibling (including a stepsibling), grandparent, grandchild, and in-laws of a Covered Person.

### **Environmental Review**

Applications are subject to environmental review in accordance with 24 CFR Part 35. A full environmental review under federal law will not be required. The HEDP will fund only activities outlined at 58.35(b) CENST, "including but not limited to, equipment purchases, inventory financing, interest subsidy, operating expenses, and similar costs not associated with construction or expansion of existing operations."

### **Unresponsive Applicants**

If additional information from an Applicant is requested and is not received within thirty (30) business days of request, the Applicant's application will be withdrawn.

## **Applicant Eligibility**

HEDP assistance is available to a microenterprise or small business as defined by the SBA, recognized by the Texas Secretary of State, and registered with the Texas State Comptroller including but not limited to:

1. Sole proprietorships;
2. Corporations;

3. Partnerships;
4. Limited Liability Corporations (LLC);
5. Non-profit organization; or
6. Other forms of business organizations that are recognized by the State of Texas and listed with the Texas Secretary of State and the Texas Comptroller of Public Accounts.

**Note:** Applicants' business must not be a privately-owned utility company for any purpose.

#### **Business at Time of Disaster**

Applicants' business was operating at the time of Hurricane Harvey on August 25, 2017.

#### **Business Located in the City of Houston Jurisdiction**

Applicants' business address must be within the official City of Houston limits at the time of application.

Applicants are cautioned that a business address that cites "Houston, Texas" as the address is not automatically eligible. Some Houston addresses, such as those that do not receive City of Houston services, will not be eligible for the program.

Applicants may verify that their business address is within the city limits of Houston prior to completing the program application by inputting their business address into the 'Houston Map Viewer', <https://mycity.houstontx.gov/houstonmapviewer/>, an interactive web-based map site. After entering an address, a pop-up box will appear. Note: If the address reads "City Service Type: Full" or "City Service Type: Limited", the address will be considered within the city limits.

This eligibility requirement is satisfied when the Applicants' business address is consistent throughout the business' financial and business documents, including but not limited to:

- IRS documentation; or
- Bank statements; or
- Lease agreements; or
- Property tax statement; or,
- Business incorporation documents (such as DBA)
- Utility bills

#### **Business Qualifies as a Small Business or Microenterprise**

1. Small business, as defined by the Small Business Administration (SBA) in 13 CFR Part 121, size limitations for small businesses can vary in size from 0 to over 1,000 employees, depending on industry sector: [https://www.sba.gov/sites/default/files/files/Size\\_Standards\\_Table.pdf](https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf)).
2. Microenterprise, a small business with no more than 5 employees, including the owner.

#### **Business is not "Debarred"**

The Applicant's business is not debarred or excluding from receiving funding the Federal nor State government as verified via the System for Award Management (SAM) and/or the Texas State Comptroller's Office as outlined in our latest HCDD #01-014 Debarment Verification Policy and



Standard Operating Procedures in accordance with Executive Orders 12549 and 12689, 2 CFR Part 180, and 2 CFR Part 2424. Applicants with existing debarments (active exclusions) will not be eligible to participate in the HEDP.

**Note:** HEDP Participants are subject to an annual debarment verification on grant agreements extended beyond a year.

### **Business Not Located in a Floodway**

Applicant's business cannot be located in a floodway. Any business that was required to maintain flood insurance in order to receive past federally-funded assistance, but failed to do, so may be ineligible for future federal assistance.<sup>14</sup>

### **Meet the National Objective Requirements**

Applicant must meet one of the following requirements:

1. Business must be a microenterprise (no more than 5 employees, including the owner) owned by an individual whose income falls at or below 80% of the median income by family size as defined by income requirements established by HUD for the Houston Metropolitan Service Area (MSA) (LMCMC); or
2. Business must create at least 1 Full-time Equivalent (FTE) job, or at least 2 no more than 4 part time jobs (must aggregate to 1 FTE with a minimum total of 32 hours worked a week), to be held by, or made available to, LMI persons (LMJ), with an annual salary at or under the HUD established LMI threshold for the Houston MSA.

### **Other Applicant Eligibility Requirements**

1. Demonstrate business physical damage or economic damage or both is equal to or greater than \$3,000.
2. Current on business property taxes or on a payment plan.

## **Eligible Activities and Uses**

*HEDP grant can be utilized for the following unmet needs:*<sup>15</sup>

- Addressing outstanding physical Hurricane Harvey damage
- Creating new jobs<sup>16</sup>
- Current staff payroll
- Commercial lease and mortgage payments
- Inventory
- Supplies (moveable/unfixed machinery only)
- Insurance premiums

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<sup>14</sup> If a business is located within the special flood hazard area on a preliminary flood insurance rate map and that map is adopted during the Grant Agreement term, the applicant business must purchase flood insurance for the duration of the grant term.

<sup>15</sup> 24 CFR 570 and 2 CFR 200 Subpart E and 24 CFR 570.203

<sup>16</sup> Independent Contractors (1099) positions are not allowed for new job creation; however, converting 1099 contractors to full-time, W-2 employees is allowable.

- Utility bills
- Marketing
- Training/continuing education

***HEDP grant may not be used for:***

- Renovation, repair, or improvement to buildings;
- Purchases of equipment that must be affixed to a building;
- Acquisition of real property;
- Purchase of alcoholic beverages;
- Paying for staff entertainment;
- Paying for lobbying activities;
- Buying out any stockholder or equity holder in the applicant business;
- Buying out or reimbursing any family member;
- Replacement of lost income or revenue

## Working Capital Calculation

Working capital is defined as “Current Assets minus Current Liabilities” on the business’ balance sheet. In other words, working capital is the amount of cash needed to fund one year’s worth of liabilities (i.e., one year’s worth of mortgage payments and other debt, tax and utilities, yearly wages, and accounts payable) after subtracting other current assets such as inventory and accounts receivable. Working capital does not include any expense for any repairs or installation of equipment, or any form of construction or expansion of existing facilities, whether “hard” or “soft” costs.

The estimation of working capital needs is subject to the HEDP working capital limitation estimate, which is defined as the Applicant(s)’ annual working capital expenses for the year prior to the time of application. This estimation is drawn from the Applicant’s IRS documentation.

## *Application Approval (Stage 4)*

Applicants will be provided with determination either awarding or denying approval for HEDP assistance. Approved applicants will be notified of the amount of the award and an explanation for how the award amount was calculated. Prior to distributing funds, HEDP awardees shall be sent:

1. Grant Agreement (which includes Subrogation Agreement); and
2. Job creation/retention commitment agreement, if applicable.

## *Monitoring*

The HEDP will implement a method or system to ensure that HEDP Participants comply with all applicable requirements under the Grant Agreement. The compliance period for each grant award will typically be 12 months or until satisfaction of applicable National Objective(s), whichever occurs first. The minimum monitoring period is 60 days (broken up into periods, i.e. Monitoring Period I, II, and III) or until satisfaction of applicable National Objective(s), whichever

occurs first. No grant agreement is expected to continue for longer than 2 years or August 2024, whichever occurs first. During the monitoring periods, HEDP Participants must provide documentation demonstrating the use of the award.

- For working capital expenses, HEDP Participants must submit receipts, invoices, and documentation of purchases.
- For Damage Based Needs, HEDP Participants must submit receipts, invoices, and documentation of such purchases.

For Job Creation, HEDP Participants must submit a W4 and minimum of 2 consecutive months of payroll expenses, i.e. pay stubs, payroll reports, bank statements, etc.

### **Ownership**

Ownership of the HEDP Participants' business shall not change during the term of the Grant Agreement. Ownership shall be verified during the eligibility review and once during the grant term. Ownership shall be assessed via online records of ownership or submitted ownership documentation. Current ownership may be verified through one of the following sources of documentation:

1. Online business tax records demonstrating that the HEDP Participant owned the property at application;
2. Deeds;
3. Certificates of shares;
4. Death certificates, wills, or other supporting documentation;
5. An affidavit attesting to ownership with sufficient supporting documentation; or other documentation that will be reviewed and approved on an individual basis.

### **Recapture**

Recapture of grant funds shall be pursued against HEDP Participants that violate the Grant Agreement requirements.

HEDP awardees will be required to sign a Subrogation Agreement within the Grant Agreement. As part of the agreement, HEDP awardees agree to subrogate (commit to the City of Houston) any future payments they may receive after the award amount is determined from sources that represent a potential Duplication of Benefits. The agreement requires the HEDP Participant to notify the City of Houston if additional funds are received and to assist the City in collecting any amounts of duplicative assistance.

### ***Closeout***

Following completion of all program requirements, HEDP Participants shall be released from further obligations under the HEDP. All records, documentation, and information related to the HEDP will be maintained by HCDD for a 3-year period after the date of closeout of the CDBG-DR grant that funded the Program.

## *Reporting*

The City shall prepare and provide to the GLO monthly reports throughout the term of the GLO Grant Agreement that include the following information:

1. Total jobs created;
2. Created job types
3. Created job status (FTE or PTE)
4. Created job wages/salary
5. Race, Ethnicity, and Gender of persons hired for jobs created

For each HEDP Participant qualifying for the National Objective requirement based on job creation, the City shall provide documentation of payroll corresponding to the job creation covering at least two consecutive months following the date of awardee's execution of the Grant Agreement. Confirmation of HEDP compliance with the National Objective will only occur after all created jobs are accounted for and appear on at least two consecutive months of payrolls.

Under a waiver provided by HUD in 83 FR 5844 and 5866, the HEDP awardee may identify the LMI jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job.

## **Record Keeping, Retention and File Management**

In accordance with HUD regulations, the GLO as the grantee, and HCDD as the sub- grantee and prime recipient of CDBG-DR funds, HCDD shall follow the records retention requirements cited in 2 CFR Part 200, which include financial records, supporting documents, statistical records and all other pertinent records.

### ***Record Keeping***

Pursuant to Recordkeeping requirements at 24 CFR 570.490c in the case of 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.
2. The 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.

### ***Record Retention***

Record retention is a requirement of the program. Records are maintained to document compliance with program requirements, including federal, state, and local regulations and to facilitate a review or audit by HUD and the GLO. The HCDD Records Management 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
- Records are managed efficiently and can be easily accessed and used for as long as they are required.

All HEDP records relevant to the GLO Contract shall be retained for a period of 3 years subsequent to the final closeout of the overall City of Houston CDBG-DR program. When no longer required they are disposed of in a timely and efficient manner Chapter 202 of Texas Local Government Code.

### **Audit Requirements**

In accordance with Subpart F of 2 CFR 200, non-federal entities that expend \$750,000 or more during their fiscal year in federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions therein. HCDD is responsible for conducting reviews of these single or program-specific audit reports and for coordinating the issuance of management decisions for audit findings relating to HCDD-provided federal funds.

### **Fraud, Waste and Abuse**

The City assesses all program systems, processes, and Standard Operating Procedures from an anti-fraud, waste, and abuse perspective. HCDD's Fraud, Waste, and Abuse Policy<sup>17</sup> defines how allegations must be referred, and to which Office of Inspector General. The City will provide anti-fraud training to program staff. Any potential fraud, waste, and abuse detected by staff must be reported to the Allegations Coordinator or directly to the Office of Inspector General. Anyone with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the Allegations Coordinator via email at [housingfraud@houstontx.gov](mailto:housingfraud@houstontx.gov) or directly to the Office of Inspector General at:

#### **City of Houston Office of Inspector General**

900 Bagby St  
4<sup>th</sup> Floor  
Houston, TX 77002; or

P.O. Box 368  
Houston, TX 77001-0368

Phone: (832) 394-5100

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<sup>17</sup> HCDD Policy #21-010

**City of Houston Housing and Community Development – Grants Administration Section**  
2100 Travis St  
9<sup>th</sup> Floor  
Houston, TX 77002  
c/o Grants Administration

Phone: (832) 394-6200

## Community Engagement and Outreach

The City, through HCDD, is committed to affirmative marketing policies. HCDD shall conduct general outreach to obtain as many potentially eligible applications as possible. Particular emphasis will be focused on successful outreach to LMI areas, as well as persons of color, veterans, persons with disabilities, and women. Outreach shall be performed via coordination with local business associations, governments and non-profits, and shall include online marketing, media marketing, and other formats. All outreach materials shall include the web address for the online application portal and the programmatic email address.

## Affirmatively Furthering Fair Housing

HEDP activities must be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and the Fair Housing Act (42 U.S.C. §§ 3601– 3619). The HEDP affirmatively furthers fair housing through its commitment to creating jobs and economic opportunity for LMI persons and communities.

## Outreach Evaluation

Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and demographic diversity of Houston. Evaluation will be an ongoing process. HCDD has discretion in the modification and/or addition of requirements to the Affirmative Marketing & Outreach Plan.

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

## Language and Disability Accommodations

Every effort will be made to assist all Applicants and Program Participants. Upon request, program information, including application and supporting forms, will be available in the top five languages spoken in Houston (Spanish, Vietnamese, Chinese, Arabic, and French.<sup>1</sup> ), and other native languages. Applications will be offered in a manner consistent with fair housing and civil rights regulations, such as: 24 CFR § 8.6; Title II of the ADA; Section 504 of Rehabilitation Act; and other related regulations and directives. To ensure effective communication, these regulations also require consideration of special populations including but not limited to persons with disabilities and persons with limited English proficiency (LEP) as outlined in the latest COH A.P. 2-11: Language Access; and other related regulations and directives. To ensure effective communication, these

regulations also require consideration of special populations including but not limited to persons with disabilities and persons with limited English proficiency (LEP).

Applicants and Program Participants who require an accommodation for language access (individuals who are non-English speaking or have limited English proficiency) or due to an impairment, or disability, may contact Program Staff at (832) 393-0550 or at [HCDD.ECON@houstontx.gov](mailto:HCDD.ECON@houstontx.gov).

#### Examples of potential accommodation may include:

- Arranging for qualified American Sign Language interpreters
- Providing on-site captioning
- Producing alternate formats of print materials in braille, large print, or in an electronic format
- Providing remote conference captioning services
- Accessible electronic and information technology

Upon receiving an accommodation request, the City may contact the Applicant to obtain additional information to better assess the need. The City will make a good-faith effort to accommodate all reasonable requests that allow the Applicant to effectively participate in the HEDP.

## Financial Management

The City of Houston, as a CDBG-DR recipient, is required to follow the financial administration requirements outlined in 2 CFR 200. These standards help ensure that the financial systems put in place by the City:

1. Provide adequate, current, and complete disclosure of the financial results (regular financial reporting) of all financially assisted activities, in accordance with the financial reporting requirements of the grant.
2. Document that funds have been used only for authorized purposes. For CDBG-DR this includes not only eligible activities but that the funded projects meet a National Objective;
3. Maintain accounting records that show the sources and uses of funds, displaying funds authorized, obligated and unobligated balances, assets, liabilities, outlays or expenditures and income;
4. Establish effective internal controls over all cash, real and personal property, and other assets acquired with program funds;
5. Track actual program cost against program budget in a manner that relates to program productivity and accomplishments;
6. Use Uniform Administrative Requirements outlined in [2 CFR 200](#) principles to determine whether program costs are reasonable, allowable, and can be allocated, either directly or indirectly;

7. Maintain source documentation for accounting records;
8. Implement procedures for cash management that permit the timely disbursement to program participants and subrecipients and complete and accurate monitoring and reporting; and
9. Comply with [2 CFR 200 Subpart F](#).

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

### *Finance Department*

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

### *The City Controller*

The Office of the City Controller certifies the availability of funds prior to City Council approval of City commitments, processes and monitors disbursements, invests the City's funds, conducts internal audits of the City's departments and federal grant programs, operates and maintains its financial management system, conducts the sale of public improvement and revenue bonds and produces a comprehensive annual report of City finances - Comprehensive Annual Financial Report (CAFR). The Controller will be responsible for providing a variety of approvals for release of CDBG-DR funds as payment to contractors and beneficiaries.

### *Housing and Community Development Department (HCDD)*

HCDD is the grant manager for Houston's Hurricane Harvey CDBG-DR allocation and responsible for administering all programs outlined in the City's Local Action Plan.

### *Economic Development Section*

This section is responsible for designing and implementing an economic development strategy and program for the City of Houston.

### *Disaster Recovery and Public Services Division*

This division is responsible for program development and oversight, as well as community outreach.

### *Finance Division*

This division is responsible for processing CDBG-DR grant funding through the Systems Applications and Products (SAP), performing draws in HUD's Integrated Disbursement Information System (IDIS) and Disaster Recovery Grant Reporting (DRGR) System, and reconciling budgets and expenditures. This division is also responsible for processing payment requests in SAP and federal reimbursement requests to the GLO to be realized in the City's budget.



### *Planning and Grants Reporting Division*

This division is responsible for the City's CDBG-DR Local Action Plan, Local Needs Assessment, program applications, other rated planning documents, substantial amendments, project/activity budget set-up and completion in IDIS and DRGR and related reporting to HUD and GLO.

### **Confidentiality/Privacy**

The HEDP 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 the Federal Privacy Act of 1974, as well as applicable state laws. 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 program 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, CDBG-DR requirements 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 CDBG-DR Program must comply with all federal and state law enforcement and auditing requests. This includes, but is not limited to, HUD, FEMA, FBI, Office of the Comptroller, and the Office of the Inspector General.

### **Complaints and Appeals**

The City of Houston Housing and Community Development Department (HCDD) accepts complaints and appeals regarding HCDD-funded programs, developments, and/or activities. The following sections outline the complaint and appeals processes.

### **Contact Information**

City of Houston Housing and Community Development Department  
ATTN: Complaints and Appeals  
2100 Travis Street, 9th Floor  
Houston, TX, 77002

Phone: 832-394-6200

Email: [hcddcomplaintsappeal@houstontx.gov](mailto:hcddcomplaintsappeal@houstontx.gov)

Business Hours: Monday – Friday, 8:00 AM – 5:00 PM

## Complaints

The HCDD welcomes feedback and complaints from any member of the public. Complaints are accepted verbally (in person or over the telephone) or in writing (by letter or via email). Complaints will be responded to in writing within 15 business days, as practicable. For further information, please refer to the HCDD Complaints website at: <https://houstontx.gov/housing/complaints.html>.

## Appeals

### Appeal Request

All program applicants have the right to appeal a determination made by the Housing and Community Development Department (HCDD). Applicants have the right to appeal decisions made on their program file based on the following:

- Non-receipt of award through NOFA or RFP 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 Reconstruction
- Procedural error where the application was not processed by program staff in accordance with the program guidelines
- Affirmatively Furthering Fair Housing

Appeal requests are accepted in writing via email at [HCDDComplaintsAppeal@houstontx.gov](mailto:HCDDComplaintsAppeal@houstontx.gov), mailed or delivered letter, online [Appeal Request](#) form, or using the paper form at the HCDD office. Appeal Requests must be submitted within 30 days of the notice of determination. To be considered complete, an appeal request must contain the following information:

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

### Appeals Process

Tier 1 Appeals are the initial determination appeal, in which the program area will review all documentation submitted and either reiterate the initial determination or approve your appeal and overturn the determination. Appeals will be responded to in writing within 30 calendar days.

When a program applicant does not agree with the decision made in the initial appeal, program applicants have the right to request a Tier 2 Appeal. The Appeals Review Committee (ARC) will review all documentation and the supporting documents to make a final decision. The appellant may only escalate to a Tier 2 the appeal after a Tier 1 determination has been made by the program area. The ARC will process the escalated appeal within thirty (30) days, as practicable. The ARC will transmit their decision to the appellant in writing.

HCDD will keep a record of each appeal that it receives and include all communications and their resolutions.

Please visit <https://houstontx.gov/housing/appeals.html> for more information regarding HCDD's Appeal Process.

### *Texas General Land Office*

Should the appellant not be satisfied with the outcome determined by the ARC, they have the option to dispute the decision by sending an appeal in writing to the Texas General Land Office (GLO). The appellant has 30 days to submit an appeal directly to GLO following receipt of the ARC's decision regarding their appeal.

If no word on a pending appeal is received by HCDD within the appropriate timeline from GLO, HCDD will designate the appeal decision made by the Appeals Review Committee as the final decision and consider the matter closed. Funding for applications under appeal will be reserved until a final determination is issued.

## **Cross Cutting Federal Regulations**

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

### *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 sub-recipients, vendors, and developers.

### *Equal Employment Opportunity*

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal contractors and federally-assisted construction 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 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.

### *Fair Housing*

The Fair Housing Act requires all grantees, sub-recipients, 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, sub-recipients, 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 website, where applicable. The Affirmative Marketing Plan must comply with applicable Fair Housing Laws and demonstrate how the applicant will affirmatively further fair housing throughout applicable NCEM disaster recovery programs.

### *Limited English Proficiency*

Federal Executive Order 131661 requires HCDD and all satellite offices, programs, sub-recipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. HCDD ensures fair access through the implementation of a Language Assistance Plan (LAP), which includes non-English-based outreach, translation services of vital documents, free language assistance services, and staff training. Refer to the “Language Assistance Plan” Provision of Language Assistance Services for additional guidance and protocols.

### *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 CFR 200.321 requires the non-federal entity to take all necessary steps to ensure that all sub-recipients, contractors, sub- contractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance ensure that contracts and other economic opportunities are directed to small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms when possible.

### *Insurance and Property Management*

For all projects in the Program, all property owners 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. If CDBG-DR funds are used to acquire real property or personal property, the property owner is responsible for ensuring that:

1. The property continues to be used for its intended (and approved) purpose;
2. The subrecipient keeps track of, and takes care of, the property; and

3. If the subrecipient sells or disposes of the property during the contract period, the subrecipient reimburses HCDD for the share of the property's value according to the agreement.

### *Anti-Job Pirating*

Applicants will be subject to anti-job pirating as defined by 24 CFR § 570.210, which states that program funds “may not be used to directly assist a business, including a business expansion, in the relocation of a plant, facility, or operation from one LMA to another LMA if the relocation is likely to result in a significant loss of jobs in the LMA from which the relocation occurs.”

## **Changes, Waivers, and Conflict**

Waivers to the requirements in these Guidelines can only be approved by HCDD and the GLO and must be provided in writing. If these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state, or federal law.

HCDD will publish all Program Guidelines on the City's website [[www.recovery.houstontx.gov](http://www.recovery.houstontx.gov)]. All guidelines will initially be published for a 30-day public comment period. Any subsequent changes to the Guidelines after approval by the Texas General Land Office will be posted for a minimum of 7 days for public comment and the latest versions available on the City's website.

### *Waivers*

As the program matures, it is possible there will be requests for waivers and alternative requirements to these Guidelines. These requested changes and waivers must be consolidated, reviewed, and approved by the GLO. To request a waiver, HCDD must submit a written request on HCDD letterhead that includes the following:

1. The Guideline for which the waiver applies;
2. The requirement to be waived or altered;
3. Alternative requirement or language; and
4. Detailed statement of how the request is necessary to address unmet recovery needs.

### *General Program Waiver Request*

A General Program Waiver request includes a requested change to the Guidelines for administrative, eligibility, national objective, expenditure deadline, or overall benefit requirements, for which approval from the GLO is needed within 30 days. The request must demonstrate that the funds will be used for an eligible CDBG-DR eligible activity and meet a national objective.

Waivers of this category must be published for 7 days and public comment received and addressed before implementation.

### *Emergency Waiver Request*

An Emergency Program Waiver Request is a requested change to the Guidelines for administrative, eligibility, national objective, expenditure deadline, or overall benefit requirements that must be implemented as soon as possible, for example, to resolve or prevent a compliance issue. An Emergency Waiver Request must be submitted to GLO immediately and a response should be received from GLO within 5 business days.

In the case of requests that must be routed to HUD for approval, it is expected that GLO and the City will request an expedient response. If the request will not be approved prior to the anticipated or necessary implementation timeline, GLO must notify the City via an official letter of the necessary escalation to HUD and anticipated timing.

Additional requirements may be requested as required for submission depending on waiver type and category.

## Definitions

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

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

*Applicant:* a person or entity who applies to participate in an HCDD program.

*Area Median Family Income (AMFI):* Calculated annual limits based on HUD-estimated median family income. May also be referred to Area Median Income (AMI) in other program documents.

*Beneficiary:* The recipient deriving advantage from CDBG-DR funding.

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

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

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

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

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

*Housing and Urban Development Act of 1968, Section 3:* Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial

assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32.

*Low- and Moderate-Income (LMI):* Activities which benefit persons of income that does not exceed 80 percent of the area median income.

Extremely low: Household's annual income is up to 30 percent of AMI, as determined by HUD, adjusted for family size.

Low: Household's annual income is between 31 percent and 50 percent of AMI, as determined by HUD, adjusted for family size.

Moderate: Household's annual income is between 51 percent and 80 percent of AMI, as determined by HUD, adjusted for family size.

*Microenterprise, microbusiness:* A microenterprise or microbusiness shall be defined in this program as businesses with five or fewer employees, one or more of whom owns the enterprise.

*Microenterprise Development:* Microenterprise development refers to helping microenterprise owners most at risk (LMI and other disadvantaged individuals who do not typically have access to the full range of mainstream financial services) to create or expand their small businesses.

*Program Participant:* person or entity who has been selected to participate in an HCDD program.