



# **City of Houston Build It Forward Housing Recovery Program**

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## **Harvey Homeowner Assistance Program Program Guidelines**

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**Version 1.6**

City of Houston  
Housing and Community Development Department

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*Through our recovery programs, the City of Houston is committed to building a resilient and equitable city after Hurricane Harvey. Our housing recovery programs seek to build safe and affordable homes across our city, in communities where people can thrive. This means investing in homes – rebuilding existing housing stock and constructing new homes in areas safe from future flooding – as well as in community amenities, economic engines, and resilience activities. We will use data to design and evaluate the success of our programs, and will be transparent about how the recovery is unfolding. Recovery from Hurricane Harvey presents a historic opportunity to build forward into a Houston that’s stronger than ever before.*

## HoAP Program Administration

The Harvey Homeowner Assistance Program (HoAP) is intended to assist eligible City of Houston (City) applicants whose residences were directly impacted by Hurricane Harvey. The Department of Housing and Urban Development (HUD) appropriated \$5,024,251,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding to the Texas General Land Office (GLO). Of this \$5 billion allocation, the City of Houston (City) has received a direct allocation from the GLO of \$1,275,878,041 for development and implementation of programs that directly benefit the residents of the City of Houston. HUD outlined the allocations and applicable waivers and alternative requirements in Federal Register Notices published on February 9, 2018 (83 FR 5844). Subsequent publications of waivers and alternative requirements can be found in the table below under Applicable Laws & Regulations.

The City’s Housing and Community Development Department’s (HCDD) goal is to provide housing programs that will preserve and expand the housing stock while creating sanitary, safe, energy efficient housing, and a resilient community. HCDD’s include prioritizing elderly households, disabled households, households in which members are under the age of 18, and households at or below 80% area median income while affirmatively furthering fair housing. The City of Houston also places an emphasis on housing choice and designs that reduce maintenance and insurance costs as well as provide independent living options. The focus of the program is to fulfill an unmet housing need for extremely low-, low- and moderate-income applicants. The program will also secure housing by bringing existing units into compliance with applicable health and safety codes or by replacing those existing structures that cannot be repaired because of structural or economic barriers.

The City of Houston will administer its Homeowner Assistance Program in accordance with these Harvey Housing Guidelines, City of Houston Harvey Standard Operating Procedures, and HUD CDBG-DR regulatory requirements and guidance. The City of Houston reserves the right to adjust program priorities and phases and re-allocate program funds and program components

(reimbursement, rehabilitation, reconstruction, demolition, acquisition and interim mortgage assistance or temporary relocation assistance) if doing so would better serve the affected communities and their residents.

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

Daily administration of the programs will be under the direct supervision of the Director of HCDD or his designee. Intake Specialists will be responsible for accepting applications during the intake process through the HCDD Outreach and Intake contractor. Further processes, such as eligibility; duplication of benefits review; inspection and environmental protocols; award determination; builder assignment; construction; and completion, will be administered and implemented by HCDD staff, the Master Program Manager (if applicable), and the selected Construction Managers. The HCDD Finance Division will authorize payments to contractors after review and validation of submitted invoice packages by HCDD and the Master Program Manager (if applicable).

## CDBG-DR National Objectives

In support of HUD’s recovery objectives, the City has specifically designed its storm recovery programs to help impacted residents and communities recover from damage inflicted by Hurricane Harvey. As expressed in the Federal Housing and Community Development Act, the primary objective of the general Community Development Block Grant (CDBG) program is “the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low-and moderate -income (LMI).” Community Development Block Grant – Disaster Recovery funding appropriated in response to disasters must meet the general goals of the CDBG program.

All CDBG-DR funded activities through the City of Houston HoAP must meet at least one of the three National Objectives defined in the authorizing statute of the CDBG program:

- Benefiting Low- and Moderate-Income Persons (LMI) (80% of Area Median Income)
- Preventing or Eliminating Slum or Blight (SB) through buyout or acquisition with demolition

- Meeting an Urgent Need (UN) by providing housing assistance to applicants making in excess of 80 percent of the area median income (AMI)

All activities funded through the City of Houston HoAP, unless the requirement is waived by HUD, are required to meet one of the National Objectives. The City must document how each program and/or activity funded under Urgent Need responds to a disaster-related impact as noted in 24 C.F.R. § 570.208(c).

## Applicable Laws & Regulations

| Funding Source                | Type of Rule   | Source  |
|-------------------------------|--|---|
| CDBG                          | Regulations – 24 CFR 570   | <a href="https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=913f1e9ace382ed2c09ba5f359ef6f36&amp;tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl%20">https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&amp;SID=913f1e9ace382ed2c09ba5f359ef6f36&amp;tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl%20</a> |
|                               | HUD Exchange - CDBG  | <a href="https://www.hudexchange.info/programs/cdbg-entitlement/">https://www.hudexchange.info/programs/cdbg-entitlement/</a>   |
|                               | HUD Monitoring Guides  | <a href="https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2">https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2</a>   |
| Duplication of Benefits       | FRN 84 FR 28836, effective 6/20/2019                             | <a href="https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13147.pdf">https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13147.pdf</a> (6/20/2019)   |
|                               | FRN 84 FR 28848, effective 6/20/2019                             | <a href="https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13146.pdf">https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13146.pdf</a> (6/20/2019)   |
|                               | FRN 76 FR 71060, effective 11/16/2011                            | <a href="https://www.govinfo.gov/content/pkg/FR-2011-11-16/pdf/2011-29634.pdf">https://www.govinfo.gov/content/pkg/FR-2011-11-16/pdf/2011-29634.pdf</a> (11/16/2011)  |
| CDBG-DR 2017 Hurricane Harvey | HUD Exchange – CDBG-DR   | <a href="https://www.hudexchange.info/programs/cdbg-dr/">https://www.hudexchange.info/programs/cdbg-dr/</a>   |
|                               | Public Law 115-31 (Section 421), enacted 5/5/2017                | <a href="https://www.congress.gov/bill/115th-congress/house-bill/244/text">https://www.congress.gov/bill/115th-congress/house-bill/244/text</a>   |
|                               | Public Law 115-56 (Division B), enacted 9/8/2017                 | <a href="https://www.congress.gov/bill/115th-congress/house-bill/601/text">https://www.congress.gov/bill/115th-congress/house-bill/601/text</a>   |
|                               | Public Law 115-72 (Sections 305.c and 306.a), enacted 10/26/2017 | <a href="https://www.congress.gov/115/plaws/publ72/PLAW-115publ72.pdf">https://www.congress.gov/115/plaws/publ72/PLAW-115publ72.pdf</a>   |
|                               | FRN 83 FR 5844, effective 2/9/2018                               | <a href="https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf</a>   |
|                               | Public Law 115-123, enacted 2/9/2018                             | <a href="https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.pdf">https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.pdf</a>   |
|                               | FRN 83 FR 40314, effective 8/14/2018                             | <a href="https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17365.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17365.pdf</a>   |

## HoAP Overview

The Homeowner Assistance Program (HoAP) consists of five program options to assist eligible homeowners with their rehabilitation, reconstruction, and/or other eligible housing needs.

Program options are Reimbursement, City Managed Rehabilitation and Reconstruction, Homeowner Managed Rehabilitation, Acquisition, and Interim Mortgage Assistance or Temporary Relocation Assistance. The City will assist homeowners to identify the best option to meet their needs based on eligibility, the condition of their home and where they are in the recovery process. Program options are as follows:

- 1. Reimbursement:** Homeowners who have completed partial or full repairs on their home may be eligible for reimbursement of eligible expenses paid prior to applying to the program for work performed. The reimbursed value of repair work will be limited to the cost of achieving minimum construction standards. As per HUD regulations, any work considered for reimbursement must have been performed prior to program application and following an environmental “Tier II” clearance. Xactimate® or similar industry standard tool will be used to ensure cost reasonableness, and the work will be validated through an on-site inspection. The Reimbursement option may be combined with the Homeowner Managed and City Managed Rehabilitation options and the Interim Mortgage or Temporary Relocation Assistance option. The maximum amount of reimbursement funds is not to exceed \$80,000. This maximum does not include additional allocations such as elevation (for rehabilitation only), environmental factors, resiliency measures, and accessibility needs, at the discretion of the City based on factors outlined below.
- 2. City Managed Rehabilitation and Reconstruction:** The City will manage and complete the construction process for the rehabilitation or reconstruction of Harvey-damaged homes on behalf of homeowners. The City will contract with multiple firms to provide design and construction services for the rehabilitation or reconstruction of damaged properties. The City’s procedures for vetting of construction firms include, but are not limited to: competitive procurement, reviewing and documenting the file with debarment verification, completing a Contractor Eligibility Verification form, and searching known databases for information. The City Managed Rehabilitation and Reconstruction option may be combined with the Reimbursement option. The maximum amount of assistance per household for base rehabilitation, is \$80,000. The maximum amount for reconstruction is \$200,000. These maximums do not include additional allocations such as elevation (for rehabilitation only), environmental factors, resiliency measures, neighborhood requirements, and accessibility needs, at the discretion of the City based on factors outlined below.

3. **Homeowner Managed Rehabilitation:** This option will allow homeowners who have started the process, and are under contract with a contractor at the time of application, but need financial assistance to complete repairs. The City will assist homeowners participating under this option to navigate program compliance requirements and funding process. Services are anticipated to include general customer service assistance, identification and referral to community resources, program guidance, support in accessing funds, progress inspections, and on a case-by-case basis, limited construction information. Homeowners must have already selected their own licensed and insured contractor(s) and contract verifications at the time of application, subject to approval and verification by HCDD. Xactimate® or similar industry standard tools will be used to ensure cost reasonableness and the work will be validated through an on-site inspection. Homeowner managed rehabilitation will only be available to homeowners who have initiated the repair process and are under a signed contract with a contractor at the time of application. Program Standard Operating Procedures will fully address program details, including minimum construction standards, environmental compliance, program controls, and circumstances under which this option may be provided. The Homeowner Managed Rehabilitation option may be combined with the Reimbursement option and the Interim Mortgage and Temporary Relocation Assistance option. The maximum amount of assistance per household for rehabilitation, including both rehabilitation cost and additional allocations, is \$180,000 and \$200,000 for reconstruction. These maximums do not include additional allocations such as elevation (for rehabilitation only), environmental factors, neighborhood requirements, resiliency measures, and accessibility needs, at the discretion of the City based on factors outlined below.
4. **Acquisition:** Homeowners may be eligible to have their property acquired by the City. Homeowners who are eligible for this program and choose this program option will also be eligible to apply to the Single Family Development and/or Homebuyer Assistance programs. This is a voluntary acquisition program and applicants will be notified according to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and notified of other program options available for participation. The maximum amount of assistance is \$200,000. To the extent allowed by law, the City will dispose of acquired properties by sale, lease, donation, or redevelopment (including new construction), and may dispose of properties to homebuyers, developers or nonprofits. The method of disposition will be established by HCDD according to the ultimate end-use of the property. As CDBG-DR funds will be

used to acquire properties under the program, all proceeds obtained from the sale or lease of the acquired properties, if any, shall be program income.

**5. Interim Mortgage Assistance (IMA) OR Temporary Relocation Assistance (TRA):**

Homeowners displaced from their home during construction may receive either IMA or TRA. Interim Mortgage Assistance may be provided as an additional service to homeowners determined eligible under the City Managed or the Homeowner Managed program options. These homeowners may be eligible to receive up to 20 months of assistance. Temporary Relocation Assistance is available to all applicants displaced during construction of their home, but this cannot be combined with IMA. These options may be considered at the time an applicant is determined eligible for the rehabilitation or reconstruction of the damaged home. This assistance will help to ease the financial hardship homeowners may face during the post disaster recovery period to prevent homeowners from going into foreclosure or to assist those who cannot afford private rental costs. Interim Mortgage Assistance is not eligible to be combined with the Acquisition option.

Assistance for Reimbursement, City Managed Rehabilitation and Reconstruction, and Homeowner Managed Rehabilitation and Reconstruction is provided in the form of a grant, a zero-interest unsecured forgivable loan, or a zero-interest secured forgivable loan. Homeowner applicants are required to maintain principal residency in the assisted property throughout the length of the forgivable loan compliance period. Cash-out refinancing, home equity loans, or any loans utilizing the assisted property as collateral must be approved during the compliance period, and considerations for this are in the program guidelines. A violation of this policy will activate the loan repayment terms. Homeowner applicants must agree to the forgivable loan compliance period and lien requirements, as applicable. The award type and compliance periods for homes will be based on the amount of assistance provided.



## HoAP General Phases

Funding phases have been established to assist vulnerable populations based on Area Median Income (AMI), including low to moderate income households, households with elderly person(s), households with disabled person(s), and households with a child or children under age 18. Applicant phasing sequence for funding will be based on the following criteria:

1. Households at or below 80% AMI with elderly (62 years or older) or disabled members
2. Households at or below 80% AMI with a child or children under the age of 18
3. Households at or below 50% AMI
4. Households at or below 80% AMI
5. Households at any income of any makeup (funding limitations notwithstanding)<sup>1</sup>

Households above 80% AMI, regardless of household characteristics, will be served after applicants in the first four phases.

|               |  |
|---------------|--|
| Phase 1       | <ul style="list-style-type: none"><li>•Household income at or below 80% AMI; <i>and</i></li><li>•Household member is 62+ <i>or</i> with a disability</li></ul> |
| Phase 2       | <ul style="list-style-type: none"><li>•Household income at or below 80% AMI; <i>and</i></li><li>•Household member is under 18</li></ul>                        |
| Phase 3       | <ul style="list-style-type: none"><li>•Household income at or below 50% AMI</li></ul>  |
| Phase 4       | <ul style="list-style-type: none"><li>•Household income at or below 80% AMI</li></ul>  |
| Phase 5       | <ul style="list-style-type: none"><li>•All households, all income levels</li></ul>   |
| Reimbursement | <ul style="list-style-type: none"><li>•All households, all income levels</li></ul>   |

Program participants who apply for Reimbursement **only** will be served on a first-come, first-serve basis outside of the phasing method described in this section.

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<sup>1</sup> Upon exhaustion of applications eligible for phases 1-4 under each option, a review will be completed for eligible households above 80% AMI. Meeting one or all phase criteria does not guarantee assistance, as allocated funding and program timelines are limited. HCDD caps assistance to households above 80% AMI to ensure compliance with 70% overall LMI benefit within the grant.

Applicants with HoAP specific housing needs who are also identified in open phase tiers, will be sent invitations to complete a HoAP application by mail with a 30-day deadline to apply. This will be extended no more than 3 times (for a total response window of 120 days), along with additional contact efforts before applicants may be moved to the waiting list or administratively withdrawn.

From the date of application invitation, applicants will be assisted on a first come- first serve basis until the intake phase is considered complete. A formal eligibility review will then be initiated by the City which is based on the date of receipt of a completed application, eligibility determination results, and a second phase/scoring final review determination. Based on that review, an applicant will then be placed in the appropriate sequence for the Initial Damage Inspection and/or resulting Commitment Letter notification. Applicants determined to be eligible, but who fall out of “open” phases, will be placed on the waiting list until such phases have been opened to all potential applicants. Applicants who have lower scoring but are still included in open phases will be assessed and sent Commitment Letters (and invitation to schedule their benefit selection meeting and loan closing), based on readiness and general phase ranking queues.

The City is incentivizing repair completions to allow for expedited reimbursements. This approach should assist the overall process by relieving administrative burdens to allow greater resources and efficiencies to be placed with applicants who have the greatest needs for day-to-day intake assistance.

Based on household composition and qualified income sources, applicants’ income will be evaluated using HUD’s most recent Area Median Income (AMI) as published annually by HUD. The Housing and Community Development Department (HCDD) will use a definition of income, as defined by HUD and the General Land Office, and will use a method of calculating adjusted gross income using an IRS Form 1040 for purposes of verifying and determining income eligibility for the program. Income limits are updated annually and will be published on HCDD’s Disaster Recovery website. HCDD will use the income limits in place at the time of eligibility review for the applicant in question.

All local property taxes must be current or on a current payment plan for less than \$10,000, or deferred for an amount less than \$10,000. In addition, applicants must demonstrate child support payments are current or on an approved payment plan that is current.

## HoAP Eligibility Overview

General housing activities allowed under CDBG-DR; Housing and Community Development Act Section 105(a)(1), 105(a)(3-4), 105(a)(8) 105(a)(11), 105(a)(18), and 105(a)(25), 24 C.F.R. § 570.201(g) include but are not limited to:

1. Single family owner-occupied rehabilitation and reconstruction
2. Demolition
3. Hazard mitigation
4. Property acquisition
5. Reimbursement for the (HUD-CDBG-DR eligible) repairs, rehabilitation, and reconstruction of existing owner-occupied property damaged as a result of Hurricane Harvey.
6. Other activities associated with the recovery of impacted single-family housing stock.

This eligibility overview provides the requirements, income criteria, and funding phases that applicants must meet to be eligible for the City of Houston's CDBG-DR funds, specifically for the Homeowner Assistance Program. All eligibility and verification methods are subject to City of Houston's Housing and Community Development Department (HCDD), GLO, and HUD approval. HCDD may engage HUD Certified Counselors when applicable to assist applicants with assessing their financial situation and evaluating options for full benefit of the offered programs. The program requirements and eligibility elements include but are not limited to meeting a National Objective, verification of income, duplication of benefits, property location, ownership, occupancy, primary residence, documented damage, and flood insurance.

Additionally, the City of Houston defines "not suitable for rehabilitation" for the HoAP as such:

- Structures that are considered "beyond rehabilitation" and do not meet the HoAP's housing rehabilitation standards, and/or federal, state, local code requirements shall be deemed not suitable for rehabilitation, as determined by the program and consistent with program guidelines.
- Residential properties that have experienced repetitive losses under FEMA's National Flood Insurance Program (NFIP).

The following eligibility criteria must be met prior to participation in any of the Homeowner Assistance Program's five (5) options:

### HoAP Property Eligibility Requirements

- a. Must be located outside of the floodway

- b. Must have been owner-occupied at the time of Hurricane Harvey (August 25, 2017)
- c. Must have been the applicant's primary residence at the time of Hurricane Harvey
- d. Must have sustained damage from Hurricane Harvey
- e. Must have an environmental review record completed and evaluated for eligibility
- f. Must have a clear title for assistance
  - a. Titles do not need to be clear upon application, but an unclear title may cause delays. Resources may be provided by HCDD to assist in clearing a title before program participation is authorized.
- g. Costs for rehabilitation, reconstruction, and new construction must be reasonable and consistent with market costs at the time and place of construction
- h. All types of damaged properties will be considered for assistance including mobile home, MHU, and stick built. Replacement properties are discussed in sections below.

### **HoAP Homeowner Eligibility Requirements**

- a. All homeowner/applicants and household members over age 18 must be current on payments for child support or on an approved payment plan.
- b. All local property taxes must be current or on a current payment plan for less than \$10,000, or deferred for an amount less than \$10,000.
- c. Homeowner/applicants must agree to a limited subrogation of any future awards related to Hurricane Harvey, to ensure duplication of benefits compliance.
- d. Assistance will be provided in the form of a zero-interest forgivable loan, secured by placement of a (second) lien on the applicant property for benefits over \$20,000. Homeowners are required to maintain principal residency in the assisted property throughout the length of the compliance period. Cash-out refinancing, home equity loans, or any loans utilizing the assisted property as collateral must be approved during the compliance period. A violation of this policy may activate the loan repayment terms.
- e. Program participants must continue to make payments on any existing liens or mortgages and ensure the participant remains current on its mortgage payments, if any. The City will not pay or compensate for any existing liens or mortgages on properties, Interim Mortgage and Temporary Relocation Assistance options notwithstanding.
- f. Program participants must agree to the forgivable loan compliance period and lien requirements, as applicable. The award type and compliance periods of homes will be based on the amount of base assistance provided (not including the additional allocations allowed for improvements):

#### For City Managed and Homeowner Managed Rehabilitation or Reconstruction

- Grant award for assistance \$20,000\* or less.

- 3-year unsecured compliance period and no lien for \$20,001 to \$80,000\* of assistance.
- 20-year compliance period secured by lien for assistance over \$80,000.

For homeowners utilizing both HoAP reimbursement and rehabilitation assistance, the compliance period will be the same as that for City and Homeowner Managed Rehabilitation or Reconstruction and the length of the compliance period will be determined by the total amount of assistance\* provided to the homeowner.

#### For Reimbursement Only

- Grant award for assistance \$20,000\* or less.
  - 1-year unsecured compliance period and no lien for \$20,001 to \$80,000 of assistance.

\*Assistance to determine lien period does not include additional site-specific allocations.

The lien on the property will be removed upon completion of the terms and conditions of all documents related to the program and completion of the compliance period. Should the homeowner sell or otherwise convey their ownership interest in the property during the lien period, the remaining prorated amount of assistance will become immediately due and payable.

- g. Forgiveness of the loan provided will be prorated over the course of the determined compliance period. The proration percentage will depend on the length of the period, with 100% of the loan being forgiven and the lien satisfied at the termination of the compliance period. Should the homeowner use the property as collateral, sell, or otherwise convey their ownership interest in the property during the compliance period (except as provided in subsection h below regarding inherited property), the remaining prorated amount of assistance will become immediately due and payable.
- h. Harvey-damaged property inherited from a program participant will not be subject to the repayment requirements. The damaged property will continue its compliance period.
- i. Program participants who receive funds for the repair or reconstruction of their home must maintain insurance for the assisted property. Please note, flood insurance must be maintained on the property during the life of the property, regardless of transfer of ownership. Failure to maintain flood insurance may result in the denial of future federal disaster assistance should another event occur.
- j. Upon receipt of the disaster recovery benefit, if the property is sold, flood insurance requirements are transferred to the new homeowner. Program participants must notify the new homeowner in accordance with 42 U.S.C. § 5154a. Such notification

and transfer parameters must be contained in writing in documents evidencing the transfer of ownership of the property. A program participant may be subject to liability if he or she fails to provide the notice required by 42 U.S.C. § 5154a (see also 83 F.R. 5844, Vol. 83, No. 28, Section 40(b)(3)).

- k. Must meet one of the two (2) applicable HUD CDBG National Objectives: Low- and moderate-income (LMI) benefit or Urgent Need.
- l. Specific eligibility criteria also apply to the individual HoAP options: Reimbursement, City Managed Program, Homeowner Managed, Acquisition, and Interim Mortgage Assistance or Temporary Relocation Assistance as outlined below.

## **Additional Eligibility Requirements**

### **1. Reimbursement Participation Terms**

Conditions for participation and receipt of funds via the reimbursement option of HoAP include, but may not be limited to the following:

- a. If all necessary repairs are completed as determined by the City, Certificate of Compliance (COC) if applicable, affidavit or acceptable equivalent document must be submitted to the HoAP prior to the release of funds. A COC is granted upon completion of required municipal code parameters, as set forth by the City of Houston's Permitting Center.
- b. The release of reimbursement funds for applicants that have not completed all necessary repairs will occur after a grant award has been finalized.
- c. Applicant must provide a written affidavit and/or certification to include a detailed description and cost of completed repairs (which will also be validated by a City-issued site inspection), external third-party funding resources received/used for purposes of repairs, as well as time-periods of repairs and contractor information.
- d. An executed contract document signed by the applicant indicating understanding of (and adherence to) all HoAP program compliance requirements.
- e. Sweat equity repair costs are ineligible for reimbursement funds. All construction repair work must be validated through a site inspection verifying completion of repairs, identified as a "Work in Place" inspection.
- f. Repairs eligible for Reimbursement must be complete prior to the following:
  - i. December 31, 2019; AND
  - ii. Application for the HoAP Program

### **2. Maximum Assistance for Reimbursement Option**

- a. The maximum amount of reimbursement funds is not to exceed \$80,000. However, this maximum does not include additional allocations such as elevation (for

rehabilitation only), environmental factors, resiliency measures, and accessibility needs, at the discretion of the City based on factors outlined in these guidelines.

- i. For LMI households at or below 80% AMI: Reimbursement allowed will be 100% of eligible repairs, not to exceed \$80,000 in benefit; as determined by a self-certification or Xactimate validation, whichever is of lesser value.
  - ii. For households between 81%-120% AMI: Reimbursement allowed will be 50% of eligible repairs, not to exceed \$40,000 in benefit; as determined by a self-certification or Xactimate validation, whichever is of lesser value.
  - iii. For households over 120% AMI: Reimbursement allowed will be 25% of eligible repairs, not to exceed \$20,000 in benefit; as determined by a self-certification or Xactimate® validation, whichever is of lesser value.
- b. The following types of repairs/expenses are ineligible items for the program (this list may not be all inclusive):
- i. Personal property (e.g. vehicles, furniture, goods, clothing, etc.)
  - ii. Repairs made to nonresidential structures that are not attached to primary residence (pools, sheds, detached garages)
  - iii. Tools and equipment
  - iv. Playground equipment, satellite dishes, and security systems
  - v. Appliances and housing components that are not integral to the structure of the home, such as garage door openers, washers, dryers, luxury items, and microwaves.
  - vi. Outdoor items such as fences, landscaping, decorative paving, decking, and sprinkler systems.
- a. Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) to receive COC or equivalent will only be considered for participation within the HoAP Reimbursement option.
- i. Reimbursement will only be for completed repairs. Reimbursement will not be issued in advance of repairs remaining under the \$5,000 threshold.
- b. The Program assessment, conducted via site inspection, estimates the value of completed permanent repairs using standardized Xactimate® pricing to ensure that all applicants are reimbursed fairly and equally, the costs are reasonable, and the repairs were necessary.
- c. The Program will reimburse homeowners who participate solely in the Reimbursement option for repairs meeting Housing Habitability Standards (HHS) and/or elevation costs that were completed according to applicable requirements at the time elevation was completed.

### **3. City Managed Rehabilitation and Reconstruction Participation Terms**

- a. HoAP Contractors will be directly assigned to the applicant by the HCDD.

- b. All contractors and applicants under this program option must execute contract documents that incorporate Program requirements and the City-provided scope of work, before contractor is provided a formal Program Notice to Proceed to work on a specific applicant's home.
- c. Feasibility determinations regarding the suitability for rehabilitation or reconstruction are completed by the City. If the total cost of repairs is less than 50% of the program's cost to rebuild, the Program recommendation of feasibility will be rehabilitation. If the total cost of repairs meets or exceeds 50% of the program's cost to reconstruct, the home will be reconstructed. The Director may, at their discretion, authorize rehabilitation for homes which exceed this 50% cap on a case-by-case basis. All other requirements and restrictions (including maximum assistance caps) still apply.
- d. The City of Houston will purchase Flood Insurance for properties that meet the following criteria for one year following closeout:
  - i. The property must be located in a 100-year flood plain; AND
  - ii. The homeowner's income must be at or below 80% AMI at the time of eligibility.

**4. Maximum Assistance for City Managed Rehabilitation and Reconstruction HoAP Option**

- a. Rehabilitation: Costs as determined by utilizing Xactimate® cost estimating software to address repairs in accordance with, and program award costs not to exceed, the City's approved and published minimum construction standards. The base rehabilitation may not exceed \$80,000.
- b. Reconstruction: The base reconstruction amount may not exceed \$200,000 per unit based on household size and builder's house plans. The program standard unit size will be 1,300-1,400 square feet for 3 bedrooms and 2 bathrooms. The number of rooms in a unit may be increased or decreased based on the applicant's current household size. Modifications to unit size will be considered by HCDD for special circumstances such as familial status, property lot constraints, city ordinances and financial hardships. Reconstructed properties will be either MHU or stick built construction depending on the damaged property type, property lot ownership and City ordinances.
  - i. The Director of HCDD may, at their discretion, use non-federal funds to increase the unit size of a home in order to replace a damaged home with a reconstructed home of equal bedroom and bathroom number, up to a 3 bedroom and 2 bathroom. This increase is not available to households whose damaged structure was less than a 3 bedroom and 2 bathroom, unless the household otherwise qualifies by virtue of the household size.
- c. Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) to receive COC or equivalent will only be considered for participation in the HoAP Reimbursement option.



- i. Reimbursement will only be for completed repairs. Reimbursement will not be issued in advance of repairs remaining under the \$5,000 threshold.
- d. Additional allocations of funds may be provided to address certain site-specific conditions including Access and Functional Needs (AFN), environmental, resiliency/mitigation measures, local neighborhood requirements, elevation, and household size. Additional allocations will be allowed at the discretion of the City based on the submitted application, onsite inspection and additional requirements that will be outlined in the Standard Operating Procedures.
  - i. The Director of HCDD may, at their discretion, authorize the allocation of funds exceeding the applicable cap under the Reconstruction track up to an additional \$100,000 in funding to meet an applicant’s local neighborhood requirements (e.g. Homeowner Associations), or meet the needs of the applicant’s household size.

**Maximum Assistance for City Managed Rehab and Reconstruction**

| Construction Type    | Cap       | Elevation | Environmental, Lead, Asbestos, Mold | Resiliency Measures | Access & Functional Needs | Neighborhood Requirements or Household Size Allowance | Maximum Allowed Assistance* |
|----------------------|-----------|-----------|-------------------------------------|---------------------|---------------------------|---|-----------------------------|
| Rehab                | \$80,000  | n/a       | \$35,000                            | \$10,000            | \$25,000                  | N/A   | \$150,000                   |
| Rehab with Elevation | \$80,000  | 100,000   | \$35,000                            | \$10,000            | \$25,000                  | N/A   | \$250,000                   |
| Reconstruction       | \$200,000 | n/a       | \$35,000                            | \$10,000            | \$25,000                  | \$100,000**   | \$350,000                   |

\*It is anticipated that no home would need all additional funding allocations, therefore the maximum assistance is below the sum of all possible allocations.

\*\*The Director may authorize additional funding up to \$100,000 (see Sec. 4(d)(i))

**5. Homeowner Managed Rehabilitation and Reconstruction Participation Terms**

- a. All contractors and applicants under this program option must amend and fully execute contract documents which incorporate Program requirements and the City-provided scope of work, to their existing contract agreement before contractor is provided a formal Program Notice to Proceed to work on a specific applicant’s home.
- b. The Homeowner will be directly responsible to manage and oversee the construction process for the rehabilitation or reconstruction of their personal Harvey damaged home.
- c. The applicant’s chosen contractor will be verified by the Program and must have required licensure and insurance that meet program standards below.
  - i. The Housing Specialist will ensure the Contractor Eligibility Verification form is completed along with all relevant information and supporting documentation. The Contractor Eligibility form should include all affiliated contractor details (general contractor, individual trade contractors and all known subcontractors). All affiliated contractors will be checked for debarment status.

- ii. The General Contractor must provide proof of insurance if the Estimated Cost to Repair (ECR) amounts to \$25K and above. Additionally the Contractor must maintain a performance and payment bond in an amount equal to the value of the active construction project. All bonds must be issued by a bonding agent with at least an “A” rating, and the bonding company must be listed in the Department of the Treasury’s listing of Certified Companies.
- iii. The Contractor will be required to carry builder’s risk insurance for the project in an amount sufficient to ensure completion of the project scope and will be required to provide evidence of builder’s risk coverage prior to project work order.
- iv. The Contractor must comply with the City of Houston Minimum Property Standards for Rehabilitation, Reconstruction & New Construction.
- d. All disbursements will be made directly to the homeowner, after the work has been performed and validated via an onsite inspection by City designated staff.
- e. The City of Houston will purchase Flood Insurance for properties that meet the following criteria for one year following closeout:
  - i. The property must be located in a 100-year flood plain; AND
  - ii. The homeowner’s income must be at or below 80% AMI at the time of eligibility.

**Payment Schedule**

|                       | <b>Milestone Payment 1</b> | <b>Milestone Payment 2</b> | <b>Milestone Payment 3</b> | <b>Final Retainage</b> |
|-----------------------|----------------------------|----------------------------|----------------------------|------------------------|
| <b>Rehabilitation</b> | 45%                        | 45%                        | N/A                        | 10%                    |
| <b>Reconstruction</b> | 30%                        | 30%                        | 30%                        | 10%                    |

**6. Homeowner Managed - Maximum Assistance**

- a. Rehabilitation: Costs as determined by utilizing Xactimate® cost estimating software to address repairs in accordance with, and program award costs not to exceed, the City’s approved and published minimum construction standards. The base rehabilitation may not exceed \$80,000.
- b. Reconstruction: The base reconstruction amount may not exceed \$200,000 per unit based on household size and builder’s house plans. The program standard unit size will be 1,300-1,400 square feet for 3 bedrooms and 2 bathrooms. For households with 5 or more members the unit size will be 1,500 -1,600 square feet for 4 bedrooms and 2 bathrooms. The number of rooms in a unit may be increased or decreased based on the applicant’s current household size. Modifications to unit size will be considered by HCDD for special circumstances such as familial status, property lot constraints, city ordinances and financial hardships. Reconstructed properties will be either MHU or stick built construction depending on the damaged property type, property lot ownership and City ordinances.

- i. The Director of HCDD may, at their discretion, use non-federal funds to increase the unit size of a home in order to replace a damaged home with a reconstructed home of equal bedroom and bathroom number, up to a 3 bedroom and 2 bathroom. This increase is not available to households whose damaged structure was less than a 3 bedroom and 2 bathroom, unless the household otherwise qualifies by virtue of the household size.
- c. Eligible properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) to receive COC or equivalent will only be considered for participation in the HOAP Reimbursement option.
  - i. Reimbursement will only be for completed repairs. Reimbursement will not be issued in advance of repairs remaining under the \$5,000 threshold.
- c. Additional allocations of funds may be provided to address certain site-specific conditions including Access and Functional Needs (AFN), environmental, resiliency/mitigation measures, and elevation. Additional allocations will be allowed at the discretion of the City based on the submitted allocation, onsite inspection and additional requirements that will be outlined in the Standard Operating Procedures.

**Maximum Assistance for Homeowner Managed Rehab and Reconstruction**

| <b>Construction Type</b> | <b>Cap</b> | <b>Elevation</b> | <b>Environmental, Lead, Asbestos, Mold, Neighborhood Requirements</b> | <b>Resiliency Measures</b> | <b>Access and Functional Needs</b> | <b>Maximum Allowed Assistance*</b> |
|--------------------------|------------|------------------|---|----------------------------|------------------------------------|------------------------------------|
| Rehab                    | \$80,000   | n/a              | \$35,000  | \$10,000                   | \$25,000                           | <b>\$150,000</b>                   |
| Rehab with Elevation     | \$80,000   | 100,000          | \$35,000  | \$10,000                   | \$25,000                           | <b>\$250,000</b>                   |
| Reconstruction           | \$200,000  | n/a              | \$35,000  | \$10,000                   | \$25,000                           | <b>\$250,000</b>                   |

\* It is anticipated that no home would need all Additional Funding Allocations, therefore the maximum assistance is below the sum of all possible buckets.

**7. Acquisition Participation Terms**

- a. HoAP eligible owner-occupant properties must be classified as substantially damaged as provided by the local flood plain administrator and/or in accordance with program.
  - i. Each verified homeowner property must be classified as substantially damaged or determined infeasible for rehabilitation through a program acquisition feasibility analysis. A substantial damage status is established by written local municipal determination letter. In the absence of a substantial damage or non-substantial damage determination by the City, the HoAP may determine substantial damage using an agreed upon feasibility model.

- b. All properties must have clear title. City designated staff will work with other city departments, state agencies, and approved external partners as necessary to conduct basic titles searches. Complex cases will be referred to outside partners qualified to research and resolve issues. Title searches will be conducted as often as necessary to determine ownership.

**8. Maximum Assistance for HoAP Acquisition Option**

- a. Applicants who are interested and eligible for the HoAP Acquisition option will have the damaged property assessed at current fair market value not to exceed \$200,000.
- b. If acquisition is determined by HCDD to be the best option, reimbursements for any repairs to existing structures following Harvey will not be provided.
- c. Eligible acquisition program participants will receive monetary compensation for properties acquired by the City using the current fair market value.
- d. Eligible HoAP applicants will not be allowed to participate in the Acquisition option if they have an existing mortgage or existing liens they are unable to pay off on the property.
- e. Additional incentives may be offered to eligible applicants, based on hardship, whose homes are acquired. Such incentives include but are not limited to relocation assistance, priority purchase of newly constructed homes, and others, as applicable, to be determined upon creation of the program Standard Operating Procedures

**9. Interim Mortgage Assistance (IMA) and Temporary Relocation Assistance Participation Terms**

- a. Interim Mortgage Assistance (IMA) may be provided to homeowners while in construction under the Homeowner Assistance Program who are making both a mortgage payment on their storm-damaged home and making a rental payment for a temporary home.
- b. Temporary Relocation Assistance is available to homeowners while in construction under the Homeowner Assistance Program for rental payments for a temporary home.
- c. IMA and TRA cannot be combined, so homeowners can only receive one of these options.
- d. IMA or TRA will be considered when the rehabilitation or reconstruction of a home is at least three (3) months or more, during which mortgage payments may be due, but the home remains uninhabitable.
- e. Other mortgage or rental assistance to HoAP eligible applicants may be available on a case-by-case basis, with HCDD approval, if applicant provides documentation of hardship.
- f. Homeowners who are receiving Reimbursement only cannot receive Temporary Relocation Assistance.

- g. Homeowners who are receiving housing benefits (temporary housing, rental payments, or other assistance) through FEMA are not eligible for the Interim Mortgage Assistance or Temporary Relocation Assistance Program.

**10. Interim Mortgage Assistance (IMA) or Temporary Relocation Maximum Assistance:**

- a. Program mortgage assistance payments cannot exceed Fair Market Rents (FMR) for the Houston-The Woodlands-Sugar Land HUD Metro area. FMRs are adjusted annually and published on HCDD's Disaster Recovery website.
- b. Properties with \$5,000 or less in remaining repair costs (inclusive of elevation requirements) to receive COC or equivalent are not eligible for IMA/TRA and will only be considered for participation in the HOAP Reimbursement Option.
  - a. Reimbursement will only be for completed repairs. Reimbursement will not be issued in advance of repairs remaining under the \$5,000 threshold.
- c. Homeowners may be eligible to receive up to 20 months of assistance to pay the mortgage on their Harvey damaged dwelling or provide temporary relocation assistance. The amount of assistance equals the lesser of their monthly mortgage or temporary rental housing payments, not to exceed Fair Market Rents (FMR) for the Houston-The Woodlands-Sugar Land HUD Metro area

Meeting the Homeowner Assistance Program eligibility criteria does not guarantee assistance as allocated funding and program timelines are limited.

**11. General HoAP Ineligible Activities**

- a. Forced mortgage payoffs
- b. Incentive payments to households to move to Harvey disaster-impacted floodplains
- c. Properties that served as second homes at the time of the Harvey disaster, or following the Harvey disaster, are not eligible for rehabilitation assistance or housing incentives.
- d. Rehabilitation/reconstruction of a home where:
  - i. The combined household income is greater than 120 percent AMI or the national median, AND
  - ii. The property was located in a 100-year floodplain at the time of the Harvey disaster, AND
  - iii. The property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.
- e. Assistance for the repair, replacement, or restoration of a property to a person who has failed to meet Section 582 of the National Flood Insurance Reform Act of 1994, as

amended, (42 U.S.C. § 5154a), which states that no federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for “repair, replacement, or restoration” for damage to any personal, residential, or commercial property if that person at any time has received federal flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable federal law on such property.

## HoAP Options & Award Methodology

| HoAP Program/Option                              | Policy Summary/Recovery Status  |
|--|---|
| HoAP Reimbursement                               | <ul style="list-style-type: none"> <li>• Eligible and cost reasonable Xactimate® estimated repairs/materials completed at the time of application submittal</li> <li>• Eligible and cost reasonable Xactimate® estimate repairs/materials completed at the time of the initial damage inspection (if under contract/modular property built off site)</li> </ul> |
| HoAP Homeowner Managed ( <i>Rehab or Recon</i> ) | <ul style="list-style-type: none"> <li>• Allowed if repairs exceed \$5K in costs as determined by program during initial damage inspection AND under contract (with non-debarred contractor) by date of HoAP application</li> </ul>   |
| HoAP City Managed ( <i>Rehab or Recon</i> )      | <ul style="list-style-type: none"> <li>• Default option if repairs needed (repairs must be greater than \$5K as assessed by program) and NOT already under contract (with contractor who is in good standing or not debarred)</li> </ul>  |
| Interim Mortgage Assistance (IMA)                | <ul style="list-style-type: none"> <li>• Must have an existing mortgage AND rental payment to apply</li> <li>• Must have repairs needed that will take more than 3 months to complete</li> <li>• Must not be receiving TRA</li> </ul>   |
| Temporary Relocation Assistance (TRA)            | <ul style="list-style-type: none"> <li>• Must be displaced more than 3 months to complete construction</li> <li>• Must not be receiving IMA</li> </ul>  |
| Acquisition                                      | <ul style="list-style-type: none"> <li>• Property must be classified as substantially damaged or determined infeasible for rehabilitation Homeowners must not be in floodway or within targeted buyout areas</li> </ul>   |

|  |  |
|--|--|
|  | as identified by local agencies such as Houston Public Works to participate in this option |
|--|--|

## Community Engagement/Affirmative Marketing/ Outreach Plan

The City of Houston has engaged in a robust community engagement strategy to inform Houstonians on the status of the local government’s efforts to secure funding for its long-term recovery from Hurricane Harvey. The City of Houston, through HCDD, is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts will include the development of an Affirmative Marketing & Outreach Plan based on U.S. Department of Housing and Urban Development (HUD) regulations to ensure that units financed through the Program are affirmatively marketed to the public at large. This plan will ensure that outreach and communication efforts reach eligible homeowners and renters from all racial, ethnic, national origin, religious, familial status, disabled, and gender groups. The Affirmative Marketing & Outreach Plan will give detailed information about how the City of Houston plans for effective outreach to all groups of homeowners, landlords, and renters mentioned above, as well as how the application and enrollment process for programs will be suitable for persons with limited English proficiency, persons with disabilities and those with special needs. For each program offered by the City of Houston, notification to these populations will include: information on vacant units available for sale and/or rent; information on how to apply for unit purchase, rehabilitation or rental; opportunities to buy and/or rent the unit of their choice, and opportunities to rehabilitate their primary residence to address storm-impact.

Particular emphasis will be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the storm. Outreach efforts will include door-to-door canvassing and special outreach efforts to hard-to-reach populations (e.g. seniors and persons with severe disabilities who either do not have information about the resources or are unable to independently apply for resources).

In addition to marketing through widely available media outlets, efforts may be taken to affirmatively market the CDBG-DR Disaster Recovery Program as follows:

- Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
- Include flyers in utility bills advertising the City of Houston’s Hurricane Harvey CDBG-DR funded recovery programs.
- Reach out to public or non-profit organizations and hold/attend community meetings.

- Other forms of outreach tailored to reaching the eligible population may be used, including door-to-door outreach, if necessary, particularly on the weekends.
- Measures will be taken by the City to make the CDBG-DR Disaster Recovery Program accessible to persons who are 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. Every effort will be made to assist such applicants in the application process.
- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.

The City of Houston is required to use the fair housing logo in Program advertising, post fair housing posters and related information, and, in general, inform the public of its rights under fair housing regulations and laws. HCDD will regularly evaluate outreach activities and applications received to determine if outreach is successful and applications that are being received accurately reflect socioeconomic and other forms of demographic diversity.

HCDD has discretion in the modification and/or addition of requirements to the Affirmative Marketing & Outreach Plan.

## Needs Assessment

The City of Houston completed its Local Housing Needs Assessment to identify the impact of Hurricane Harvey on the city's housing stock. Information has been gathered from a number of sources to document the impact of Hurricane Harvey including demographic profile of impacted households including low-and moderate households.

The impact on housing is based on an estimation of the extent and depth of flooding using a flood risk assessment methodology and an estimation of damage to all buildings in Houston using a damage assessment methodology. The two methodologies provide an assessment of the impact of Hurricane Harvey's rainfall on residential buildings. The models used in these



methodologies provide information on the level of inundation in each structure and the associated damage in dollar amounts to the building structure and its contents.

The entire City of Houston is located in an area HUD identified as “most impacted and distressed” as it relates to the damage from Hurricane Harvey. The City of Houston’s Local Action Plan and Local Housing Needs Assessment are the basis for the development and phasing of recovery activities in Houston using CDBG-DR funds. For details on the phases and income buckets, please reference the Action Plan and Needs Assessment documents. The City has consulted with affected residents and stakeholders, such as the Houston Housing Authority to assess needs. As additional data becomes available and as additional community and stakeholder engagements take place, the unmet needs and activities to address community needs through CDBG-DR funds may be updated. Deviations from goals must be approved by the City before the Program may move forward. Each needs assessment will be posted for a 30-day public comment period and approved by the GLO before implementation.

**Houston's HoAP Funding Targets (%) by Income Category**

| <b>Income Category</b>                        | <b>Impacted Households</b> | <b>Percent of Impacted Households</b> | <b>Minimum Target</b> | <b>Maximum</b> |
|---|----------------------------|---------------------------------------|-----------------------|----------------|
| Greater of 0-30% AMI or Federal Poverty Level | 36,752                     | 17.62%                                | 17.62%                |                |
| 31-50% AMI                                    | 30,353                     | 14.56%                                | 14.56%                |                |
| 51-80% AMI                                    | 36,346                     | 17.43%                                | 17.43%                |                |
| 0-80% AMI (Non-Targeted)                      |                            |                                       | 20.39%                |                |
| Above 80% AMI                                 | 105,080                    | 50.39%                                |                       | 30.00%         |
| <b>Total</b>                                  | <b>208,531</b>             | <b>100.00%</b>                        | <b>70.00%</b>         | <b>30.00%</b>  |
| Total LMI                                     | 103,451                    | 49.61%                                | 70.00%                | 100.00%        |

\*FEMA IA Registrants (owners, primary residence) with FEMA Verified Loss >\$0. Data as of June 25, 2018.

### Houston's HoAP Funding Targets (\$) by Income Category

|   | Minimum Target           | Maximum                  |
|---|--------------------------|--------------------------|
| Greater of 0-30% AMI or Federal Poverty Level | \$ 69,215,570.98         |                          |
| 31-50% AMI                                    | \$ 57,164,242.11         |                          |
| 51-80% AMI                                    | \$ 68,450,945.33         |                          |
| 0-80% AMI (Non-Targeted)                      | \$ 80,079,846.78         |                          |
| Above 80% AMI                                 | -                        | \$ 117,818,830.80        |
| <b>Total</b>                                  | <b>\$ 274,910,605.20</b> | <b>\$ 117,818,830.80</b> |
| Total LMI                                     | \$ 274,910,605.20        | \$ 392,729,436.00        |

## Procurement

Adequate documentation to show that selection processes were carried out in an open, fair, uniform, and thorough manner to ensure that federal (2 C.F.R. §§ 200.318–200.326), state, and City requirements were met must be maintained by the City.

Record retention must include, but are not limited to, the following information:

- Rationale for the method of procurement;
- Evaluation and selection criteria;
- Contractor selection or rejection; and
- The basis for the cost or price.

During the procurement process, solicitations should clearly identify any items included in the bid/purchase. Additional guidance can be found in HUD’s CDBG-DR and Procurement Guidance.

Goods and services must be procured using the federal procurement and contract requirements outlined in 2 C.F.R. §§ 200.318 – 200.326. These procurement requirements must be followed for reimbursement from grant allocations of CDBG-DR funds provided by HUD. Subrecipients, vendors, and contractors are required to follow procurement requirements in 2 C.F.R. Part 200, as applicable.

Regardless of the type of procurement used, an executed contract between selected bidder and the City must document the period of performance, the work to be completed, the agreed price or not to exceed amount, and contractor or provider’s required compliance with all applicable federal, state, and local requirements. If there is a conflict between federal, state, and local laws and regulations regarding procurement, the more stringent law or regulation will apply.

Additionally, the Subrecipient is required to achieve compliance with Section 3 (24 C.F.R. Part 135). It is strongly suggested that HUD's best practices be utilized to help achieve compliance (HUD Model Section 3 Plan), including creating a Section 3 Plan. The Subrecipient is also required to "take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible." (2 C.F.R. § 200.321).

Furthermore, HUD and GLO require the City maintain a comprehensive public website that provides information for individuals and entities awaiting assistance for Harvey related damage, and the general public to see how all grant funds are used and managed/administered, as well as Federal Register notices and updates related to Hurricane Harvey. To meet this requirement, the City and its Subrecipients must make the following applicable items available to post on City's website [[www.recovery.houstontx.gov](http://www.recovery.houstontx.gov)]: procurement policies and procedures; description of services or goods currently being procured by Subrecipients; Subrecipient and state administrative contracts and a summary of all procured contracts (as defined in 2 C.F.R. § 200.22), including those procured by Subrecipients, or the City (e.g., a summary list of procurements, the phase of the procurement, details of ongoing procurement processes, requirements for proposals, etc.). Updated summaries must also be posted monthly on the website. HUD will post guidance related to this requirement on the HUD Exchange website ([www.hudexchange.info](http://www.hudexchange.info)).

## Financial Management

The City of Houston, as a CDBG-DR recipient, is required to follow the financial administration requirements outlined in [2 C.F.R. Part 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 C.F.R. Part 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 applicants and Subrecipients and complete and accurate monitoring and reporting; and comply with 2 C.F.R. Part 200 Subpart F.
9. Conduct single or program specific audits in accordance with the applicable federal requirements. Vendors and contractors employed by the City will be required to comply with the audit requirements as applicable.

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

### **The City of Houston**

1. 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.
2. 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 vendors, contractors and beneficiaries.
3. Housing and Community Development Department (HCDD) – HCDD is the grant manager for Houston's Hurricane Harvey CDBG-DR allocation and responsible for administering all programs outlined in the City's Local Action Plan.
  - a. Disaster Recovery and Public Services Division: This division is responsible for program development and oversight, as well as community outreach.
  - b. Finance Division: This division is responsible for processing CDBG-DR grant funding through the Systems Applications and Products (SAP), performing draws in HUD's Integrated Disbursement Information System (IDIS) and Disaster Recovery Grant Reporting (DRGR) System, and reconciling budgets and expenditures. This division is

also responsible for processing payment requests in SAP and federal reimbursement requests to the GLO to be realized in the City's budget.

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

## Key Funding Objective

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

## Duplication of Benefits

Many federal and state agencies are involved in responding to Presidentially declared major disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the "Stafford Act"). Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding or the Stafford Act may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all or a portion of the activity. Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as a matching requirement, share, or contribution for any other federal program.

Each application will be reviewed to determine if previous funding awarded to the applicant was appropriately used on the home and if any funds were received for the same purpose. The applicant must have an unmet need to move forward in the program. The City must determine the applicant's unmet needs first and then calculate the applicant's Duplication of Benefits (DOB). Applicants must provide documentation of insurance, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), and any other type of funding received. Additionally, the City will verify that the submitted documentation is accurate and current at the time of the award, to the extent possible (e.g., validate against FEMA data). The City will also determine if insurance was required under the terms of the applicant's mortgage or required as a condition of prior federal assistance received, as part of the application review. With the applicant's approval, private insurance companies will be notified and asked to verify/confirm values received.

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

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

The City will use a Insurance, Benefits, and Expenditures certification to collect initial data as well as an Affidavit of No Insurance (at the time of the storm) form, which will be recorded in every file.

The applicant must repay any assistance later received for the same purpose as those awarded or provided for with CDBG-DR funds. The applicant is obligated to certify he or she understands this requirement as outlined in detail within the subrogation terms included in the applicant's contract documents with the City.

To comply with these requirements, the City of Houston will design Standard Operating Procedures to ensure that any funds determined to be a DOB are deducted from the final assistance award amount for each applicant across the eligible activities of all programs.

## Survey and Application Process

Individuals seeking to participate in Harvey related CDBG-Disaster recovery programs administered through the City of Houston will be required to first complete a survey. The survey will be accessible through various means, including the HCDD-DR website, in-person or through an intake kiosk at area Housing Resource Centers (HRC's), community outreach events, as well as over the phone with direct assistance from an assigned Housing Advisor.

The HoAP survey serves many purposes. Initially, the data collected through the survey will help to better identify specific housing needs across the City of Houston's area population and highlight the alignment with the targeted household phases as revealed through the Needs Assessment results. Additional purposes of the survey will include assessing the impacts of the Affirmative Marketing & Outreach Plan and identifying actions for ongoing outreach efforts.

HCDD will develop a process to accept applications for funding to serve extremely low-, low-, and moderate-income households. Funding phases are developed in a manner that affirmatively furthers fair housing objectives.

The provision of assistance is contingent upon the availability of funding. When funding is limited or unavailable, the City may create a waiting list pending notification from the GLO and HUD of additional funding. Applicants seeking assistance may be placed on a waiting list after the survey phase, if necessary.

Once a wait list is opened, if funding is available, applicants will be served based on the program phases and affiliated scoring tiers. Applicants with the most points will be processed first when funding becomes available. If all or several applicants have an equal number of points, then applicants will be served and ranked based on the time of complete application (including supporting documentation) on a first come-first served basis. Completed applications of income-eligible households will be prioritized. Qualified households who are not in one of the phase categories will have their application considered once phase applications have been considered, and contingent on available funding.

### **Application Intake**

The application packet will be available online and will include detailed instructions for completing the application, scoring and phase criteria (if applicable), policy overview and eligibility criteria, steps for appeals and/or program escalations, document checklists, environmental requirements, and program contact information including location and hours of area Housing Resource Centers (HRC's), etc.

HCDD Intake Specialists will be responsible for receiving program specific applications and supplemental documentation during the intake process from the applicant until all required information is collected for HCDD to make an official eligibility determination. As applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each applicant will be assisted with documentation collection and made aware of their application status. Applicants will also be able to create an account in the City's system of record to upload documents and monitor their application status.

Applications will be offered in a manner consistent with the requirements of other fair housing and civil rights requirements, such as 24 CFR § 8.6, the effective communication requirements under the Americans with Disabilities Act (ADA) and Limited English Proficiency (LEP) requirements under Title VI. Applications and forms will be offered in English and other languages prevailing in the region, including Spanish, Chinese, Vietnamese, Arabic, and French,

in accordance with Title VI of the Civil Rights Act of 1964. Intake Specialists or Language Specialists Assistants will be assigned to assist applicants and communicate in their primary language. Every effort will be made to assist applicants in the application process.

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

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

Other Survey and Application Intake deadlines may be determined in the future based on the date of invitation and initiation of Application and overall availability of CDBG-DR/HoAP specific funding. Prior to the loan closing date, all applicants will be informed, in writing, that funding, even after eligibility determination, will not be guaranteed. New policy and critical date determinations will be provided on the website and shared through written Harvey Recovery Program notifications. Case management will be provided throughout the process to assist applicants and their families through clear and transparent communication to understand the program's housing options, determine eligibility, navigate the construction process, execute necessary documentation, and close out the project while decreasing barriers to participate in the program.



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

### **Power of Attorney & Communication Designee**

For the Homeowner Assistance Program, an owner who occupied the property as a primary residence at the time of the storm must be the applicant. An individual with Power of Attorney (POA) or approved Communication Designee for the owner-occupant may assist with the completion of applicant's application. Only a properly executed POA allows another individual to sign on behalf of the applicant.

A signed Communication Designee form is required from the applicant if the applicant wishes to authorize a third party to discuss their case with HCDD. This includes City Officials and employees who are not directly authorized to operate the program or interact with applicants. The form is not required if the applicant does

### **Applicant Contract Award Meeting (Forgivable Loan Closing)**

HCDD will hold contract award meetings with all eligible applicants. These meetings will be used to walk applicants through the scope of work of their project, execute all required contract documents and explain compliance periods, escalations and warranty information.

### **Applicant Voluntary Withdrawal**

If an applicant chooses to voluntarily withdraw or is administratively withdrawn from the Program, the applicant is required to return ALL previously disbursed funds back to the Program. Applicants must clearly provide a written reason and notice of intent to voluntarily withdraw their application. HCDD will send the applicant a written notice of acknowledgement of his/her voluntary withdrawal.

### **Voluntary Withdrawal Reinstatement Requests**

Applicants who have voluntarily withdrawn from the Harvey CDBG-DR programs may submit a written request for reinstatement based on extenuating circumstances. The request will be reviewed and approved by HCDD, on a case-by-case basis.

### **Administrative Withdrawals**

Applicants may be administratively withdrawn for multiple reasons; the following show several example reasons:

- Any applications that are started but not completed and not submitted within sixty (60) days of the initial start of the application or by the end of the application period will be formally withdrawn.
- The program confirms that an application is a duplication of other valid applications or results in an overlap of other program funds.
- An applicant fails to provide required documentation or information after receiving a written request, or to communicate a reasonable timeframe for supplying said documentation.
- An applicant is aggressive and/or abusive to a HCDD employee or any other representative or affiliate of the program.
- An applicant violates the statement to provide true and complete information by providing false or misleading information.

## Construction

Housing that is constructed or rehabilitated with CDBG-DR funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG-DR funds are used for a rehabilitation development, the entire unit must be brought up to the applicable property standards, including standards within local deed restrictions and Homeowners' Associations, and meet Housing Quality Standards. The City will conduct an initial damage assessment, progress inspections and final inspections of the property. Any deficiencies identified in the final inspection must be corrected before final retainage is released.

The City of Houston, through its Standard Operating Procedures and Housing and Construction Repair Services Agreement will outline detailed procedures for the tools and interfaces associated with the construction management and oversight function.

The warranty period shall commence on the date of issuance of the Certificate of Compliance for the Home and end 1 year thereafter for workmanship and materials, 2 years thereafter for a warranty covering a mechanical or delivery system, including electrical delivery systems, plumbing delivery systems, ventilation, heating and air conditioning systems, and 10 years for the structural warranty, including without limitation 10 years for major structural components of a Housing Unit.

Contractor shall provide to the Director all necessary final certificates, licenses, consents and other approvals of the various governmental authorities having jurisdiction, including, a

permanent Certificate of Compliance, as applicable. All COC, warranties, and other final documents will be provided to the homeowner upon completion of the work.

## Site and Development Restrictions

### 1. General Standards

All housing units participating in the Homeowner Assistance Program (HoAP) will be required to meet Housing Quality Standards detailed under 24 C.F.R. § 982.401 and Fair Housing Accessibility Standards. Housing activities must also meet all local building codes or standards that may apply. All Single Family Homes should also incorporate resiliency solutions which may include: elevating the first floor of the habitable area; windstorm protection; reinforced roofs; storm shutters; use of ENERGY STAR appliances and fixtures; and use of mold and mildew resistant products. All new construction projects must also meet Green Building Standards.

### 2. Lead-Based Paint

All projects must comply with the lead-based paint requirements of 24 C.F.R. Part 35, Subparts A, B, J, K, and R. See additional information regarding lead-based paint abatement in Sections 4.E.(1) and 4.H.(1)(f) of these guidelines.

### 3. Housing Quality Standards (HQS)

All CDBG-DR assisted rehabilitation projects must meet Housing Quality Standards at completion, at a minimum, as well as all applicable local codes and ordinances.

### 4. Standards for:

- a. Constructed or Substantial Improvements – City’s adopted 2012 International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) (and subsequent adoptions thereafter in accordance required IRCs and IBCs) must be met where they apply. All rehabilitation, reconstruction, and new construction should be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Whenever feasible, HCDD will follow best practices, such as Professional Certifications and Standard Work Specifications provided in the U.S. Department of Energy’s Guidelines for Home Energy Professionals.
- b. Green Building Standards – New housing construction, reconstruction or substantially rehabilitated housing must comply with ONE of the following Green Standards:
  - i. ENERGY STAR (Certified Homes);
  - ii. EPA Indoor Air Plus (Energy Star a prerequisite);

- iii. LEED (New Construction, Homes, or Neighborhood Development); or
  - iv. ICC–700 National Green Building Standard
- c. Elevation – The City of Houston will apply home elevation standards in compliance with FEMA, and the more protective current local Chapter 19 Floodplain Ordinance 2018-258 with amendments that may be adopted in the future. This ordinance became effective on September 1, 2018 and defined 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 CFR Part 55. The City’s Floodplain Management Office applies the FEMA substantial, non-substantial damage determination for buildings located within the 100-year floodplain as required by FEMA. Reconstructed, newly constructed, and substantially damaged or substantially improved residential buildings within the 100-year floodplain will be elevated to the HSFHA standard of 500-year floodplain elevation + 2 feet, or at least three feet above the highest adjacent grade where the depth is not specified.

In accordance with the local ordinance, reconstruction and new construction activities undertaken in the 500-year floodplain require elevation to the HSFHA standard. While the City’s Floodplain Management Office does not apply the substantial/non-substantial damage determination to residential buildings located in the 500-year floodplain and outside the HSFHA, HoAP will utilize its criteria to evaluate the feasibility of proposed rehabilitation activities in these areas to allow an option for elevation to the HSFHA standard, if the cost is within the elevation cap. Design Flood Elevation (DFE) would provide for adequate venting of floodwaters to be protective of the structure in the HSFHA and be consistent with the ordinance’s zero-net fill standard. Applicants with homes outside the HSFHA that have had water intrusion as a result of a named storm event within the last 5 years may also be eligible for elevation to the lesser of grade plus 3 feet or 2 feet above repetitive flood lines, if the cost doesn’t exceed the elevation cap. The City of Houston will re-evaluate these procedures as new FEMA Flood Insurance Rate Maps are generated or there is a future revision of Chapter 19.

| Minimum Height of Elevation for Rehabilitated and Reconstructed Homes in BIFH HoAP |                                   |   |   |  |  |                       |  |
|--|-----------------------------------|---|---|--|--|-----------------------|--|
| Project Type   | Substantial Damage or improvement | 100-year Floodplain<br>(1.0 % annual chance flood occurrence) |   | 500-year Floodplain<br>(0.2 % annual chance of flood occurrence) |  | Not in Floodplain     |  |
|  |                                   | Elevation   | Min. Height   | Elevation  | Min. Height  | Elevation             | Min. Height  |
| Rehab  | Yes                               | Required <sup>1</sup>   | 2 feet (ft) above 500-year (minimum flood protection elevation) | Optional <sup>2</sup>  | 2 ft above 500-year (minimum flood protection elevation) | Optional <sup>2</sup> | Lesser of: Pier & Beam Foundation at 3ft above grade, <b>or</b> 2 ft above repetitive flood event  |
| Rehab  | No                                | Optional <sup>2</sup>   | 2 ft above 500-year (minimum flood protection elevation)        | Optional <sup>2</sup>  | 2 ft above 500-year (minimum flood protection elevation) | Optional <sup>2</sup> | Lesser of: Pier & Beam Foundation at 3ft above grade, <b>or</b> 2 ft above repetitive flood event  |
| Recon  | N/A                               | Required <sup>1</sup>   | 2 ft above 500-year (minimum flood protection elevation)        | Required <sup>1</sup>  | 2 ft above 500-year (minimum flood protection elevation) | Optional <sup>2</sup> | Lesser of: Pier & Beam Foundation at 3 ft above grade, <b>or</b> 2 ft above repetitive flood event |

**Terms:**

**Substantial Damage** - A home within the 100-year floodplain with a total repair cost exceeding 50% of the structure's value\*.

**Substantial Improvement** - A home outside the 100-year FP with HoAP-permitted work exceeding 50% of the structure's value\*.

\*structure's value - primarily determined using HCAD, but can be done via appraisal per City of Houston Floodplain Management Office protocol

**Minimum Flood Protection Elevation** - The 0.2 percent flood elevation, plus 2 feet (per effective Flood Insurance Study data)

**Repetitive Flood Event** - In addition to Hurricane Harvey flooding, the home experienced water intrusion from a named storm event within the last 5 years.

For all Elevations - Any required elevation that exceeds 4 feet above grade will require a special review and approval by HCDD.

**Footnotes:**

1 - Required by City of Houston Chapter 19 Floodplain Ordinance (effective September 1, 2018)

2 - Based on feasibility study, elevation may be approved on case by case basis by HCDD for BIFH programs funded by CDBG-DR.

## 5. Standards for Rehabilitation of non-substantial damaged residential structures

Contractors and the City must follow the HUD CPD Green Building Retrofit Checklist available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. Contractors and the City must apply these guidelines to the extent applicable to the rehabilitation work undertaken.

## 6. Accessibility

Single Family Housing Units must meet the accessibility requirements at 24 C.F.R. Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and the City's Visitability Standards in City ORD 2003-1239. Covered multifamily dwellings, as defined at 24 C.F.R. § 100.201, as well as common use facilities in developments with covered dwellings, must meet the design and construction requirements at 24 C.F.R. §

100.205, which implement the Fair Housing Act (42 U.S.C. §§ 3601–3619), the design and construction requirements of the Fair Housing Act Design Manual and the ADA 2010 requirements with the HUD exceptions (79 FR 29671, May 23, 2014).

## Initial HoAP Start Up

The initial HoAP start up team will include a small population of potential applicants to allow expedited development of the program operations system, test the current program design procedures and ensure all impacted residents receive maximum efficiency in customer service from start up to closeout. This approach results in earlier service to all program applicants by engaging early on select applicant sites that can be quickly qualified and executed during the startup phase. The startup pool will include households that have already inquired and/or applied to area nonprofits and HCDD programs. The initial subset will help to expedite the implementation phase by identifying and resolving potential bottleneck areas in advance of the full program rollout.

## Environmental

In accordance with the US Department of Housing and Urban Development’s (HUD) regulations for implementing the National Environmental Policy Act at 24 C.F.R. Part 58, the City of Houston’s Housing and Community Development Department (HCDD) must perform and complete Environmental Reviews of proposed programs, projects, and activities that will utilize Hurricane Harvey CDBG-DR funds. These funds will be administered by the Texas General Land Office (GLO), which will review all levels of Environmental Review documentation submitted before issuing environmental clearance for each proposed action to utilize funds. GLO will maintain an Environmental Review Record (ERR) of approved documentation as a compilation of each level of environmental review performed under the City’s CDBG-DR funded programs. HCDD maintains an ERR of all submitted and GLO-approved compliance documentation. HCDD also maintains a record of site-specific documentation that demonstrates environmental compliance of GLO-approved construction activities.

HCDD’s ERR will compile all levels of environmental review documentation required under 24 C.F.R. Part 58. This includes HUD required forms and checklists submitted and approved by GLO for activities determined exempt according to 24 C.F.R. § 58.34 or those that are Categorically Excluded Activities Not Subject to the Section 58.35 Statutes (24 C.F.R. § 58.35(b)). These contain documentation of compliance with the statutes and regulations listed at 24 C.F.R. § 58.6 (e.g. Flood Disaster Protection Act of 1973, Coastal Barriers Resources Act, as amended by the Coastal Barrier Improvement Act of 1990, and Runway Clear Zone or Clear Zone). The

ERR will also contain GLO-approved site-specific environmental assessments of proposed actions per 24 C.F.R. § 58.40.

Where considered appropriate, one or more of the City's CDBG-DR funded programs will be subject to a tiered environmental review process in accordance with 24 C.F.R. § 58.15. The tiered approach allows for a Tier I level broad environmental analysis of proposed policy and action(s) in the early stage of strategic development when site-specific analysis is not yet feasible, yet those actions are known to be geographically and/or functionally aggregated. The Tier I Broad Environmental Review thus identifies environmental compliance factors that can be analyzed and resolved with policies and decisions at this stage, to streamline or narrow the focus of the Tier II site-specific environmental assessment of potential environmental impacts once construction sites are known and appropriate mitigation measures can be specified. Therefore, HCDD's ERR will also maintain the GLO-approved versions of all Tier I and Tier II level environmental reviews performed.

While not currently anticipated, certain proposed actions undertaken by the City with CDBG-DR funds may be determined to have a potentially significant impact on the human environment and therefore require an Environmental Impact Statement in accordance with 24 C.F.R. § 58.37. In the event such an effort becomes necessary, all required documentation developed during the process would also become part of HCDD's ERR.

## Complaints

The City of Houston Housing and Community Development Department (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. For further information, please refer to the HCDD recovery website, <https://recovery.houstontx.gov>

### Contact Information

#### **HCDD Mailing Address**

Housing and Community Development Department  
2100 Travis St., 9<sup>th</sup> Floor  
Houston, TX 77002  
Attn: Planning & Grants Management

#### **HCDD Email Address**

[HCDDComplaintsAppeals@houstontx.gov](mailto:HCDDComplaintsAppeals@houstontx.gov)

#### **HCDD Business Hours**

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

## 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, including disaster recovery websites and entitlement program websites. HCDD will keep a record of each appeal that it receives and include all communications and their resolutions therein.

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

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
- Application number (if applicable)
- Email Address
- Reason for Appeal

Appeals must be made within thirty (30) days of 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.



### [Appeals Review Committee](#)

Should the initial appeal process with the program area not achieve a resolution amenable to the appellant, the appellant has the right to escalate the appeal, in writing, to the Appeals Review Committee (ARC). The appellant may only escalate the appeal after the completion of the initial program area process. The ARC will process the escalated appeal within thirty (30) days, as practicable. The ARC will transmit their decision to the appellant in writing.

### [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 thirty (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.

### [Contact Information](#)

#### **HCDD Mailing Address**

Housing and Community Development Department  
2100 Travis St., 9<sup>th</sup> Floor  
Houston, TX 77002  
Attn: Planning & Grants Management

#### **HCDD Email Address**

[HCDDComplaintsAppeals@houstontx.gov](mailto:HCDDComplaintsAppeals@houstontx.gov)

#### **HCDD Business Hours**

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

#### **GLO Mailing Address**

Texas General Land Office  
PO Box 12873  
Austin, TX 78711-2873  
ATTN: GLO-CDR

#### **GLO Email Address**

[cdr@recovery.texas.gov](mailto:cdr@recovery.texas.gov)

#### **GLO Telephone**

(844) 893-8937  
(512) 475-5000

## Program Income

Any program income earned as a result of program-funded activities will be subject to the rules outlined in Federal Register notice 83 FR 5844. Program income received before closeout of the CDBG-DR grant would be subject to CDBG-DR requirements and must be used in accordance with the City's Harvey CDBG-DR Local Action Plan. To the maximum extent feasible HUD requires that program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made.

## Guideline Updates/ Waivers /Public Comments

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 substantive changes to the Guidelines will be posted for a minimum of seven days for public comment and after approval by the Texas General Land Office the latest versions will be available on the City's website.

As the HoAP 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:

- The Guideline for which the waiver applies
- The requirement to be waived or altered
- Alternative requirement or language
- 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 thirty (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 seven (7) days and public comment received and addressed before submission to the GLO for approval and 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 five (5) business days.

In the case of requests that must be routed to HUD for approval, it is expected that GLO and the City of Houston 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 of Houston via 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.

## Cross Cutting Federal Regulations

The HoAP 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 Subrecipients, vendors, contractors and developers.

### *Davis-Bacon Labor Standards*

The [Davis-Bacon Act and Related Acts \(DBRA\)](#) applies to 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 sub-recipients and contractors.

### *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, Subrecipients, 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, Subrecipients, 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 throughout applicable HCDD disaster recovery programs.

### *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 finance only a portion of the project.

### *Limited English Proficiency*

Federal Executive Order 131661 requires HCDD and all satellite offices, programs, Subrecipients, 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 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).

### *Section 3*

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, sub-recipients, contractors, sub-contractors, and/or developers funded in whole or in part by CDBG-DR funding, to the greatest extent feasible, extend economic opportunities such as hiring opportunities and contracts to Section 3- eligible residents and businesses. 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.

### *Residential Anti-Displacement*

All Subrecipients must follow HCDD’s Residential Anti-Displacement Policy.

### *Uniform Relocation Act and Real Property Acquisition (URA)*

The acquisition of real property using CDBG- DR federal funds, as administered by HCDD, is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and/or Section 104(d) of the Housing and Community Development Act of 1974. The applicable federal regulations are located at 49 C.F.R. Part 24 (URA), 24 C.F.R. part 42, Section 104(d) of the Housing and Community Development Act (42 U.S.C. § 5304(d) (“Section 104(d)”), and in the Tenant Assistance, Relocation and Real Property Acquisition Handbook (HUD Handbook 1378). The February 9, 2018 Federal Register Notice (FR-6066-N-01) waived the one-for-one replacement requirements at Section 104(d)(2)(A)(i)-(ii) and (d)(3) and 24 C.F.R. § 42.375.

Subrecipients or contractors must provide the following benefits to households or businesses that they displace:

- Relocation advisory services;
- A minimum of 90-day notice to vacate;

- Reimbursement for moving expenses; and
- Payments for added cost of renting or purchasing comparable replacement housing.

HCDD programs subject to the URA and Section 104(d) include the CDBG-DR programs. HCDD policies and procedures, Notice of Funding Availability (NOFA), applicant certifications and/or written agreements for funds subject to the URA and Section 104(d) shall refer to federal and state rules, as appropriate.

### *Real Property*

If CDBG-DR funds are used to acquire real property, HCDD will ensure that the property continues to be used for its intended (and approved) purpose; proper records are maintained to keep track of it; steps are taken to protect and maintain it; and that if the property is sold, HCDD is reimbursed for the CDBG-DR share of the property's value. HCDD, as the grantee, along with its Subrecipients and contractors, must tag and log all property valued greater than \$1,000 and update inventory records annually.

The federal requirements relating to real property are organized according to title (ownership), use, and disposition and outlined in 2 C.F.R. § 200.311. In general, the property management system must provide for accurate records, the performance of regular inventories, adequate maintenance and control, and proper sales procedures. Grantees must follow sales procedures that provide for competition, to the extent practicable, and that result in the highest possible return.

### *Acquisition of Real Property*

Upon notification of permission from HCDD, the City proceeds with efforts to acquire any real property, including easements and right-of-way, required for the project. CDBG-DR federal funds, administered by HCDD and disbursed to Subrecipients and direct contractors and/or beneficiaries, are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) and/or Section 104(d) of the Housing and Community Development Act of 1974. The applicable federal regulations are located at 49 C.F.R. Part 24 (URA), 24 C.F.R. Part 42 (Section 104(d)), and in Tenant Assistance, Relocation and Real Property Acquisition Handbook (HUD Handbook 1378).

Subrecipients or contractors must provide the following benefits to households that they displace:

1. Relocation advisory services;
2. A minimum of 90-day notice to vacate;
3. Reimbursement for moving expenses; and
4. Payments for added cost of renting or purchasing comparable replacement housing.

A purchase option agreement on a proposed site or property prior to the completion of the environmental review is allowed if the option agreement is subject to a determination by the sub-recipient on the desirability of the property for the project after the environmental review is completed and the cost of the option is a nominal portion of the purchase price. Prior to advertising for bids, the Subrecipient must have obtained all lands, rights-of-way, and easements necessary for carrying out the project.

HCDD will provide property owners with the appropriate forms, including Involuntary Preliminary Acquisition Notice; Invitation to Accompany an Appraiser; Written Offer to Purchase; Statement of Basis of Just Compensation; Notice of Intent Not to Acquire; Donation and Appraisal Waiver; and Administrative Settlement.

### *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.

### *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 follow the records retention requirements cited in 2 C.F.R. Part 200, which includes financial records, supporting documents, statistical records and all other pertinent records. HCDD establishes recordkeeping and retention requirements in its sub-recipient and contractor agreements in accordance with the guidelines stated in 24 C.F.R. § 570.503(b)(2).

### *Reporting*

As a recipient of CDBG-DR funds, HCDD, working with the GLO, will establish reporting requirements in accordance with 24 C.F.R. § 570.503(b)(2). HCDD has established its own reporting requirements in accordance with the provisions as found in 2 C.F.R. Part 200, as applicable:

- At execution of agreements;

- Monthly;
- Quarterly;
- Annually; and
- As required.

### *Record Retention*

Record retention is a requirement of the program. Records are maintained to document compliance with program requirements and federal, state, and local regulations and to facilitate a review or audit by HUD. 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.

These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner based on HUD Handbook 2225.6, Records Disposition Schedules and HUD Handbook 2228.2.

### *Access to Records (State – City)*

24 C.F.R. § 570.490 Recordkeeping requirements:

“(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.

(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.”

The availability of records is subject to the exceptions to public disclosure set forth in Chapter 552 of the Texas Public Information Act, of the Texas Government Code (“TPIA”). Requests under the TPIA must be made in writing to the Public Information Officer and will be processed



in accordance with the procedures set forth in the TPIA and applicable City policies, such as Administrative Procedure 2-9, Guidelines for Responding to Requests for Public Information.

### *Audit Requirements*

In accordance with Subpart F of 2 C.F.R. 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 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 a written report via U.S. mail to the following address: Office of the Inspector General, 900 Bagby St 4<sup>th</sup> Floor, Houston, Texas 77002.

### *Conflicts of Interest*

The program requires all program staff to disclose any relationship with an applicant, vendor or contractor. Program staff, sub-grantees, program administrators, 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, vendor or the contractor. For example, a customer representative may not perform work on the application of family. For purposes of this regulation, “family” is defined to include spouse, parents, mother-in-law, father-in-law, grandparents, siblings, brother-in-law, sister-in-law, and children of an official covered under the CDBG conflict of interest regulations at 24 C.F.R. § 570.489(h).

HCDD may consider granting an exception to the conflict of interest provisions per 24 C.F.R. § 570.489(h)(4) if HCDD has determined that the Subrecipient, vendor or contractor has adequately and publicly addressed all the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974, as amended and the Subrecipient has complied with the requirements listed in 24 C.F.R. § 570.489(h)(4)(i) and (ii). HCDD considers the factors set forth in 24 C.F.R. § 570.489(h)(5), such as whether the exception provides a significant cost benefit or essential degree of expertise; whether the opportunity was provided for under open competitive bidding or negotiation; whether the person affected is an LMI person, whether the

affected person has withdrawn from his or her functions or responsibilities; whether the interest or benefit was present before the affected person was in a position to benefit from the conflict of interest; or whether undue hardship results from failure to grant the exception.

### *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 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 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, 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, including, but it not limited to requests from HUD, FEMA, FBI, GLO, Office of the State and City Comptroller, and the Office of Inspector Generals.

## Monitoring

HCDD's Compliance and Monitoring Plan (Plan) will outline principles of governance and standards and management supporting the City of Houston's (City) HoAP Program. The Plan is mandated to establish a coherent governance structure, management standards and content requirements for policies and processes to manage compliance risk factors of the Program.

The Plan will outline the activities required by the City and the records required to document these activities. In addition to monitoring, this includes activities required to correct any issues raised as part of the monitoring process and documentation of activities required to remedy

these issues. The Plan will also aim to do so in a way that balances HCDD's need to examine a sufficient sample of all Program applications processed by contractors against the constraint of limited resources within the City for this purpose. Compliance monitoring is necessary to validate the key assumptions, data sources and procedures used in measuring and monitoring compliance risks and to confirm controls are working as intended.

## Program Closeout

HCDD assigned program staff will coordinate all required file documentation with homeowners, vendors and contractors necessary to verify completion of construction to program requirements. In accordance with HCDD approved Standard Operating Procedures, the HCDD assigned project staff will ensure compliance with program construction requirements. In addition to construction closeout documents, closeout staff will make sure that all relevant applicant, procurement, and audit documents are maintained to document compliance with program requirements and federal, state, and local regulations and to facilitate a review or audit by HUD. Both contractor and program retainage will be released based on the approval of the Director when all closeout requirements are completed in accordance with applicable contract documents. In addition, HCDD will maintain monitoring staff to assist program closeout through compliance periods.

## Version History

| Version | Date      | Description   |
|---------|-----------|---|
| 1.0     | 11/1/2018 | Original, published by HCDD   |
| 1.1     | 1/9/2019  | Approved by City Council <ul style="list-style-type: none"> <li>• Format changes</li> <li>• Policy updates throughout</li> </ul>  |
| 1.2     | 1/11/2019 | Approved by GLO <ul style="list-style-type: none"> <li>• Format updates</li> <li>• Changes to Appeals/Complaints</li> </ul>   |
| 1.3     | 4/25/2019 | <ul style="list-style-type: none"> <li>• Updated Elevation language</li> <li>• Format updates</li> <li>• Minor language changes</li> </ul>  |
| 1.4     | 9/30/2019 | <ul style="list-style-type: none"> <li>• Updated allocation amounts from the GLO</li> <li>• Specified maximum assistance caps and additional allocations for Reimbursement, Rehabilitation, and Reconstruction</li> <li>• Included “neighborhood requirements” as a potential additional allocation for reconstruction and rehabilitation</li> <li>• Adjusted Interim Mortgage Assistance and Temporary Relocation Assistance to reflect language in Amendment 3 to the Action Plan</li> <li>• Clarified that LMI Households will not be placed in priority group 6</li> <li>• Clarified that participants in the reimbursement-only track will be served outside of the priority system</li> <li>• Corrected point system matrix for priority system</li> <li>• Updated income limits to reflect 2019 HUD limits</li> <li>• Specified lien payable terms in the event of a conveyance of ownership</li> <li>• Included deadline for repairs eligible for reimbursement to reflect HUD and GLO guidance</li> <li>• Included provision detailing the City’s purchase of Flood Insurance for program participants</li> <li>• Elaborated unit size terms and included provision allowing Director to allocate non-federal funds to restore 3 bed/2 bath homes for qualifying applicants</li> </ul> |

|     |            |   |
|-----|------------|---|
|     |            | <ul style="list-style-type: none"> <li>• Clarified ineligibility criteria regarding the 100-year flood plain</li> <li>• Included Communication Designee requirement</li> <li>• Included deed-restriction and HOA standards as eligible expenses for reconstruction and rehabilitation</li> <li>• Clarified elevation process and included matrix detailing when elevation will be performed</li> <li>• Revised Rehabilitation vs Reconstruction cut-offs as a measure of the estimated cost to repair, including a Director-level discretionary waiver</li> </ul> |
| 1.5 | 10/31/2019 | <ul style="list-style-type: none"> <li>• Introduced version numbers</li> <li>• Clarified homeowner responsibilities within the homeowner managed track</li> <li>• Revised phasing chart in place of previous scoring and prioritization chart</li> <li>• Clarified the \$5,000 incomplete repair threshold for the Reimbursement Only eligibility criteria</li> </ul>   |
| 1.6 | 5/12/2020  | <ul style="list-style-type: none"> <li>• Inserted provisions allowing Director to exceed applicable reconstruction caps to meet local/HOA requirements or household size</li> <li>• Increased allowable property tax payment plan amount from \$5,000 to \$10,000 and allowed deferrals</li> </ul>  |

## Definitions

*Acquisition:* The process of purchasing or obtaining real property at post-disaster fair market value (FMV) of the land and structures that allows City to acquire real property for any public purpose, as set forth in 24 C.F.R. § 570.201(a).

*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/Homeowner/Survivor:* (Used interchangeably) Individuals whose homes or housing units were destroyed, made uninhabitable, need repairs, or who suffered disaster-related displacement from their primary residences and/or loss of property.

*Area Median Income (AMI):* Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the programs.

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

*Builder/Contractor:* (Used interchangeably) A person who contracts to construct or repair houses or buildings and/or supervises building operations.

*Builder Assignments:* A qualified pool of builders developed by contractors or the City.

*Case Management:* The process of working with applicants and their families through clear and transparent communication to understand the program's housing options, determine eligibility, navigate the construction process, execute necessary documentation, and close out the project while decreasing barriers to participate in the program.

*Compliance Period:* The time period during which a property must comply with CDBG-DR program rules and regulations, including primary residency, income, and rent restrictions as applicable.

*Damage Assessment:* An inspection by a certified or licensed inspector (HQS, TREC, or similar license) to specifically and clearly document storm-related property damage and the cost to repair according to local code via photographic evidence and detailed narratives.

*Demolition:* The clearance and proper disposal of dilapidated Home/Housing Unit and improvements.

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

*Elevation Standards:* Standards that apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 C.F.R. § 55.2(b)(1).

*Environmental Review:* This process, under which all qualified projects must undergo, to ensure that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

*Event:* The Presidentially declared Hurricane Harvey, and subsequent flooding, disaster event.

*Family:* The term "family" means all persons living together in the same Housing Unit, as further defined under 24 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 chance of being inundated by a flooding event in any given year.
- "500-year floodplain" — the geographic area defined by FEMA as having a 0.2 percent change of being inundated by a flooding event in any given year.

*Floodway:* FEMA designated channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

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

*Green Building Standards:* All rehabilitation (meeting the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes), (2) EPA Indoor Air Plus (Energy Star a prerequisite), (3) LEED (New Construction, Homes, or Neighborhood Development), or (4) ICC-700 National Green Building Standard.

*Home/Housing Unit:* (used interchangeably) a house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

*Household:* A household is defined as all persons occupying the same Housing Unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

*Housing and Community Development Act of 1974, as amended by the Supplemental Appropriations Act of 1984:* Establishes the program of Community Development Block Grants to finance the acquisition and rehabilitation of real property and which defines 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 C.F.R. § 135.32.

*Housing Quality Standards (HQS):* The minimum quality standards for buildings, including new single-family and multi-family housing constructed under HUD housing programs as outlined in 24 C.F.R. § 982.401.



*Low/Mod Income (LMI) National Objective:* Activities which benefit persons of income that does not exceed 80 percent of the area median income:

- Extremely low: Household's annual income is up to 30 percent of AMI, as determined by HUD, adjusted for family size;
- Low: Household's annual income is between 31 percent and 50 percent of AMI, as determined by HUD, adjusted for family size; and
- Moderate: Household's annual income is between 51 percent and 80 percent of AMI, as determined by HUD, adjusted for family size.

*Manufactured Housing Unit (MHU):* A structure, transportable in one or more sections which in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

*Mitigation:* Improvements made to reduce the possibility of property damage, personal and commercial hardship, as well as long lasting monetary burdens. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of housing in high-risk floodplains are two visible and effective mitigation projects that can be taken to make residents and communities safer in the face of natural disasters.

*Modular Housing:* A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

*Multifamily Rental:* Eight or more rental units in the property.

*Needs Assessment:* A needs assessment is a critical component in the allocation of funding across and within National Objectives for CDBG-DR funds. A needs assessment will recommend the proportions of funding that should be set aside to benefit each LMI and non-LMI economic group. The needs assessment will determine the activities to be offered, the demographics to receive concentrated attention, the disabled, "special needs," vulnerable populations, and target areas to be served. The needs assessment will also include an assessment of the types of public services activities that may be needed to complement the program. The needs assessment should set goals within the income brackets similar to the housing damage sustained within the impacted areas.

*New Construction:* A replacement home that exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

*Reconstruction:* Demolition and rebuilding of a stick-built or Modular Housing unit on the same lot in substantially the same footprint and manner. This activity also includes replacing an existing substandard Manufactured Housing Unit (MHU) with a new or standard MHU or stick-built housing unit. The number of units on the lot may not increase, and the total square footage of the original, principal residence structure to be reconstructed may not be exceeded; however, the number of rooms in a unit may be increased or decreased based on the applicant's current household size.

*Rehabilitation:* Repair or restoration of storm-damaged Housing Units to applicable construction codes and standards.

*Single Family Home:* A single-unit family residence detached or attached to other housing structures.

*Slum and Blight National Objective:* Activities which help to eliminate slum and blighted conditions. (Use of this National Objective is limited due to its inability to contribute towards the overall requirement for 70 percent LMI to benefit low- to moderate-income beneficiaries.) See 24 C.F.R. § 570.208(b).

Slum and Blight activities must meet the criteria of one of the three following categories:

- Prevent or eliminate slum and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

*Subrecipient:* Cities, counties, Indian tribes, local governmental agencies (including COGs), private non- profits (including faith-based organizations), or a for-profit entity authorized under 24 C.F.R. § 570.201(o). The definition of subrecipient does not include procured vendors, private grant administrators, or contractors providing supplies, equipment, construction, or services and may be further restricted by Program rules or other guidance including applications. See vendor definition for further clarification.

*Substantial Damage:* Has the meaning set forth in See 44 C.F.R. § 59.1, as may be amended from time to time, which, at the time of publication reads: Damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred ().

*Substantial Improvement:* Has the meaning set forth in See 44 C.F.R. § 59.1, as may be amended from time to time, which, at the time of publication reads: Any reconstruction, rehabilitation, addition, or other improvement of a structure the cost of which equals or exceeds 50 percent of the market value of the structure before the “start of construction” of the improvement. This term includes structures which have incurred “substantial damage,” regardless of the actual repair work performed. The term does not, however, include either: (1) any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions, or (2) any alteration of a “historic structure,” provided that the alteration will not preclude the structure’s continued designation as a “historic structure”.

*Urgent Need National Objective:* An urgent need that exists because conditions pose serious and immediate threat to the health or welfare of the community; the existing conditions are recent or recently became urgent; and the applicant cannot finance the activities on its own because other funding sources are not available.

*Vendor:* A provider of goods, equipment, and/or services or private grant administrators procured by the City or contractors to implement the Program and/or to serve homeowner assistance needs. Upon approval by the HCDD Director, the vendor may implement various elements of the Program.