

# **THE CITY OF HOUSTON, HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT**



## **FIRST AMENDED AND RESTATED NEW HOME DEVELOPMENT PROGRAM GUIDELINES**

**Version 2.0**

Effective Date: 04-07-2020

## Table of Contents

I. Introduction and Authority	4
II. Definitions	4
III. Acquisuition Process	6
IV. Property Considerations	7
V. Construction	7
VI. Pricing of Homes	8
VII. Post Completion of Homes	9
VIII. Marketing and Sales of Homes	9
IX. Homebuyer Eligibility	10
X. Recapture Provisions	11
A. Loan Payoff	11
B. Modification of the Loan	12
XI. Monitoring Throughout the Loan	12
XII. Proceeds of Sale	13
XIII. Regulatory Considerations	14
A. Minority Women Small Business Enterprise	14
B. Uniform Act - URA	14
XIV. Property Insurance	14
XV. Close-Out	14
XVI. Complaints and Appeals	15

## Version Block

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<b>Version</b>	<b>Date Adopted</b>	<b>Changes</b>
1.0	July 25, 2018	New Home Development Program Guidelines
2.0	April 7, 2020	First Amended and Restated New Home Development Program Guidelines

## **I. Introduction and Authority**

The objective of the City of Houston's (City) New Home Development Program is to provide newly constructed, affordable single-family homes for low and moderate-income homebuyers. These First Amended and Restated New Home Development Program Guidelines will supersede the previous guidelines and will govern the implementation of this program. The New Home Development Program will be funded using Tax Increment Reinvestment Zone (TIRZ) affordable housing set-aside funds, any related program income, and any other funding that may be available.

The Housing and Community Development Department (HCDD) staff will administer the program on behalf of the City. The Director of the HCDD (Director) or their designee will have approval authority for administrative matters related to the New Home Development Program.

## **II. Definitions**

**Acquisition and Development Agreement:** An agreement between the City and Houston Land Bank providing for the development of new single-family homes on land owned or acquired by the Houston Land Bank and the sale of the completed homes to eligible homebuyers., as it may be amended from time to time.

**Affordability period:** A period of time an income qualified homebuyer is required to live in the purchased home as their primary residence, as stated in the recapture restrictions section (See Table 1)

**Affordability Restrictions.** Land Use Restrictions that are filed of record and that require that a homebuyer or an improvements buyer will be required to live in the acquired home as their primary residence for a certain period of time.

**AMFI:** Area Median Family Income, as determined by HUD for the City of Houston -The Woodlands-Sugar Land MSA.

**CLT Ground Lease:** a ground lease of CLT Land to a CLT Improvements Buyer from the approved CLT that owns the land, with terms intended to preserve the affordability of such land and improvements for at least 99 years.

**CLT Improvements:** the improvements located on land that will be conveyed to an approved CLT.

**CLT Improvements Buyer:** a purchaser of the improvements on CLT Land who leases the CLT Land from an approved CLT pursuant to a CLT Ground Lease having terms intended to preserve the affordability of such improvements for at least 99 years.

**CLT Improvements Buyer Subsidy:** the reduction in the sales price and market value of the improvements on CLT Land that are sold to a CLT Improvements Buyer due to requirements of the CLT Ground Lease, the requirement that the property remain affordable for at least 99 years and the restrictions on the gain which the CLT Improvements Buyer may receive if it sells the improvements to a qualified CLT Improvements Buyer.

**CLT Land:** land that may be conveyed without charge by HLB to an approved CLT, subject to use restrictions and with a requirement that the CLT lease the land to a CLT Improvements Buyer subject to requirements that are intended to preserve the affordability of the land and improvements for at least 99 years.

**CLT Subsidy:** the difference between the proceeds that the City would receive from the sale CLT Improvements and CLT Land to a qualified Homebuyer and the proceeds that the City would receive from the sale of CLT Improvements to an approved CLT Improvements Buyer and the conveyance of the CLT Land to an Approved CLT.

**Community Land Trust (CLT):** An existing (or to be created) community land trust operating in the City, organized as a Texas nonprofit corporation under Texas Business Organizations Code §22.001(5) and/or any applicable section of the Local Government Code.

**Completed Property:** A Non-Strategic Property and the completed improvements thereon.

**Contractor:** An entity to which the City provides funding for the construction of new homes.

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

**Homebuyer:** Person(s) eligible to purchase a home developed under the New Home Development Program.

**Housing and Community Development Department (HCDD):** The City of Houston Department that administers federal, state, and local funding for affordable housing and economic development projects.

**Housing and Urban Development (HUD):** The Federal Department that manages and establishes regulations and rules for housing funds, including, but not limited to CDBG, CDBG-DR, and HOME.

**Houston Community Land Trust (HCLT):** An existing community land trust operating in the City, organized as a Texas Nonprofit corporation under Texas Business Organizations Code 22.001 (5) and/or any applicable section of the Local Government Code. Home purchases through the land trust are subject to a 99 year ground lease agreement.

**Houston Land Bank:** Land Assemblage Redevelopment Authority dba Houston Land Bank, a Texas local government corporation created pursuant to Tex. Transp. Code Ann. §431.101.

**Low- Moderate Income:** A household/family having an income equal to or less than 120% of the AMFI established by HUD by Metropolitan Statistical Areas.

**Master Contractor Agreement:** Agreements to be executed between the City and each Contractor that sets forth the terms and conditions applicable to their participation in the New Home Development Program.

**New Home Development Program Loan** The loan from the City to the homebuyer subject to the affordability period and recapture provisions.

**Pre-sale of Homes:** Marketing of a specific home by illustrating floor plans, elevations and any additional marketing materials to sell a home before completion where buyer enters into a purchase agreement.

**Net proceeds:** The sale price minus the amount applied to repay any purchase money loan by a lien having priority over the City's Deed of Trust and any bona fide closing costs paid by the Homebuyer related to the sale.

**Non-Strategic Properties:** Single family lots purchased for affordable housing for the NHDP are not to be considered a strategic property.

**Post Completion Agreement:** Agreement that may be entered between HCDD and Contractor where the contractor will be responsible for all costs of insuring, maintaining and securing the completed Property (the "Carry Costs") until the completed property is transferred to the Houston Land Bank to sell to a qualified low-to-moderate income home buyer.

**Program Funds:** Funds that have been duly appropriated or allocated to the New Home Development Program.

**Project Funding:** Any and all governmental and private funds, used to pay for hard and soft costs to carry out the construction of a new single-family home.

**Real Estate Brokerage Service:** A licensed third-party brokerage service that will market, list, and sell properties to eligible homebuyers.

**Real Estate Professional:** Persons employed by the Real Estate Brokerage Service who are licensed to represent buyers and sellers in real estate transactions.

**Recapture Restrictions.** Restrictions that provide that if a Homebuyer fails to comply with the Affordability Requirement or any other requirement of the Deferred Payment Loan, the Homebuyer will be required to repay funds to the City and that if the property is sold, the Homebuyer will be required to pay the Net Proceeds to the City.

**Strategic Properties:** Properties that, due to a larger size (e.g. lot portfolios) and/or current or prior usage (e.g. tracts that are currently, or were previously, operated as multifamily residential projects) are intended to be acquired for multifamily affordable housing purposes and may be recharacterized for use as single-family properties.

**Substantial Completion:** The stage in the progress of work when the work sufficiently complete in accordance with contract documents and only punch list items or adjustments are pending to be completed.

**TIRZ (Tax Increment Reinvestment Zone) Affordable Housing Set-Aside:** TIRZ's designated under Section 311.005(a)(4) of the Tax Code, where the population of the county exceeds 3.3 million, must contribute at least one-third of the tax increment of the zone toward the provision of affordable housing, during the term of the zone. These funds, collectively, are referred to as TIRZ Set-Aside funds.

**Tri-Party Agreement:** An agreement entered by the City, the Houston Land Bank, and a Contractor for funding and construction of specific homes developed through the New Home Development Program.

### **III. Acquisition Process**

- A. The Houston Land Bank and the City of Houston have entered into an Acquisition and Development Agreement and will enter into a First Amended and Restated Acquisition and Development Agreement, pursuant to which Houston Land Bank agrees to acquire certain properties at the City's expense and to set aside, at the City's request, certain properties previously acquired. Houston Land Bank will hold said properties for the development of new multi-family homes as well as single family homes which will be constructed by HCDD and sold to eligible Homebuyers; CLT Improvements Buyers who will enter into a 99 ground year lease with an

approved CLT which will acquire and lease the related land; and multifamily developers who will agree to use and develop such properties to provide multifamily affordable housing.

- B. Houston Land Bank will hold title for such properties and the City will reimburse Houston Land Bank for all reasonable costs associated with acquisition and maintenance of these properties pursuant to the Acquisition and Development Agreement

#### **IV. Property Considerations**

##### **A. Lots for Construction**

All homes built under the New Home Development Program will be within the property tax jurisdiction of the City of Houston. HLB will acquire single family lots with City funding, subject to available funds (using funds on hand or in the Acquisition Funding Account or advanced by the City pursuant HLB's policies and procedures, including customary due diligence, subject to the reasonable approval thereof by the Director of HCDD and define duties and responsibilities of the respective parties for the acquisition and development of such lots. The City may also fund the development of lots where eligible owners of deteriorated homes wish to exchange their deteriorated real property for a new home developed by the City on another lot. The deteriorated home would either be repaired, rebuilt, demolished or converted into green space or other public use.

##### **B. Environmental Review**

Prior to any action, HCDD will require a title report, a survey, an environmental review (including a Phase I and a Phase II, if necessary), and an environmental report on each property.

#### **V. Construction of Homes**

##### **A. New Home Development**

HCDD will coordinate development of properties and will cover all eligible costs associated with the development and construction of new single-family homes including installation of security features, fencing, alarm system and motion sensor lights to all new homes constructed (this additional scope of work will deter vandalism and theft of new homes). A contractor hired by HCDD will perform be responsible for construction and HLB will cover costs of security devices and lighting unless the contractor has agreed to pay such expenses.

The City will enter into a Tri-Party Agreement with a Contractor and the HLB for the construction of each new home. Prior to the execution of the Tri-Party Agreement and the commitment of funds, the contractor will have signed a Master Contractor Agreement which will include requirements related to the work performed under the Tri-Party Agreement. Any new construction, construction budgets and plans will be approved by the Director or designee.

At the time the City enters into a Tri-Party Agreement, HLB will executed and record a deed of trust in favor of the City securing a non-recourse promissory note in the amount of the cost of construction of the home. The note will be deemed satisfied and the deed of trust will be released when the home is sold pursuant to the Acquisition and Development Agreement.

The Contractor will be responsible for obtaining all necessary permits and construction documents. The Contractor will also be responsible for identifying the site-specific cost items to be included in its budgeted soft and hard costs for construction. HCDD will develop independent cost estimates with industry-standard software to ensure cost reasonableness. All contractors will be subject to a construction schedule and liquidated damages for exceeding approved construction schedule.

Contractors are also subject to the withholding of retainage (10% of project cost) which may be drawn if contractor is not in compliance.

**Post Completion Agreement:** It is anticipated that Contractors may enter into post completion agreements with HLB or the City to addresses all reasonable requests for repairs for maintenance, theft or damages related to vandalism following the completion of the property until the closing of its sale to a qualified or approved homebuyer. HLB will be responsible for maintaining the property and insuring the homes so that there is no gap in insurance coverage. The contractor will be responsible, directly or through a warranty contract, for all requests related to the correction of any defects that arise out of defective workmanship or construction materials that appears after completion until the end of the warranty period of the completed property. (All charges are subject to determination of cost reasonableness and City approval.)

**B. Funding of Construction Work and Soft Costs**

Program funds shall be made available to pay for all eligible hard and soft costs up to amounts indicated in the approved construction budget.

- Fees and Interest Payments

Subject to the written approval of the Director, reasonable and customary fees and interest payments for lines of credit and construction loans secured by the contractors may be eligible costs for reimbursement by the City and will be counted toward the total cost basis of the development of the property. HCDD will review these costs to determine if they are eligible for reimbursement.

- Performance and Payment Bonds

Contractors will be responsible for obtaining performance and payment bonds and builder's risk insurance, in accordance with, or in addition to, the terms of their Master Contractor Agreement and Tri-Party Agreement.

**VI. Pricing of Homes and NHDP Homebuyer Assistance Program**

It is the intent of the New Home Development Program to develop homes that are affordable to income-eligible homebuyers. The final sales price of a home will be its after-construction market value determined by staff based on comparable home prices in the specific area to determine fair market prices.

**Completed Property Purchases:** Completed Properties will be sold based on a current appraised value. Income eligible Homebuyers who purchase a Completed Property may receive assistance from the City through the NHDP Homebuyer Assistance Program (NHDPHAP). The NHDPHAP may provide a loan (NHDP Loan) to qualified homebuyers that will not bear interest, that will be secured by a lien that is junior to the first lien securing a bank loan, and whose payment will be deferred until the end of the affordability period, at which time it may be forgiven. The amount of the NHDP loan is based on the difference between the sales price of the home and the maximum amount of the first lien loan for which the buyer has qualified (based on a 30-year term, level payments and fixed market rate interest) and that will provide affordable payments to the homebuyer. Unless otherwise approved by the Director of HCDD, the NHDP loan amount may not exceed \$50,000.00.

**Community Land Trust Transactions:** In a Community Land Trust transaction, the CLT Improvements will be sold to a CLT Improvements Buyer, the CLT Land will be conveyed to an approved CLT subject to restrictions that are intended to preserve the affordability of the land an improvements for at least 99 years and the CLT will lease the CLT Land to the CLT Improvements Buyer for a 99 year term that will



keep the property in the family of the CLT Improvements or that will permit the transfer of the CLT Improvements to an income qualified household, subject to the execution of a new lease and a limit on the return on the CLT Improvements Buyer's investment. The sales price of the CLT Improvements will reflect the impact of the CLT Ground Lease, the affordability requirement and the limit on the return on the buyer's investment. The CLT will hold the title to the CLT Land and the CLT Improvements Buyer will pay an administrative fee to the CLT and will be responsible for general maintenance.

## **VII. Post-Completion of Homes Constructed**

### **A. Post-Completion Responsibilities.**

Upon completion of the improvements in accordance with the construction contract, the completed property shall be owned by HLB subject to the terms of the Acquisition and Development Agreement. HLB shall maintain, secure and insure (the cost of which, subject to available funds, shall initially be paid out of HLB's operational budget) the completed properties, in accordance with its customary policies and procedures from the time of acquisition of such property, or its designation as a Final Designated Property, until the closing of the sale thereof in accordance with the Acquisition and Development Agreement. Such costs shall be reimbursed to HLB periodically or at the time of sale, subject to the Acquisition and Development Agreement.

### **B. Damages and Repairs.**

All requests for repairs and damages to a Completed Property until closing of its sale to a Qualified Homebuyer shall be performed in a manner that does not initiate activation of any homeowner or other warranties. HCDD and HLB will use their best efforts to have the contract which performed the initial work perform the repairs. The cost of such work shall be eligible for reimbursement, subject to the Acquisition and Development Agreement.

### **C. Transfer of Homes**

HCDD and HLB will work together to coordinate the following post-completion activities

- a. Transfer Notification- HCDD will notify HLB a minimum of two weeks in advance that a subject property will be accessible to HLB for marketing and sales.
- b. Substantial Walkthrough- the stage in the progress of work when the work or designated portion thereof is sufficiently complete in accordance with contract documents.
- c. Punchlist- The list items or adjustments that are pending to be corrected before the home can be transferred.
- d. Transfer- the transfer of the home, keys, warranties, insulation letters, and the responsibility of the home.

## **VIII. Program Marketing and Marketing and Sales of Homes**

### **Program Marketing**

The marketing of the New Home Development Program will be conducted by the Housing and Community Development Department unless otherwise delegated to the Houston Land Bank. If delegated to the Houston Land Bank, HCDD intends to provide necessary funding to promote the program.

### **Marketing and Sale of Homes**

The marketing and sales of homes may be implemented through the following: Houston Land Bank, Houston Community Land Trust, community outreach programs marketing personnel and the Real Estate Professional Services market, and the NHDP Homebuyer Assistance Program.

**A. Responsibility for Marketing and Sales**

Houston Land Bank will secure the services of a Licensed Real Estate Brokerage Professional and will work with HLB marketing staff. Houston Land Bank will be fully responsible for marketing New Home Development Program homes and selling to income eligible homebuyers.

**B. Marketing Plan**

HCDD is committed to affirmatively furthering fair housing through its affirmative marketing policies. Affirmative marketing goals are to ensure that outreach and communication efforts reach eligible homebuyers from all racial, ethnic, national origin, religious, familial status, the disabled, “special needs”, and gender groups.

**Pre-Sale of Homes**

Pre-sale of homes, by which a homebuyer may contract to purchase a home that is under construction, provided that the closing shall occur following the completion of the home, will be allowed for HLB to minimize the carry-costs associated with the time a home is completed to the time a home is sold to a low to moderate income qualified home buyer.

Guidelines for pre-sale of homes:

- Builder documents will be provided to HLB by HCDD before the sale of home.
- Marketing for pre-sale of homes will be allowed at any time after construction starts.
- Marketing for a pre-sale of a home may be done with the aid of illustrations of elevations, floor plans and any available drawings that are specific to that home to be pre-sold.
- Pre-sale potential clients must sign a disclosure form confirming that they are aware that the homes that are being pre-sold will be constructed according to construction drawings and material specifications that are stipulated in the construction contract.
- HLB and HCLT will have a shared list of potential pre-sale homebuyers and the specific home that is being considered for final sale.
- The potential home buyer who submits all required documentation first, will have the first opportunity to purchase the home, provided the potential homebuyer meets program eligibility requirements.
- NHDP staff will inform HLB a minimum of two weeks before the substantial walkthrough will take place.

Prior to marketing the first completed home, the Real Estate Professional must obtain written approval from Houston Land Bank and HCDD for a program marketing plan. The marketing plan will include the following elements:

- Methods of affirmative outreach to residents
- Other means of advertising homes for sale, including, but not limited to, Multiple Listing Service, advertising, flyers, etc.
- Flyers, advertising and listings regarding income qualifications of buyers and financing being offered to buyers must be available in approved languages
- Method and timing of prequalifying prospective buyers, in terms of income eligibility and eligibility for mortgage financing
- Policy for managing a waiting list of potential buyers
- Applicable disclosure statements to be given and explained to buyers prior to signing purchase agreements and at closing
- Applicable form of purchase contract

- Provisions for establishing and adjusting sale prices

## **IX. Homebuyer Eligibility**

All prospective homebuyers must meet income criteria to be eligible for assistance under the New Home Development Program. To meet the income eligibility requirement for homes developed by HCDD using TIRZ funds, applicant's household must earn 120% or less of the Area Median Family Income (AMFI) for the City of Houston Houston-The Woodlands-Sugar Land MSA., as annually published by the United States Department of Housing and Urban Development (HUD).

HCDD staff will determine household income based on the HUD definition described in the Code of Federal Regulations, Title 24 – Housing and Urban Development – Section 5.609 – Annual Income (24 CFR 5.609) known as “Part 5”.

In addition to the income criteria above, each potential Homebuyer must meet the following eligibility requirements:

- Complete an eight-hour certified Homebuyer Education Course through a HUD-approved counseling agency.
- Must be a U.S. citizen or permanent resident alien.
- Must be able to obtain a 30-year fixed-rate level-payment mortgage, whose payments shall be affordable to the Homebuyer, for the portion of the purchase price not covered by the NHDP Loan, whose amount shall be subject to the Director's Approval. The program does not accept adjustable-rate mortgages (ARM) or seller-financed mortgages.
- Must agree to occupy the Home as their principal residence for set affordability period.
- Must agree to a lien and restrictive covenants to be placed on the property to secure the loan provided by the NHDP Homebuyer Assistance Program.
- Must also agree to an annual monitoring of the residence performed by the HCDD. staff to ensure that the homebuyer is living in the home as their primary residence.
- Must receive Income Certification Eligibility which will be provided by the HCDD staff when the request is formally made in writing.

## **X. Recapture Restrictions**

The NHDP Loan will be used to fill the affordability gap for the income eligible Homebuyers who purchase completed properties. The NHDP Loan will be repayable, in whole or in part, until the end of the Affordability Period, and the Director, by written notice to the Homebuyer, may declare the loan to be due and payable, subject to recapture requirements, at sale or at transfer of title (except thru heirship, as described below) and may accelerate the Promissory Note following an uncured event of default, such as the failure to pay taxes or maintain insurance.

The City places a sale restricted, forgivable lien on homes that it repairs or builds to encourage the homeowner to continue to live in the property for a specified period. There is no interest on the lien. If the homeowner lives in the home for the full length of the lien period, the City forgives the lien. If the homeowner sells or moves during that period, the City forgives a prorated portion of the lien based on the length of time the homeowner complied with the occupancy requirement. If the homeowner passes away, his or her heirs can fulfill the remainder of the Affordability Restrictions. (See Table 1 Below).

Homebuyers who fails to comply with the Residency Requirement or any other requirement of the Deferred Payment Loan, will be required to repay funds to the City in accordance with the terms of the loan documents. More particularly, if the residence is sold or foreclosed during the Affordability Period,

a payment in an amount equal to the lesser of (i) the unpaid Deferred Principle or (ii) the net proceeds of the sale or foreclosed shall be immediately due and payable upon demand by the City.

In the event of the death of a Homebuyer, the surviving heir(s) can request one of the following options:

**A. Loan Payoff**

To repay the New Home Development Program Loan or to sell the home and repay the New Home Development Program Loan, subject to recapture requirements, according to the terms established in the Deed of Trust and Promissory Note.

**B. Modification of the Loan**

To allow surviving heirs to assume the original terms of the New Home Development Program Loan and reside in the home as their principal residence. The proposed modification, subject to the approval of the HCDD Director, will require the requestor to be determined to be eligible to participate in the New Home Development Program. If the requestor is not determined to be eligible for assistance, HCDD will require payment of the New Home Development Program Loan.

Table 1.

**Rate of Forgiveness of Loans**

Amount of Assistance	Length of Lien	Annual Reduction Rate*
Less than \$20,000	No Lien	0%
\$20,001 - \$40,000	5 Years	20%
\$40,001 - \$50,000	10 Years	10%

\* Subject to the written consent of the Director, the NHDP Loans may be subject to an annual reduction. If the reduction is implemented, the lien will be forgiven at a set percentage rate for each full year the buyer resides in the home.

**XI. Monitoring**

**A. Homebuyer Loan**

- **Sale or Transfer of Property**

If a Property is sold or transferred (except thru heirship), the Director may declare, by written notice to the Homebuyer, the unpaid balance of the New Home Development Program Loan to be due and payable. Should you also describe Monitoring for the Land Trust Homes?

- **Monitoring**

HCDD reserves the right to periodically monitor each property to determine if it was transferred or sold during the time the lien is active. The following sources of verification may be used:

- Title report
- Lien and ownership search in the applicable County Clerk’s Office online records
- Ownership verification in applicable tax office appraisal records
- Certification from owner
- Documentation verifying residency of home (current utility bill etc.)

- **Releases of Liens**

The release of liens will be issued once a Homebuyer has successfully complied with all the terms and conditions of the New Home Development Program requirements.

- **Verification of Insurance**  
If required, property insurance and/or flood insurance must be maintained throughout the New Home Development Program zero interest loan and must be furnished upon request.
- **Payment of Taxes**  
Property taxes must be paid before they are delinquent, and evidence of payment must be furnished upon request.

## **XII. Proceeds of Sale**

At the closing of a sale of a Completed Property, CLT Improvements or a Strategic Property, as applicable, HLB will convey the property in question, pursuant to the Purchase and Sale Agreement (“PSA”), at the price set forth in the PSA and the proceeds from the sale will be distributed as follows:

a. All closing costs (including title insurance policy premiums) will be paid to the appropriate parties entitled thereto; and

b. All remaining proceeds will be distributed first to HLB in an amount equal to (x) any sales fee charged by the CLT, which shall be subject to the Director's consent and which HLB will pay to the CLT, and a Sales Administrative Fee (as determined pursuant to the Acquisition and Development Agreement) and (y) the total of all commercially reasonable costs incurred by HLB with respect to the Completed Property or Strategic Property, including (i) (aa) the acquisition costs, Due Diligence Costs and transactional costs related to the acquisition of an Acquired Property ("**Acquired Property Sale Reimbursement**"), or, (bb) the Market Value at Sale of a Final Designated Property ("**Final Designated Property Sale Payment**") the amount determined under (aa) or (bb), as applicable, being the "**Property Sale Payment**"), regardless of whether such acquisition costs were previously paid by the Grant or from the Acquisition Funding Account pursuant to the Acquisition and Development Agreement, and (ii) all carrying costs incurred by HLB not previously reimbursed, if any, following the acquisition or designation of such property pursuant to the Acquisition and Development Agreement until its sale, (including, without limitation, costs incurred during such time period that have not been previously reimbursed to insure, clear, maintain, secure and market the property, legal fees, costs of third party inspectors hired by HLB to perform construction oversight during the construction and marketing of a Completed Property and other carrying costs), excluding any costs that have previously been paid to HLB, including, without limitation, those previously paid as ADA Program Delivery Costs or Carry Costs, as defined in the Acquisition and Development Agreement, (the "**Maintenance and Marketing Sale Reimbursement**"), which, excluding the Acquired Property Sale Reimbursement, may be used to fund HLB's operations for Affordable Housing Purposes in accordance with the terms of this Agreement. HLB will utilize the Acquired Property Sale Reimbursement received pursuant to this Agreement to acquire property to provide affordable housing, and, subject to the approval of the Director, for other Affordable Housing Purposes.

c. The balance of such proceeds will be distributed to the City to reimburse it for the costs of construction and other costs incurred by the City during the construction period (it being recognized that the City might not receive full reimbursement for all such costs, and that any unreimbursed costs shall be deemed to have been spent to provide affordable housing). The amount distributed to the City may reflect the impact of the following (i) the amount by which the cost to acquire, construct and maintain a Completed Property (including CLT Land with CLT Improvements) exceeds its market value

("Development Subsidy"); (ii) the amount of any loans or grants made by the City to a Qualified Buyer of the Completed Property ("Buyer Subsidy"); (iii) the amount of the CLT Subsidy; and (iv) the amount of any loans or grants made by the City to an Approved CLT Improvements Buyer so that the payments on the Senior Loan for the CLT Improvements will be affordable to the Qualified Buyer (the "CLT Improvements Buyer Subsidy").

d. The costs to be paid pursuant to (a) through (d) above shall only be paid from the proceeds of the sale of the applicable property and the City shall not fund a shortfall from any other source, provided that HLB may invoice the City for reimbursement of Carry Costs, which amounts shall be paid to HLB, subject to available funds from the Land Assembly and Development Grant and further subject to the requirements set forth in the Acquisition and Development Agreement.

### **XIII. Regulatory Considerations**

#### **A. Minority Women Small Business Enterprises**

It is the policy of the City to stimulate the growth of local minority, women and small business enterprises by encouraging the full participation of these business enterprises in various phases of city contracting. Contracting departments are responsible for ensuring contractors make a good faith effort to meet minority participation goals. Goal-oriented contracts requirements are based on construction contracts more than \$1,000,000 or the supply of goods or non-personal or non-professional services more than \$100,000.

The HCDD has a MWSBE goal of 34% for federally-funded construction projects. Progress made towards meeting MWSBE goals will be counted based on participation credits of companies certified through the City of Houston, Office of Business Opportunity. If a project is not federally funded, other City MWSBE requirements may be imposed.

#### **B. Acquisition/Relocation**

The **Uniform Relocation Assistance and Real Property Acquisition Policies Act** of 1970 (as amended) (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) for federal or federally funded projects. The acquisition objectives of the URA is to provide uniform, fair and equitable treatment of persons whose real property is acquired and to encourage and expedite acquisition by agreement and without coercion.

### **XIV. Property Insurance**

Homebuyer shall maintain property insurance, and, if applicable, flood insurance in accordance with city, state and federal laws and regulations, and as may be required in these Guidelines or any related Program document. If the Homebuyer fails to maintain the property insurance required by this Program or fails to notify any transferee of the Property of such insurance requirements, and the Property is damaged by a future disaster, then Homebuyer's property **may not** be eligible for future assistance. In addition, if the property is in the 100-year floodplain and the Homebuyer fails to maintain flood insurance, then the Homebuyer's property **will not** be eligible for any further assistance.

If an insurance check is received for damages to a New Home Development Program Property in the amount of \$10,000 or more, the progress of repairs to the Property may be monitored by the City and, under certain circumstances, the insurance proceeds may be deposited in an escrow account maintained by the City or the senior lender.

### **XV. Close-Out**

Upon completion of a New Home Development Program activity and closure of a project under the New Home Development Program, a close-out audit will commence which includes reimbursement of funds to the city from the proceeds of sale, compliance with the affordability period and a release of lien.

## **XIX. Complaints and Appeals Process**

### **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.

### **Mailing Address**

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

### **Email Address**

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

### **Telephone**

(832) 394-6200

### **HCDD Business Hours**

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

### **Appeals**

All program participants have the right to appeal a determination made by the Housing and Community Development Department (HCDD) regarding their file within thirty (30) days of the notice of determination. Appeals are only accepted in writing. To be considered complete, an appeal must include:

- Project address
- Project number (if applicable)
- Date of appeal
- Nature of appeal

HCDD recommends, but does not require, using the Appeal Form to ensure a timely response and decision. The Appeal Form is available on our website and at our office during normal business hours.

### **Mailing Address**

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

### **Email Address**

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

### **HCDD Business Hours**

Monday through Friday

8:00 AM to 5:00 PM

**Fair Housing Act**

The federal Fair Housing Act prohibits the discrimination in all housing transactions based on race, color, national origin, sex, religion, handicap, or familial status (having children under the age of 18). Homebuyers that feel they have been discriminated against can contact:

**U.S. Department of Housing & Urban Development – Fair Housing & Equal Opportunity**

*Discrimination inquiries and/or complaints*

800-669-9777 (Voice)

1-800-927-9275 (TTY)

HUD Local 713-718-3199 (Ask for a FHEO)

[www.hud.gov/offices/fheo](http://www.hud.gov/offices/fheo)

**Texas Workforce Commission**

Civil Rights Division

1-888-452-4778 (Voice)

1-800-735-2989 (TTY)

**City of Houston Fair Housing Hotline**

832-394-6200 ext. 5