



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

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## **Harvey Recovery Small Rental Program Guidelines**

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January 30, 2019

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.*

## HRSR Program Administration

The Harvey Recovery Small Rental (HRSR) 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 \$1,175,954,338 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 and objective 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 objectives also include prioritizing elderly and disabled households, households in which members are under the age of 18, and households at or below 50% area median income while affirmatively furthering fair housing. The City of Houston also places an emphasis on housing choices 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 HRSR 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 re-allocate program funds and program components 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 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.

## CDBG-DR National Objectives

In support of the U.S. Department of Housing and Urban Development's (HUD) recovery objectives, the City of Houston 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 HRSR 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)

All activities funded through the City of Houston HRSR, 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>
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 82 FR 61320, effective 12/27/2017	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-12-27/pdf/2017-27960.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-12-27/pdf/2017-27960.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>

## HRSR Overview

The Harvey Recovery Small Rental (HRSR) Housing Program aims to rebuild the affordable rental housing stock by rehabilitating small rental properties (defined for this purpose as individual buildings with no more than seven residential units) damaged by Hurricane Harvey and to create new housing stock, through infill development of new small rental properties. The HRSR is intended to meet the increased demand for affordable rental housing in Houston. This program provides financial assistance, through forgivable loans, to applicants who serve a low- to moderate-income market. This program will assist in expanding the affordable rental housing options, while also stimulating economic growth by assisting landlords and creating jobs in the housing rehabilitation and construction sectors.

As outlined below, the Harvey Recovery Small Rental (HRSR) Housing Program will have distinct policies and operational processes for 1) reconstruction and rehabilitation projects and 2) new construction projects. The current plan is to set aside an initial \$10,000,000 for the New Construction projects and the remaining funds will be used for reconstruction and rehabilitation. HCDD may adjust funding levels between New Construction and Rehabilitation/Reconstruction depending on the volume of eligible applicants.

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

- Structures that are considered "beyond rehabilitation" and do not meet the HRSR's 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).

## HRSR Eligibility Overview

### 1. Eligible Applicants

- a. Not-for-profit developers/ borrowers
- b. For-profit developers/ borrowers
- c. Public housing authorities
- d. Units of local governments
- e. Owner Occupied CDBG DR-eligible applicants with rental units in the same property

### 2. Eligibility Criteria

- a. Project must meet CDBG-DR eligibility requirements
- b. Development must be located within the city limits of Houston
- c. Program participants must agree to compliance period and lien requirements. Participants for the program will be required to provide a 20-year compliance period. 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.
- d. Any substantial rehabilitation, as defined by 24 CFR § 5.100, or new construction of a building with more than four rental units will include installation of broadband infrastructure, as required.
- e. Applicants receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance in writing and to maintain such written notification in the documents evidencing the transfer of the property, and the transferring owner may be liable if he or she fails to do so.
- f. Federal flood disaster assistance will not be provided for repair, rehabilitation, new construction or reconstruction in the case of an owner who was conditioned to have obtained flood insurance under applicable Federal law and subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property.

**3. Eligible Structure Types**

- a. Commercial building, in which there are residential units
- b. Stand Alone Cooperative Units
- c. Cooperative Units
- d. Condominium Units
- e. Modular Housing

**4. Ineligible Structure Types:**

- a. Commercial building, in which there are no residential units
- b. Manufactured homes
- c. Mobile structures used for recreation such as recreational vehicles

**Reconstruction and Rehabilitation Projects**

**1. Eligible Activities**

- a. Repair or rehabilitation of buildings that consist of 1-7 units.
- b. Reconstruction or conversion of non-disaster damaged property to meet the needs of renters impacted by the shortage of affordable rental housing exacerbated by Hurricane Harvey
- c. Housing for special populations

- d. Resilience measures
- e. Accessibility
- f. Measures to bring structure into environmental compliance
- g. Homeowner Association Requirements as part of repairs, if exceeds Minimum Property Standards

**2. Eligible Applicants**

Property owners (who owned the property on August 25, 2017 acting individually or as participants in a limited partnership (LP) or limited liability corporation (LLC):

- a. Not-for-profit developers/ borrowers
- b. For-profit developers/ borrowers
- c. Public housing authorities
- d. Units of local government
- e. Owners who reside in the property, and also have rental units

**3. Eligibility Criteria**

The department may finance the construction of multiple buildings on scattered sites. Applicants will be limited to three projects during administration of this program.

Property owner applicants must:

- a. Provide proof that Property taxes are current, or
  - i. There is an approved payment plan, or
  - ii. Furnish evidence that property taxes are current, under an approved payment plan, or that there is an exemption under current laws.
- b. Provide proof that child support payments are current for all applicants and co-applicants over the age of 18
- c. Agree to a limited subrogation of any future awards related to Hurricane Harvey according to duplication of benefits requirements
- d. Agree to pay monitoring fees to ensure commitment to compliance on an annual basis

Property must:

- a. Must have been owned or occupied at the time of Hurricane Harvey (August 25, 2017)
- b. Not be in a floodway
- c. Have sustained damage from Hurricane Harvey
- d. Have an environmental review record completed and evaluated
- e. Be located within the city limits of Houston

Damage may be verified in one or both ways listed below. The City, at its discretion may implement other methods for assessing damage, as necessary. Additional methods may be listed in the Standard Operating Procedures.

- a. Verification by the Program that the applicant received assistance in the form of a payment for structural loss from FEMA, NFIP, or private insurance.
- b. Program damage assessment states whether the assessor can confirm the structure was damaged by the storm based on onsite inspection and visual observation.

#### 4. **Maximum Assistance**

The Program will provide zero interest forgivable loans to existing owners of rental properties with 1 to 7 units requiring rehabilitation or reconstruction.

- a. For owners who commit, for the duration of the compliance period, to rent to households verified to be between 0-30% LMI, awards will be up to \$80,000 per affordable rental housing unit plus any required resiliency, accessibility, and environmental costs.
- b. For owners who commit, for the duration of the compliance period, to rent to households verified to be between 31-80% LMI, awards will be equal to the lesser of \$60,000, or 75% of the estimated cost to repair the property as determined by the Program less Duplication of Benefits (DOB) as calculated in accordance with the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act).

Under this scenario, the property owner will agree to provide 25% of personal funds prior to disbursement of program funds.

#### 5. **Project Selection**

Projects will be selected by the following:

- a. 1-7 Units: Applicants will apply through the universal intake process and have an Intake Specialist and Housing Coordinator assigned to collect the appropriate documentation.

Priorities for funding will be provided to projects based on the following criteria:

- a. First priority will be extended to properties located *outside* of the floodplain
- b. Properties containing units that are or will be dedicated for special needs populations

Selected projects must be completed within 18 months of the effective date of the contract.

### ***New Construction Projects***

#### **1. Eligible Activities**

- a. New construction of buildings that consist of 1-7 units.
- b. Reconstruction or conversion of non-disaster damaged property to meet the needs of renters impacted by the shortage of affordable rental housing exacerbated by Hurricane Harvey
- c. Housing for special populations
- d. Resilience measures
- e. Accessibility
- f. Measures to bring structure into environmental compliance
- g. Homeowner Association Requirements as part of repairs, if excess of Minimum Property Standards

#### **2. Eligible Applicants**

Property owners (who owned the property on August 25, 2017 acting individually or as participants in a limited partnership (LP) or limited liability corporation (LLC):

- a. Not-for-profit developers/ borrowers
- b. For-profit developers/ borrowers
- c. Public housing authorities
- d. Units of local government
- e. Owners who resided in the property, and also have rental unit
- f. All applicants must own the property, have site control, or at minimum, a written purchase agreement

#### **3. Eligibility Criteria**

The department may finance the construction of multiple buildings on scattered sites. Property owner applicants must:

- a. Provide proof that property taxes are current, or
  - i. They have an approved payment plan, or
  - ii. Furnish evidence that property taxes are current, under an approved payment plan, or that there is an exemption under current laws. Deferments are only accepted in conjunction with a payment plan and a total amount of \$5,000 or less.
- b. Provide proof that child support payments are current for all applicants, co-applicants and household members over the age of 18
- c. Agree to a limited subrogation of any future awards related to Hurricane Harvey according to duplication of benefits requirements
- d. Agree to monitoring fees to ensure commitment to compliance on an annual basis

- e. Agree to resale or recapture provisions outlined in the contract documents.
- f. Be in good standing with HCDD on all previous grants, loans, or loan commitments
- g. Possess a proven track record of successful development and/or rehabilitation of at least one multifamily housing development(s).  
The applicant must have financial and organizational capacity to complete the project.

Property must:

- a. Not be in a floodway
- b. Have an environmental review record completed and evaluated
- c. Be located within the city limits of Houston

#### **4. Maximum Assistance**

The department may elect to provide an individual award that accounts for 100% of total funding sources. Maximum amount of award is \$3,500,000 per development and limited to two awards per applicant.

#### **5. Project Selection**

Projects will be selected by the following:

- a. 1-7 Units: Applicants will apply through a Notice of Funding Availability (NOFA) process and have an Underwriter assigned to underwrite and collect the appropriate documentation. The NOFA will clearly establish the process and acceptance period, threshold criteria (including applicable building codes), selection criteria, HCDD underwriting criteria, and the award process.

Priorities for funding will be provided to projects based on the following criteria:

- a. First priorities will be extended to properties located *outside* of the floodplain
- b. Properties containing units that are or will be dedicated for special needs populations

Selected projects must be completed within 18 months of the effective date of the contract, unless otherwise extended by HCDD and/or GLO. Additional project selection criteria and process information will be established in the NOFA guidelines.

Subrecipient - The department may choose to directly allocate and award to a subrecipient in which subrecipient guidelines will apply.

The City of Houston, at its discretion, may rely upon eligibility determinations made by FEMA to determine if an applicant is eligible for CDBG-DR assistance relative to the program criteria, including, but not limited to:

- Primary Residency
- National Flood Insurance Program (NFIP) Coverage (if required); and/or
- Hurricane Harvey Damage

The FEMA determination shall not be dispositive and binding upon the applicant for the purposes of the Program.

## Program Requirements

### HRSR General Requirements

1. Unit Requirements: at least 51% of units in each building must be reserved for low- and moderate- income households.

Number of Units	Units Reserved for LMI Households
1 (Single Family)	1
2 (Duplex)	2
3 (Triplex)	2
4 (Quad)	3
5	3
6	4
7	4

2. Program participants must agree to compliance period and lien requirements. Participants in the program will be required to provide a 20-year compliance period. 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. Violation of compliance period and lien requirements will activate the loan repayment terms.

3. Program participants must execute all required program documents and agreements for work to be completed under the program.
4. Program participants must agree to monitoring fees to ensure commitment to compliance on an annual basis;
5. Program participants must agree to a limited subrogation of any future awards related to Hurricane Harvey, according to duplication of benefits requirements;
6. Any substantial rehabilitation, as defined by 24 CFR § 5.100, or new construction of a building with more than four rental units will include installation of broadband infrastructure, as required;
7. Applicants receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance in writing and to maintain such written notification in the documents evidencing the transfer of the property, and the transferring owner may be liable if he or she fails to do so.
8. All awarded applications will be evaluated through an environmental and Affirmatively Furthering Fair Housing (AFFH) review by HCDD and GLO.
9. All information submitted by the applicant must include a signed statement verifying that the information provided is true, complete and accurate. Any false, fictitious, or fraudulent information or the omission of any material, may be subject to criminal, civil or administrative penalties. Any person who knowingly makes a false claim or statement to the Department of Housing and Urban Development (HUD) may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729]

Additional program requirements also apply to the specific HRSR programs.

## Community Engagement/ Affirmative Marketing Plan/ 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, Chinese, Vietnamese, Arabic, and French, prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24CFR §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. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity. Evaluation will be an ongoing process.

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 many 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 prioritization of recovery activities in Houston using CDBG-DR funds. 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. For more information on the buckets, please reference the City's Local Housing Needs Assessment.

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

Income Category	Impacted Households	Percent of Impacted Households	Minimum Target	Maximum
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.

	Minimum Target	Maximum
Greater of 0-30% AMI or Federal Poverty Level	\$ 10,572,881.00	
31-50% AMI	\$ 8,736,728.00	
51-80% AMI	\$ 10,458,871.50	
0-80% AMI (Non-Targeted)	\$ 12,235,019.50	
Above 80% AMI	-	\$ 18,001,500.00
<b>TOTAL FUNDING</b>		<b>\$ 60,005,000.00</b>

## Procurement

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

Record retention records 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 that are not included in the CDBG-DR GLO contract with the City. 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 CFR §§ 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 and the City are also required to follow state and local procurement law and policies, as well as the additional requirements stated in 2 CFR Part 200, as applicable.

Additionally, the City's Strategic Procurement Division may review draft solicitations or responses prior to award for compliance with applicable city, state and federal rules and regulations. Subrecipients and the City should clearly identify during the procurement process any items included in the bid/purchase that are not included in the CDBG-DR contract.

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, and contractor or provider's required compliance with all applicable federal, state, and local requirements that subrecipients and the City must follow. 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 CFR 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 CFR § 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 CFR §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 CFR 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 CFR 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
9. Comply with 2 CFR Part 200 Subpart F.

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

#### 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 as well.

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 Small Rental program.

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 per Stafford Act and HUD guidance.

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 understand this requirement as outlined in detail within the subrogation terms included in the applicant's contract documents.

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

Applicants seeking to participate in Harvey related CDBG-Disaster recovery programs administered through the City of Houston will be required to first complete a survey, except for those programs that will submit through a NOFA or a Subrecipient Selection process. This program will assist individual, small rental property owner-applicants and developers through a Subrecipient Selection process. 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 survey serves a number of 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 prioritizations 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 priorities will be developed in a manner that affirmatively furthers fair housing objectives.

## Application Intake

For those not in the NOFA or the Subrecipient Selection process, the application packet will be available online and will include detailed instructions for completing the application, scoring and priority 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 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.

Applications and forms will be offered in English and other languages prevailing in the region, including are Spanish, Vietnamese, Chinese, Arabic, and French, in accordance with Title VI of the Civil Rights Act of 1964. Applications will be offered in a manner consistent with fair housing and civil rights requirements, such as persons with disabilities (24 CFR § 8.6), Limited English Proficiency (LEP) and others, including the effective communication requirements under the Americans with Disabilities Act. Every effort will be made to assist such applicants in the application process.

Intake Specialists or Language Specialists Assistants must be able to communicate with applicant in their primary language and assigned to the clients as appropriate. Additionally, they must ensure effective communications with persons with disabilities pursuant to 24 CFR § 8.6 and other fair housing and civil rights requirements (such as the effective communication requirements under the Americans with Disabilities Act).

The Application Intake phase will be initiated by invitation only (dependent on priority and volume of survey respondents received). Priority 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 HRSR 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-day time period 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 HRSR population (requiring a formal HRSR 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 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-month 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/HRSR specific funding. All applicants prior to the loan closing date, 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.

Original (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 programs Document Management Standard Operating Procedures will provide specifics of document naming conventions, receipt, transfer, tracking, and general record retention details.

## Subrecipient Selection Process

The City of Houston, with approval from the GLO, will administer a Subrecipient Selection process for a portion of the Small Rental program. The solicitation will clearly establish the process and acceptance period, threshold criteria (including applicable building codes), selection criteria, and the award process. Selected projects must be completed within 18 months of the effective date of the contract, unless otherwise extended by GLO. Project selection criteria and process information will be established in the program guidelines. The selection criteria will likely include, but is not limited to, the following:

1. Housing types
2. Organizational experience
3. Project location information
4. Financial analysis

For new construction, applications or proposals providing housing to certain populations, including but not limited to permanent supportive housing, Section 811 housing, previously homeless persons, or extremely low-income households, will be prioritized.

All awarded applications will be evaluated through an environmental and Affirmatively Furthering Fair Housing (AFFH) review, including GLO AFFH review.

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

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 and application phase if necessary.

Once a wait list is opened, if funding is available, applicants will be served based on the program priority groups.

All awarded applications will be evaluated through an environmental and Affirmatively Furthering Fair Housing (AFFH) review by HCDD and GLO.

**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 and the amount to be reimbursed to the City, if applicable.

### **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 are 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 HRSR 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, state and federal laws, 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 and meet Minimum Property 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 warranty period shall commence on the date of issuance of the Certificate of Compliance for the development 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.

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

## Site and Development Restrictions

### **1. General Standards**

All housing units participating in the Harvey Recovery Small Rental Assistance Program (HRSR) will be required to meet Minimum Property Standards 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 CFR Part 35, Subparts A, B, J, K, and R. See additional information regarding lead-based paint abatement in 24 CFR Part 35 Sections 4.E.(1) and 4.H.(l)(f) of these guidelines.

### **3. Minimum Property Standards (MPS)**

All CDBG-DR assisted rehabilitation projects must meet MPS 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.
- v. Elevation

##### c. Elevation

The City of Houston will apply the following elevation standards 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 CFR §55.2(b)(l). All structures, as defined under 44 CFR 59.1, designed principally for residential use and located in the 500-year (or 0.2 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined under 24 CFR §55.2(b)(10), must be elevated with the lowest floor, including the basement, at least 2 feet above the annual floodplain elevation or as modified by local code. Mixed-use structures with no dwelling units and no residents below the annual floodplain must be elevated or floodproofed in accordance with FEMA floodproofing standards under 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least 2 feet above the annual floodplain or as modified by local code.

Applicable state and local codes, and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

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

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

#### **7. Unit Size standards**

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 bedroom and 2 bathrooms. Modifications to unit size will be considered by HCDD for special circumstances such as familial status, property lot constraints, city ordinances and financial hardships.

## **Environmental**

In accordance with the US Department of Housing and Urban Development's (HUD) regulations for implementing the National Environmental Policy Act at 24 CFR 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 CFR Part 58. This includes HUD required forms and checklists submitted and approved by GLO for activities determined exempt according to 24 CFR §58.34 or those that are Categorically Excluded Activities Not Subject to the Section 58.35 Statutes (24 CFR §58.35(b)). These contain documentation of compliance with the statutes and regulations listed at 24 CFR §58.6 (e.g. Flood Disaster Protection Act of 1973, Coastal Barriers Resources Act, as amended by the Coastal Barrier Improvement Act of 1990, Airport Runway Clear Zone or Runway Protection Zone, and Clear Zone Disclosures). The ERR will also contain GLO-approved site-specific environmental assessments of proposed actions per 24 CFR §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 CFR Part §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 CFR §58.3. In the event such an effort become necessary, all required documentation developed during the process would also become part of HCDD's ERR.

## 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.

## 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 the 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

## 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 subsequent 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.

These Guidelines have been submitted to the City Council of the City of Houston, Texas, pursuant to and shall be governed by City of Houston Ordinance No. 2005-1395, as amended by Ordinance No. 2018-121, including its provisions regarding amendments, modifications and corrections to these Guidelines and the Program to which they relate, provided that such amendments, modifications and corrections shall also be subject to and must be done in compliance with the requirements set forth herein.

As guidelines mature, 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.

General Program Waivers 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

### *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. City's mandate to conform to the requirements of ADA flows down to all of its stakeholders, including Subrecipients, vendors 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 for 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 between the Federal Government and the State must be adhered to and made applicable. For certain federally assisted prime construction contracts in excess of \$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 Subrecipients 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 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 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 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 work week. 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 13166 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 (M BEs). 2 CFR 200.321 requires the non-federal entity to take all affirmative steps to ensure assure that all 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, particularly those 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*

The Program staff will comply with URA and real property acquisition as 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 (URA) and/or Section 104(d) of the Housing and Community Development Act *bf* 1974. The applicable federal regulations are located at 49 CFR Part 24 (URA), 24 CFR 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 March 5, 2013 Federal Register Notice (FR-5696-N-01) waived the one-for-one replacement requirements at Section 104(d)(2)(A)(i)-(ii) and (d)(3) and 24 CFR § 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 ensures 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. 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 CFR Part 24 (URA), 24 CFR Part 42 (Section 104(d)), and in the Tenant Assistance, Relocation and Real Property Acquisition and Relocation Policy and Guidance 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 CFR 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 CFR §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 CFR §570.503(b)(2). HCDD has established its own reporting requirements in accordance with the provisions as found in 2 CFR 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;
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and

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 CFR §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 exemptions to public disclosure set forth in Public Information Act, Chapter 552 of the Texas Government Code ("TPIA"). TPIA requests must be made in writing to the Public Information Officer and will be processed in accordance with the procedures set forth therein.

#### *Audit Requirements*

In accordance with Subpart F of 2 CFR Part 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: City of Houston, Housing and Community Development Department, 2100 Travis Street, 9<sup>th</sup> Floor, Houston, Texas 77002.

#### *Conflicts of Interest*

The program requires all program staff to disclose any relationship with an applicant or contractor. Program staff, sub-grantees, program administrators, 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, 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 24CFR 570.489(h).

HCDD may consider granting an exception to the conflict of interest provisions per 24 CFR §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 24CFR §570.489(h)(4)(i) and (ii). HCDD considers 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 not limited to, requests from HUD, FEMA, FBI, Office of the Comptroller, and the Office of the Inspector General.

## Monitoring

HCDD's Compliance and Monitoring Plan (Plan) will outline principals of governance, standards and management, supporting the City of Houston's (City) HRSR 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.

HCDD will formulate its own monitoring plan, which will encompass all compliance-related issues that are specified in the Guidelines and Standard Operating Procedures (SOP); and HCDD will establish detailed tools and checklists to fulfill the Program requirements regarding:

1. Case Management
2. Planning

3. Pre-Construction
4. Construction
5. Close-out

## Program Closeout

HCDD assigned program staff will coordinate all required file documentation with homeowners and contractors necessary for verification of completion of construction to program requirements. File documentation will be reviewed for approval of completion, closeout and proper record keeping requirements. In accordance with HCDD approved Standard Operating Procedures, the HCDD assigned project staff will ensure compliance with program construction requirements.

## Version History

Date	Description
10/31/2018	Original, published by HCDD
12/19/2018	Posted to City Council
1/16/2018	Prepared for City Council/GLO review: format, and content changes
1/26/2018	Updated definitions; cross cutting federal regulations. Format changes.

## 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 CFR §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/affhtpt.html>.

*Applicant/Homeowner/Survivor:* (Used interchangeably) Individuals whose homes or housing units were destroyed, made uninhabitable, needed 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:* An assignment made by the City or its designee of homes for construction to a qualified pool of builders.

*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.

*Certificate of Compliance:* The document issued by the City of Houston Permitting Center For new

construction/remodels when all inspections have been performed and approved.

*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 buildings, homes 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 CFR 55.2(b)(1).

*Environmental Review:* All qualified projects must undergo an environmental review process. This process ensures 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 CFR 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.

*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 (meets 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 or Multifamily High-Rise), (2) EPA Indoor Air Plus (Energy Star a prerequisite), (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC-700 National Green Building Standard.

*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. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the household.

*Housing and Community Development Act of 1974, as amended by the Supplemental Appropriations Act of 1984:* Established the program of Community Development Block

Grants to finance the acquisition and rehabilitation of real property and which defined the recipients and uses of such grants, with the primary goal of benefitting LMI persons.

*Housing and Urban Development Act of 1968, Section 3:* Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR § 135.32.

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

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

*Minimum Property Standards (MPS):* Means the Minimum Property Standards (MPS) established in HUD Handbook 4910.1, as amended or superseded. MPS, as read in the context of these guidelines, encompasses housing quality standards established by HUD to provide "decent, safe and sanitary" housing.

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

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

*Overall Benefit:* The City must certify that, in the aggregate, not less than 70 percent of the CDBG-DR funds received by the City will be used for activities that benefit LMI households.

*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/modular 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 substantially 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 CFR 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 CFR 570.201(0). 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:* Damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR §59.1).

*Substantial Improvement:* Any reconstruction, rehabilitation, addition, or other improvement of a structure which the cost equals or exceeds 50 percent of the fair 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"(44 CFR §59.1).

*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:* Vendors and private grant administrators procured by the city or contractors to implement the Program and/or to serve program needs. Upon approval, the vendor may implement the Program or serve program needs.