

City of Houston Homeowner Opportunity Program Guidelines



Introduction

The Homeowner Opportunity Program (HOP) is a Disaster Recovery Housing Program through which income-qualified applicants who live in FEMA-designated High Risk areas or areas of high minority and/or poverty concentration (as approved by GLO) may elect to rehabilitate or reconstruct their existing home or relocate to a safer and higher opportunity area. HOP will involve relocation counseling, conducted by GLO-appointed Mobility Counselors, and the provision of licensed real estate professionals to explain the options and choices available.

- **FEMA-Designated High Risk Area:** Areas designated by the Federal Emergency Management Agency (FEMA) as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process.
- **Area of High Minority Concentration:** A census block group that consists of 65% or more of minorities. Minorities include all racial and ethnic population groups other than "White, non-Hispanic (Anglo)."
- **Area of High Poverty Concentration:** A census block group that consists of 35% or more of the residents living in poverty. A resident that meets the US Census Bureau's poverty threshold is considered to be at or below poverty level for the Hurricane Ike Round 2, Phase 2 CDBG-DR program.

Housing Objectives

Under Round 2, the City of Houston's Housing and Community Development Department (HCDD) must not only work with local codes and standard housing rules, but also must address the concerns raised in the Fair Housing Complaint filed December 1, 2009 and resolved by a Conciliation Agreement between the State of Texas and the Complainants.

For HCDD to be successful, the following objectives identified in the Housing Guidelines must be met:

- The primary objective of the Program is to provide decent, safe, and sanitary housing in the hurricane-impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike.
- A second objective is to ensure that the housing needs of very low-, low-, and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which suffered housing damage.
- A third objective is to prioritize the provision of decent, safe, and sanitary housing for elderly and disabled populations with an emphasis on housing choice and

design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

While not included in the initial list of objectives, the Conciliation Agreement and the GLO Housing Guidelines Part B require a fourth objective:

- HCDD shall provide initial targeted outreach exclusively to persons located in FEMA High Risk areas, areas where the concentration of racial or ethnic minorities meets or exceeds 65%, and areas where the concentration of poverty meets or exceeds 35%.

HCDD is required to execute an Outreach Plan based on a Needs Assessment. No applications may be taken or considered until the Needs Assessment is received by the GLO and the Outreach Plan has been provided to GLO and approved.

Needs Assessment

The Needs Assessment is the starting point for all housing activities in Round 2. The Needs Assessment should address single family, multi-family, rental and homeowner concerns. The required elements for the needs assessment include:

1. An analysis of the overall damages from Hurricane Ike, broken out by income category.
2. An analysis of the income categories of Houston households affected by Hurricane Ike, as evidenced by FEMA claims or other GLO-approved data, broken out by:
 - very low income (0% - 30% AMFI),
 - low income (31% - 50% AMFI), and
 - moderate income (51% - 80% AMFI), where AMFI stands for Area Median Family Income.
3. An analysis of the location of damages that remain unpaid (sources include FEMA IA, SBA, Flood Insurance, and other federal or state claims).
4. A breakout of areas identified as FEMA High Risk Areas.
5. A breakout of census block groups in Houston with greater than 65% minority concentration (2000 US Census).
6. A breakout of census block groups in Houston with greater than 35% poverty concentration (2000 US Census).

HCDD must use data gathered to establish targeted service populations. The following method may be used to address the **income category-specific portion** of the assessment:

1. Using the information gathered in list items 1 and 2 above, create a combination of damages by income category.
2. Compare the total Round 1 and Round 2 eligible funds (Subrecipient awards) to the total damages impacting each income category. Analyze the impact by income level to create income level service requirements.
3. Subtract the Round 1 funds committed to each income category from the income level buckets to create Round 2 income level service requirements.

Urgent need is not available in Round 2 and should not be assigned to an income category.

The funds identified give the program their targeted economic service requirements. All funded applications must target these income categories. Funds available in higher income categories can be moved down to satisfy increased demand of lower income categories. HCDD cannot move funds into higher income categories unless all applications and targeted areas in lower income categories have been adequately served.

HCDD may proceed with Application Outreach and Intake after GLO has reviewed its Needs Assessment.

Outreach Priorities

Utilizing the information gathered in the Needs Assessment, HCDD will plot the identified areas on a GIS system and look for overlaps where all three HOP geographic eligibility areas are present in a U.S. Census Neighborhood Block Group. HCDD may use the GIS maps available on the GLO's website or a similar system approved by GLO to plot the identified target areas. The targeted areas mapped according to the needs assessment data and geographic criteria (poverty, risk, race/ethnicity) designate the HOP eligible area. HCDD must make a documented effort to offer HOP services, through outreach, to all applicants identified within the HOP eligible area.

Primary targets for outreach include homeowners who fall within all three breakouts: FEMA High Risk areas, areas with minority concentrations that meets or exceeds 65%, and areas with poverty concentrations that meets or exceeds 35%.

After exhausting the Primary Target area, using methods in accordance with the approved Outreach Plan, HCDD may seek applications from target areas that include the overlap of Areas of High Racial and Ethnic Minority Concentration and Areas of High Poverty Concentration. HCDD is expected to utilize all applicable outreach

methods and review the number of applications received from the Primary service areas before moving into Secondary Target areas. Efforts should be documented locally.

If necessary, Tertiary Target areas for outreach will include homeowners who fall within one of the three breakouts. Priority will be given to Tertiary targets that live in areas with minority concentrations that meet or exceed 65% or in areas with poverty concentration that meets or exceeds 35% when possible.

All efforts for targeted outreach, based on the primary, secondary, and tertiary targets listed above, will be documented locally. If all homeowners meeting program requirements have been served, HCDD will submit such documentation and analysis to GLO with a request to expand the outreach to homeowners in general who meet the program requirements. Upon approval from GLO, HCDD will then conduct general outreach for potential participants.

Any area in the City's service zone that is not included in the targeted areas identified by the Needs Assessment and HOP geographic eligibility is considered the General Outreach Area. The General Outreach Area is not eligible for HOP.

Outreach & Intake

Timeline for Primary Target Areas

Application Intake should not exceed 180 days and HCDD may suspend or close intake if:

- The total number of applications exceeds 1.75 times the number of applicants HCDD plans to serve, and;
- The application disqualification within the GLO-established criteria and withdrawal rate must not exceed 42% of the applications collected.

HCDD should ensure that any programmatic or outreach materials clearly explain that application intake may close before 180 days if the pool of applications received is large enough. HCDD should notify the GLO when closure of the application intake period takes place. HCDD should contact GLO for guidance if HCDD needs more than 180 days for intake.

Outreach Implementation

HCDD is responsible for directing outreach and intake activities. HCDD may contract with third parties for assistance with outreach activities or may conduct their own outreach.

Prior to going out into the field, the outreach team will take part in GLO-provided training that discusses general program requirements, outreach expectations, and a HOP overview. The training ensures that Subrecipients consistently execute Round 2 program and all potential applicants receive the same message. In addition, HCDD will use the GLO-approved marketing templates during outreach. Outreach organizations should be qualified to perform the services for which they are contracted and must meet

professional standards determined by HCDD. HCDD will be responsible for the performance of the outreach organization.

Targeted Outreach activities may include door-to-door canvassing, multiservice center outreach, targeted mailings, and other GLO-approved outreach methods. Targeted Outreach must also include efforts to locate HOP-eligible applicants that were forced to relocate due to extensive disaster-related property damage. If approved to begin General Outreach by GLO, activities may include mass mail outs, newspaper, PSAs, radio, broad media, or other communication.

Round 2, application forms will not be distributed during the outreach, nor will outreach staff assist residents with completing application forms. Potential applicants will be given information on how to contact HCDD Intake staff.

Special Issues Impacting Outreach

Round1 Applications: Round 1 applications may be considered as a starting point if the residences fall within the designated target areas. This program, even for those within the designated targeted areas, is not a first-come-first served program. The outreach coordinator will receive a copy of all such addresses, in order to streamline outreach efforts. Round 1 applicants in targeted areas and who were not served under Round 1 will be reviewed for damage level and for elderly, and special needs in compliance with the Round 2 Housing Guidelines. A narrative of how Round 1 applications that are planned to be used in Round 2 were collected, and the results of the Fair Housing review, should be included in the Outreach Plan. Addresses of applicants served in Round 1 should be provided to the outreach team so that work is not duplicated.

Damaged Structures Abandoned Post-Storm: Targeted outreach will include efforts to locate potential HOP eligible applicants who relocated due to extensive disaster-related storm damage. Abandoned properties may be identified by visual reference, disconnection information, school transfers, as well as other methods, may be used to locate these potential HOP eligible applicants. HCDD should review demolition records, request information on utility service disconnections, ask about children transferring out of schools, or other methods determined by HCDD in order to identify displaced owners. If it appears that a home has been abandoned due to storm damage, HCDD should attempt to find the homeowner for participation in the HOP program.

Applications Submitted from Non-Outreach Areas: Anyone is allowed to submit an application and have that application reviewed for eligibility. However, the targeted outreach areas and tiers (Primary, Secondary, and Tertiary) must be served prior to other applications being served.

Outreach Plan

HCDD is required to submit a Targeted Outreach Plan to GLO. This plan will be based on information from the Needs Assessment. It will include, at a minimum:

- Available funding amount for each income level: very low-income (0% - 30%), low-income (31% - 50%), and moderate income (51% - 80%)
- The targeted areas, qualifications for targeting, and the estimated number of persons identified in each tier of targeted outreach (Primary, Secondary, and Tertiary Tiers)
- The Coordinator of the Outreach Program
- The designee or team who will conduct the targeted outreach in the field
- The specific plans for targeted outreach (mailings, community meetings, door-to-door, etc.)
- Round 1 application review for targeted areas and a description of the original Round 1 application solicitation process
- Plan for contacting former residents of abandoned homes damaged by the storm.
- Process for reviewing applications to determine how they compare with the income brackets and targeted areas.
- Description or submission to GLO of any marketing items used in conjunction with the GLO-supplied marketing templates.

The Outreach Plan will serve as the HOP-specific component of HCDD's overall Affirmative Marketing Plan.

Intake

The primary goal of Intake is to collect sufficient information to initiate a Round 2 application. HCDD will use GLO-supplied application forms. To be considered for processing, all required application fields must be completed, and the paper application must be submitted to HCDD before the intake period expires.

HCDD will provide oversight to ensure that the program applications received are consistent with the information provided in the Needs Assessment. HCDD will regularly compare the demographics of the applications received to the Needs Assessment. Significant differences between the Needs Assessment and the applications received will require adjustment to the outreach methods used, and, if needed, additional training to the outreach team.

Completed applications are accepted by HCDD and reviewed by their eligibility team for further processing and introduction to the applicant's assigned Mobility Counselor. Only the written materials and the HOP counselor will explain or answer detailed questions about HOP.

Eligibility

HCDD will schedule each applicant for a Personal Consultation. Each applicant will be told what documents need to be brought to the Personal Consultation. Each applicant will be provided with a number to call if the Personal Consultation needs to be rescheduled. If the applicant fails to attend any two scheduled Personal Consultations without notice, that applicant file may be closed and the applicant will be notified.

Personal Consultation

At the Personal Consultation, HCDD will meet with the applicant, and all adult (age 18 and over) members of the applicant's household that are available to attend, in order to discuss their housing needs. HCDD will confirm the application information and collect the required support documents supplied by the applicant.

HOP Eligibility: After confirming the applicants address prior to the scheduled meeting, HCDD will use GIS to determine if the address falls within the HOP eligible areas. If the applicant's address is located within a HOP-eligible area, HCDD will introduce a GLO-assigned HOP Mobility Counselor.

Area Median Family Income: During the Personal Consultation HCDD will work with the applicant to calculate the household's Area Median Family Income (AMFI). Households with incomes above 80% AMFI are not eligible to participate in the program. The total household AMFI will be compared to the available target economic service areas as determined by the Needs Assessment to determine if funds are available in that category.

Child Support: HCDD will confirm the current status of all child support payments owed by the applicant with the Texas Attorney General's Office. All applicants and co-applicants must be current on payments for child support. If the applicant or co-applicant are not current on court-ordered child support, that member will be required to enter a payment plan to eliminate any arrears. Any applicant that enters into a payment plan must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan.

Deed Review: HCDD will inspect the applicant's warranty deed or deed of trust to the damaged address. HOP participants must have fee simple title, with no liens, to the damaged address in order to participate in HOP. Without a fee simple title, the applicant may still participate in the Homeowner Assistance Program (HAP), but are not eligible for the relocation program. Applicants with a clouded title participating in HAP may provide alternative documentation supporting their ownership and complete the Homeownership Affidavit.

Ownership can be documented as follows:

1. For HOP or HAP Program: Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant's name. For Mobile Home Units (MHUs), a Statement of Ownership and Location (SOL) may be provided.
2. For HAP Program Only: Recognizing a need for alternatives to traditional proof of ownership for persons impacted by natural disasters, the Texas Legislature passed language that has been codified in the Texas Government Code section 2306.188, and addressed in rules by 10 Texas Administrative Code Section 54.3. For the purposes of federally funded disaster recovery programs, this means that ownership may be proven in the following manner:
 - a. Applicants may prove ownership other than a fee simple title by providing notarized affidavit that certifies that one of the following circumstances applies:
 - i. Nobody else has the right to claim ownership;
 - ii. Anyone else with a right to claim ownership has agreed to participate in the program; or
 - iii. Reasonable yet unsuccessful attempts have been made to contact anyone else with a right to claim ownership.
 - b. Alternative documentation, in lieu of the warranty deed or deed of trust, includes (in preferential order):
 - i. tax receipts;
 - ii. home insurance;
 - iii. utility bills, or
 - iv. other documentation accepted by GLO.
 - c. The documentation must show that the applicant was the person responsible for paying for these items at the time of the disaster.

Applicants that complete the Homeownership Affidavit due to lack of clear title are not eligible to participate in HOP unless they are able to clear the title. Applicants that complete the Homeownership Affidavit may only repair or reconstruct their disaster-affected structure at their impacted address.

HOP eligible applicants with clouded titles may participate in GLO's Title Clearance Program or clear their title using alternative means if the applicant wishes to continue in the HOP relocation process.

Applicants participating in the GLO Title Clearance Program will have up to one year to obtain fee simple title and HCDD will hold funds for this applicant to complete the title clearance process. All HOP applicants will be informed of their option to repair or reconstruct in place and if, at any time during this period, the

applicant, by choosing to repair or reconstruct in place, will revert to the HAP program. HCDD may also submit requests to waive the one-year requirement for applicants with significant title issues. HOP applicants with significant title issues will only be allowed access to repair or reconstruct in place, as submitted on a case-by-case basis to GLO.

Tax Check: HCDD will check with the appropriate County Appraisal District (Fort Bend, Harris, or Montgomery) to confirm the property tax status of all applicants. HOP-eligible applicants must be current on all damaged address property taxes before conveying the damaged address to HCDD.

HOP applicants must furnish evidence that property taxes are current. Applicants may elect to participate in a tax payment plan, but they must be current in the tax payment plan, and they are only eligible to repair or reconstruct in place.

Duplication of Benefits: HCDD is required by the Stafford Act to verify all federal and state housing repair benefits received by the Household related to Hurricane Ike with the granting party. HCDD will verify benefit expenditures with the Applicant / Household. Fund expenditures will be verified by receipts provided by the Applicant. If receipts showing the repair was made are not available, HCDD will provide a site estimate. The receipts or the site estimate will determine if any duplication of benefits issues will need to reduce the extent of repairs made.

Introductory HOP Counseling: HCDD will coordinate with the GLO-approved Mobility Counselors to provide all HOP eligible applicants with introductory HOP counseling. This introductory HOP counseling session will include a discussion about HOP, the fair housing choice options available to the applicant, and an overview of the HOP process. The primary goal of the introductory session is to educate the applicant on their options and initiate the decision-making process. At the conclusion of the introductory HOP counseling session, the GLO-assigned Mobility Counselor and the Applicant must sign and complete the *Statement of HOP Understanding*. The GLO-assigned Mobility Counselor will submit the signed and completed document to HCDD.

During the preliminary stages of introductory and program options counseling sessions, it is assumed that all HOP eligible applicants will participate in HOP, unless otherwise indicated by the individual. After participating in the introductory HOP counseling session, HOP eligible applicants may opt-out of HOP participation and seek repair or reconstruction assistance of their disaster affected property. If an applicant elects to opt-out of HOP, the Mobility Counselor must provide the applicant with the *Affidavit of HOP Participation Waiver* and submit the signed waiver to HCDD. The applicant signing the waiver at the introductory session will be given HOP informational marketing materials and advised that they will have 30 days to change their mind and reengage with HOP. If an applicant chooses to reengage, then they may receive Program Options Counseling and have 45 days to make a final decision. In limited circumstances, HCDD may allow HOP eligible applicants to reengage in the HOP program after they have opted-out of HOP participation for longer than 30 days.

Site Eligibility

Damage Inspection: HCDD will have a damage inspector verify hurricane damage and unmet needs at the disaster address. The damage inspector must schedule an appointment with the applicant to visit the property and estimate the hurricane damage.

Homeowner Assistance is limited by the housing assistance caps in HCDD's Hurricane Ike Round 2, General Guidelines. The base unit "Bid" amount is the maximum amount of assistance available to reconstruct or newly construct a home in Houston, as determined by HCDD using a standardized set of new home specifications establishing an average cost. Homeowner Assistance allows for additional costs above the base unit amount including elevation and abatement costs. Additional costs are specified and capped in the General Guidelines.

Rehabilitation (or repair in place) of existing, hurricane damaged homes is capped at \$65,000 unless otherwise amended by GLO-approved HCDD Housing Guidelines. Applicants with less than \$65,000 in hurricane-related housing repairs, unless otherwise waived, are not eligible to participate in HOP and they will be processed as rehabilitation under the General Single Family Guidelines.

Additional expenses, such as elevation, are allowed as limited by the housing assistance caps as described in the General Single Family Guidelines. Estimated rehabilitation costs exceeding this cap will be recommended for reconstruction. No elevation will be done on repair in place projects. Elevation will only occur in reconstruction projects.

Program Options Counseling

HCDD will assign a GLO-assigned Mobility Counselor for the Applicant within 10 days of confirming a HOP applicant's eligibility. HCDD will be the chief point of contact or case manager throughout the life of the application process until the applicant takes the property, working closely with the GLO-assigned Mobility Counselor during the HOP decision-making process. If a GLO-assigned Mobility Counselor leaves or is reassigned, the applicant will be assigned a new GLO-assigned Mobility Counselor. This GLO-assigned Mobility Counselor must contact the HOP applicant within 10 days of being assigned the file.

HCDD and the GLO-assigned Mobility Counselor will schedule the needed Program Options Counseling session(s) to discuss the HOP applicant's eligible options and the path to choose. HCDD will provide the applicant with a summary of preliminary eligibility to facilitate discussion on the available housing options. **The HOP Applicant will have 45 days from the first program options counseling session to select a housing option. Extensions of this timeframe may be granted by GLO on a case-by-case basis.**

GLO-assigned Mobility Counselors will have sufficient resource information available to provide educated advice and to assist the HOP Applicant in decision making. These materials should include, at a minimum, school district ratings for eligible Houston communities, health service facilities and programs available in the community for those needing assistance, a mechanism for discussing transfer of programs currently being utilized by the applicant, and average utility costs and taxes for eligible Houston communities.

HOP Housing Options: HOP homebuyer assistance includes the following:

1. HCDD acquisition of the damaged property combined with the purchase of an existing property within the H-GAC region that meets Housing Quality Standards (HQS) and is located in a Higher Opportunity Area or Community Revitalization Area. For regions in which a waiver of one of the HOP criteria has been granted, the applicant may relocate to an area that is dissimilar to the area that placed the Applicant in the HOP Program **unless otherwise approved by the GLO** (FEMA High Risk applicants may not move back into a FEMA High Risk area, applicants in high concentrations of poverty may not move back into high poverty areas, etc. unless the GLO has granted a waiver requested by HCDD).
2. HCDD acquisition of the damaged property combined with new construction of a Program-designed home on a purchased lot within the Houston Areas of Opportunity or H-GAC region. Up to \$35,000 is available to purchase the new lot. The purchase of sites will be limited to fair market value and the Uniform Relocation Act (URA) shall apply.

Relocations through either lot acquisition and construction or acquisition of a new / existing home will only be allowable if the lot does not require home elevation expenses. GLO will provide technical assistance on a case-by-case basis for HOP applicants who choose to (re)construct in a jurisdiction that differs from the location of the applicant's existing storm-damaged property.

Additional Counseling Services: HCDD may request that the GLO-assigned Mobility Counselors assist applicants with document collection (on a limited basis), or provide additional counseling services as required during the eligibility process.

Mobility Counseling: Once HCDD assigns a GLO-assigned Mobility Counselor to a HOP-eligible applicant, the GLO-assigned Mobility Counselor should begin preparing the HOP-eligible applicant for transition to a Higher Opportunity Area.

GLO-assigned Mobility Counselors will be responsible for coordinating and assisting with resources related to housing and non-housing services that promote moving into a Higher Opportunity Area, which are the non-concentrated areas defined throughout the region. The GLO-assigned Mobility Counselors need to complete training to help them recognize the barriers people in high poverty neighborhoods face and to help identify issues that may prevent a successful move, such as complex social issues, health

problems, etc. GLO-assigned Mobility Counselors will also be expected to be sensitive to cultural and /or other needs as it relates to moving to a new community. They will work to build strong, collaborative recovery partnerships that ultimately maximize limited resources and minimize the duplication of services and benefits. This will better ensure a collaborative, seamless, and community-wide long-term recovery structure.

Mobility Counseling Sessions will include at least eight (8) hours of homebuyer education. Counseling programs will encourage individuals to participate in homeownership and provide a method to track the achievement of the homeownership goal. Mobility Counseling also includes assistance with explaining the relocation options in coordination with HCDD, transfer of benefits, real estate professional support, and home selection assistance. Eligible expenses for relocation assistance may be found in the "Amount of Assistance" section of this document. Eligible costs must be reasonable and necessary as defined in 49 CFR Part 24 Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs (URA) and may include limited temporary housing and / or costs associated with storage of property items, moving expenses, etc.

When the roadblocks to disaster recovery are identified, the GLO-assigned Mobility Counselor, Applicant, and all parties involved will work together to adjust the plan and communicate the Applicant's needs. In cases where there is a lack of progress, it is the responsibility of the GLO-assigned Mobility Counselor to work directly with the applicant, either by telephone or in person (or eventually through the mail if the individual cannot be reached by telephone or in person), identify the reasons behind the lack of progress. If the lack of progress is due to the relocation or the building process, then the GLO-assigned Mobility Counselor will work with HCDD, applicant, realtor, and / or builder to resolve any issues, misunderstandings, or conflicts.

However, if the lack of progress is due to a lack of participation by the applicant in the recovery process and prior to rebuilding, the GLO-assigned Mobility Counselor will provide the applicant with two options:

1. Work with the HCDD Case Manager to adjust the recovery plan and renew progress toward the recovery goals; or
2. Move toward case closure due to lack of applicant participation.

Message delivery by GLO-assigned Mobility Counselors shall be as standardized as possible. Counselors will be trained before arriving at HCDD to receive applicant referrals. GLO-assigned Mobility Counselors shall coordinate regularly with HCDD and GLO and will receive updated training as necessary.

Real Estate Professional Services: HCDD shall utilize a pool of qualified real estate professionals to serve HOP applicants. This pool will be assembled by HCDD using criteria established by GLO. Qualified real estate professionals must participate in a GLO training session that describes the Homeowner Opportunity Program (HOP)

objectives, expectation of services, Fair Housing requirements, HQS requirements, and the special needs of HOP applicants.

After the applicant commits to relocate through the HOP program, the GLO-assigned Mobility Counselor will assign a real estate professional from the qualified pool to each HOP applicant. The applicant will have worked with their assigned Mobility Counselor to determine a list of desired property attributes, such as location on a bus line, school district, closeness to a hospital, etc., as a part of their personal relocation plan. The GLO-assigned Mobility Counselor will ensure that the real estate professional is aware of the needs of the applicant, as detailed in the relocation plan, so that the property search is more targeted. The GLO-assigned Mobility Counselor and the real estate professional shall ensure that the homes presented to the applicant are located in eligible relocation areas.

The real estate professional may show the applicant up to seven (7) homes in the eligible relocation areas that meet the applicant's needs and budget. On a case-by-case basis, HCDD may request that GLO allow more than seven homes to be shown to the applicant in question. Applicants that do not find a suitable property that meet their needs may opt out of HOP and reconstruct their disaster-impacted house or withdraw from the program. The real estate professional's commission will come from the property seller. An additional realtor stipend for successful closings may be established by GLO at a later date.

Eligible Properties: Eligible HOP properties that can be purchased include:

1. Single-family properties (either detached or attached 1-4 units)
2. Condominium unit
3. Cooperative unit
4. Modular Home/Manufactured Home
5. Vacant land (when coupled with a new home).

Site Inspection

After selecting a home, the GLO-assigned Mobility Counselor will provide the sales contract to HCDD. HCDD will confirm that the selected property is located in an eligible area. If the HOP applicant is purchasing an existing home, HCDD will send an inspector to the property to ensure that the existing home meets Housing Quality Standards (HQS) requirements. An inspector from HCDD will inspect all properties to ensure they meet Section 8 HQS and CDBG-DR program requirements, at a minimum, prior to application approval. However, the inspection will not serve to assure the buyer that the property is free of defects. Therefore, HCDD will strongly encourage lenders and real estate professionals to advise potential homebuyers to have an inspection performed for their benefit. The HQS inspection must be performed by a qualified or licensed real estate inspector and/or licensed contractor for specialized inspections, i.e., plumber, electrician, HVAC mechanic. The homebuyer's inspection, or any other inspection report, will not be substituted for the HCDD inspection.

In the event the property is found to be deficient in any area, HCDD must develop a scope and budget to bring said property in compliance with all requirements. Purchase price and rehabilitation / repair cost must be known prior to application approval.

Properties built prior to 1978 may contain lead-based paint hazards and will be visually inspected by HCDD to identify lead-based paint hazards. If a property fails the visual inspection, HCDD will require that all necessary corrections are made prior to proceeding with the possible transaction. The house will be determined unacceptable until the lead-based paint hazards are corrected. All applicable sales contracts must include the "Addendum for Seller's Disclosure of Information on Lead-based Paint & Lead-based Paint Hazards as Required by Federal Law".

The HOP applicant may not purchase existing homes that fail to meet HQS or that may not be reasonably rehabilitated. The purchase price combined with rehabilitation costs not related to accessibility or abatement may not exceed the maximum allowable base unit "bid" amount. The HOP applicant may be required to locate a different property.

Environmental Review

After the initial inspection, an environmental review must be performed on the property prior to federal funds being committed by HCDD (24 CFR Parts 50, 58, 574, 582, 583, and 970). **The Disaster Recovery Program will not purchase homes for an applicant to move into that have been determined to be in the floodway.**

There will be two environmental reviews that will be issued for HOP relocation projects:

1. Original Damaged Site, and
2. New Site Location.

The damaged site location will require environmental clearance even if reconstruction / rehabilitation will not take place at that site. Any HUD-funded projects at the Original Damaged Site (including, but not limited to: Demolition of the damaged home, Site cleanup, Land banking, Conversion to green space, Transfer of title, etc.), must be environmentally cleared and accounted for. The New Site Location that the homeowner will relocate to will also require environmental clearance before any construction or rehabilitation may begin.

No construction activity may begin prior to obtaining an environmental clearance, whether for a damaged site or for a new site location. If activity begins prior to obtaining an environmental clearance, it could be construed as a §58.22 program violation. Such a program violation may involve sanctions, up to and including a total repayment of the project costs.

HCDD will include the initial inspection and environmental clearance letter in the closing package, project file and Environmental Review Record.

Closing

HCDD and the GLO-assigned Mobility Counselors will coordinate a property closing with a title company to facilitate the ceding of the damaged property and the acquisition of the new lot or existing home. GLO-assigned Mobility Counselors shall attend closings to assist the HOP Applicant home buyer in understanding the process.

Amount of Assistance: HOP Homebuyer Assistance is limited to the Housing Assistance Caps in the HCDD Disaster Recovery Round 2 General Guidelines. The base unit “bid” amount is the maximum amount of assistance available to purchase a new or existing home. It is set by the standardized set of new home specifications in the HCDD Disaster Recovery Round 2 General Guidelines, which are bid locally to establish an average price. Funds to purchase and construct or purchase and rehabilitate a home for a HOP-eligible homeowner relocating under HOP shall originate with the applicant’s original housing program location and the funds will follow the HOP-eligible applicant to their new location.

HOP Homebuyer Assistance allows for additional costs above the base unit amount including any necessary accessibility items or abatements measures. Additional costs are specified and capped in the HCDD Disaster Recovery Round 2.2 GLO-Approved General Guidelines.

- The services category is limited to \$15,000 or actual costs and includes costs such as real estate professional fees, moving expenses, and utility connection costs. Relocation assistance may be offered and may not exceed \$5,000 CDBG-DR Program funds per household. It is anticipated that the assistance will be provided when the closing occurs for the new or existing home purchase and temporary assistance will probably not be necessary.
- The vacant land limit is set at \$35,000. Although this is the cap, it is not the floor. The actual lot cost should not exceed the standard single lot size in the community.

Housing purchases that exceed the maximum limits must be paid for with other sources of funds or a mortgage obtained by the homebuyer. The maximum total purchase of the home to be acquired may not exceed the limits set for Single Family Mortgages in Section 203 (b) of the National Housing Act.

Program Limitations: Applicants participating in HOP must contribute 100% of the assistance received under the program toward the purchase of the newly acquired property. No refunds will be provided for less expensive home purchases. Outstanding taxes, liens, or mortgages are the responsibility of the homeowner and must be satisfied prior to transfer of title.

Disposal of Property

HCDD has the right of first refusal on property disposition. HCDD must determine how the property acquired by HOP participation shall be used. Any existing structure(s) on the property must be demolished within 45 days. Demolition of the property will be performed using CDBG-DR funds.

For HOP applicants that decide to relocate, clear title to their existing home and property will be transferred to the City of Houston without a separate acquisition “buy out” of the existing property. To the extent allowed by HUD and where the final use of the property will be known and consistent with CDBG regulations and for the purposes of the relocation of the applicant, transfer of title to a nonprofit or Community Based Development Organization (CBDO) is allowed. HCDD will be required to pay GLO the fair market value of the damaged home if that property is not used to meet a CDBG national objective for at least five (5) years. The hurricane-damaged properties that HCDD acquires through HOP must be used to meet a HUD National Objective for at least five (5) years. These National Objectives are to: serve Low-to-Moderate Income (LMI) individuals, lessen slum and blight, or meet an urgent need. CBDOs have some flexibility with this requirement, and any transfers to CBDOs must be vetted by GLO before actual transfer.

The City of Houston also has the right to sell the vacated property at fair market value as long as the program income received is utilized to further Hurricane Ike Round 2, housing activities. Program income must be spent in accordance with CDBG rules and the State of Texas Action Plan, as amended. The City of Houston may sell the vacated property within 120 days after clear title has been transferred to the City of Houston. If no sale is made, the property must remain with the entity who received the title: the City of Houston, nonprofit, or an eligible CBDO, as described above.

Post-Move Mobility Counseling

After the applicant has relocated, the GLO-assigned Mobility Counselor shall provide up to eight (8) hours per applicant household of transitional counseling services. These transitional counseling services are available for up to 60 days after the HOP applicant’s relocation. Transitional counseling services include, but are not limited to: verification of transfer of utilities, enrollment in local school districts, and answering questions on home ownership and maintenance issues.