



**CITY OF HOUSTON
BUILD IT FORWARD
HOUSING RECOVERY PROGRAM**

Harvey Homebuyer Assistance Program Guidelines

Version 9.0
06-15-2023

VERSION HISTORY

Version #	Date	Noted Edits
1	November 19, 2018	N/A
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6.1	January 16, 2019	<ul style="list-style-type: none"> Formatting revisions
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		<ul style="list-style-type: none"> • Removal and consolidation of redundant language and requirements • Inclusion of HCDD GIS Verification component • Clarification of TREC inspection requirements • Limit on eligibility of properties in 100-year floodplain • Clarification of flood insurance requirements • Addition of waiver component for inheritors of assisted properties • Expansion of credit check requirements to include all federal loans • Explicit exclusion of properties located in a floodway from program eligibility • Clarification on Affordability Period proration • Inclusion of call center pre-screening and invitation-style application • Update of Community Outreach section to capture current practice • Revision of Procurement section to clarify City responsibilities • Correction of Responsible Parties section to reflect Departmental organization • Updates to Federal Requirements section reflecting the City’s status as a subrecipient of the General Land Office
6.8	July 13, 2020	<ul style="list-style-type: none"> • Clarification of applicants residing in City of Houston City limits • Update to flood insurance language • Update of Application Process section to make clear the manner of which applicants are served • Additional quantifying verbiage added to define total loss • Update of Proof of Event Impact section to capture Harvey disaster tie-back • Correction to household income reporting data • Inclusion HCDD Disaster Recovery website
6.9	August 20, 2020	<ul style="list-style-type: none"> • Clarification that translated application and forms are offered upon request • Inclusion of HbAP performed DOB analysis • Clarification on requirements to be considered a “first-time homebuyer”
7.0	November 20, 2020	<ul style="list-style-type: none"> • Correction on the use of “homeowner” and “homebuyer” • Updated Reporting Requirement section to specify income is determined at the time of “application” rather “assistance” • Inclusion of language requiring an elevation certificate for homes located in 100-year floodplain • Updated language clarifying eligibility requirements for homebuyers

		<ul style="list-style-type: none"> • Update to clarify DOB determination of additional financial funding
8.0	August 11, 2021	<ul style="list-style-type: none"> • Updated to directly address the matter of the City’s handling and documentation requirement for properties that are located within a 100-year floodplain • Version 8 Approved by GLO on August 11, 2021
9.0	June 15, 2023	<p>6/23/2022</p> <ul style="list-style-type: none"> • Added prioritizing persons impacted by Hurricane Harvey • Formatting revisions • Added clarification to Homebuyer Eligibility Requirements: Acceptable Documents for Citizenship/Residency required. • Updated verbiage to Buyer Contribution and added Closing Requirements • Footnote identifying an Exclusion to Annual Income added. • Added language to the Power of Attorney that would identify the property/legal description being purchased. • Updated the Proof of Event date. • Updated Section 504 to reference correct CFR. • Clarified the purpose of the Seller’s Occupancy Certificate and Notice to Seller (including URA citation). • Corrected Definition of Family • Corrected Definition of First Time Homebuyer • Added Eligible Property Types (1) SF unit • Removed tenant occupied verbiage from Property Location • Added Appraisal vs Sale Price requirement to Property Eligibility Requirements • Added requirements to Debt-to-Income Ratio • Clarified Minimum Construction Standards to include specific standards used and added updated link as a reference • Clarified timeframes in the Application Intake Phase • Added Anticipated Rental Income under Income Eligibility • Revised Application Process • Revised timeframes in Administrative Withdrawals • Added verbiage to Ineligible • Added verbiage to Introduction • Eligibility Overview updated • Updated Property Location • Updated 100-Year Floodplain • Added guidance to Income Eligibility • Defined Power of Attorney and Communication Designee in the Application Intake Phase • Added a limit of Liquid Assets with clarification on the effective date • Revised Acquisition of Real Property

		<ul style="list-style-type: none"> • Record Retention • Conflicts of Interest • Updated conflict of Interest definition • Updated Housing Counseling definition • Added definition for Affordability Period • Added definition for Ownership Interest • Added definition for Tenant/Occupant • Updated guidance under Cross Cutting Federal Regulations • Added guidance for Property Selection • Added guidance for Separated Marital Status under Ineligibility • Revised proof of disaster tieback for applicants under the age of 18 • Updated Separated Marital Status under Homebuyer Eligibility Requirements • Updated Co-borrower under Homebuyer Eligibility Requirements • Updated Legal Guardianship under Homebuyer Eligibility Requirements • Updated First Time Homebuyer under Homebuyer Eligibility Requirements • Added exceptions to closing costs exceeding 6% maximum • Added clarification on debt pay offs at closing • Added new definition of Section 504 • Updated definition for Conflict of Interest • Updated definition for Housing Counseling <p>Approved by the GLO 6/15/2023 Approved by HCDD 07/05/2023 Presented to PRC 08/01/2023 Presented to HCA 08/22/2023</p>
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Introduction

On August 25, 2017, Hurricane Harvey made landfall as a category 4 hurricane in southeast Texas, causing catastrophic flooding and damage to the City of Houston. As a result, a Presidential Disaster was declared on August 25, 2017, which included the City of Houston.

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 – providing down payment assistance, 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.

HbAP Administration

The Harvey Homebuyer Assistance Program (HbAP) is intended to assist eligible City of Houston (City) applicants who were directly impacted by Hurricane Harvey. The City's Housing and Community Development Department's (HCDD) goal and objective is to expand and increase homeownership opportunities for residents within the incorporated areas of the City of Houston. This program will prioritize households that were impacted by Hurricane Harvey to facilitate the movement of Low-and Moderate-Income (LMI) households into new homes after their homes were damaged by Hurricane Harvey. The program may provide down payment and closing cost assistance to eligible households earning up to 120 percent of Area Medium Income (AMI).

The City of Houston will administer its Homebuyer Assistance Program (HbAP) in accordance with these Harvey Homebuyer Assistance Guidelines, Texas General Land Office (GLO) requirements, and HUD CDBG-DR regulations and guidance. The City of Houston reserves the right to assign or adjust program priorities and re-allocate program funds if in doing so would it better serve the affected communities and their residents.

The City of Houston reserves the sole discretion of interpreting and applying these Guidelines, except for those items where GLO or HUD has indicated 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 their designee. Further processes, such as eligibility, duplication of benefits review, environmental protocols, and award determination, will be administered and implemented by HCDD. The HCDD Finance Division will authorize assistance awards after review and validation of submitted packages by HCDD.

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 of 1974, the primary objective of the general Community Development Block Grant (CDBG) program is “the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of Low- and Moderate-Income (LMI).” Community Development Block Grant – Disaster Recovery funding appropriated in response to disasters must meet the general goals of the CDBG program.

The City of Houston Harvey Homebuyer Assistance Program will meet the following two of the three National Objectives defined in the Housing and Community Development Act:

- Benefiting Low- and Moderate-Income Persons (LMI) (80% or less of Area Median Income) by providing housing assistance
- Meeting an Urgent Need (UN) by providing housing assistance to applicants making in excess of 80% of the area median income (AMI)

All activities funded through the City of Houston HbAP, unless the requirement is waived by HUD, are required to meet one of the National Objectives. At least 70 percent of the entire CDBG-DR grant by which this program is funded must be used for the National Objective of benefitting low- and moderate-income persons. The City will document how each program and/or activity funded under Urgent Need responds to a disaster-related impact as noted in the Federal Register Notice¹ governing this grant. The City will demonstrate Urgent Need expenditures respond to the Harvey disaster by retaining documentation from applicants which prove that they resided within the City of Houston jurisdiction at the time of Hurricane Harvey.

¹ <https://www.federalregister.gov/d/2018-02693/p-160>

Applicable Laws & Regulations

Funding Source	Type of Rule	Source
CDBG	Regulation	24 CFR 570
	HUD Exchange	HUD Exchange CDBG Entitlement
	HUD Monitoring Guide	Administration Handbooks
CDBG-DR 2017 Hurricane Harvey	HUD Exchange – CDBG-DR	CDBG-DR Programs
	Public Law 115-31 (Section 421), enacted 5/5/2017	Public Law 115-31
	Public Law 115-56 (Division B), 9/8/2017	Public Law 115-56
	Public Law 115-72, 10/26/2017	Public Law 115-72
	FRN 82 FR 61320 12/27/2017	82 FR 61320
	FRN 83 FR 5844, 2/9/2018	83 FR 5844
	Public Law 115-123, 2/9/2018	Public Law 115-123
	FRN 83 FR 40314, 8/14/2018	83 FR 40314

HCDD will publish all Program Guidelines on the City’s dedicated recovery website.² All guidelines will initially be published for a 30-day public comment period. Any subsequent changes to the Guidelines, after approval by the Texas General Land Office, will be posted for a minimum of seven days for public comment and the latest version of the guidelines will be made available on the City’s recovery website.

HbAP Overview

The Homebuyer Assistance Program (HbAP) will provide funds for down payment assistance, closing costs, principal buydown, and other direct financial assistance to homebuyers to finance the purchase of a home for City of Houston residents who resided within the city limits of Houston at the time of Hurricane Harvey. This program will help improve homeownership affordability for residents affected by Hurricane Harvey.

The Homebuyer Assistance Program may provide down payment and closing cost assistance to

² <https://recovery.houstontx.gov>

eligible households who will be purchasing a home. Individuals applying to the program will be assisted with benefits after review and verification of all eligibility and subsequent requirements, including securing a fixed rate mortgage loan from the individual's preferred lender (See Section below – HbAP Eligibility Overview). Direct homeownership assistance under 570.201(n) allows the City to pay up to 100 percent of the down payment amount required by the lender. The City may also use other forms of direct homebuyer assistance such as subsidizing interest rates and mortgage principal amounts, including making grants to reduce the effective interest rate on the amount needed by the household to achieve an affordable mortgage payment level. Primarily, the City will provide direct financial assistance in the form of forgivable loans.

Based on household composition and qualified income sources, applicants' income will be evaluated using HUD's most recent Area Median Income (AMI) as published annually by HUD. The Housing and Community Development Department will use the method of calculating adjusted gross income (AGI) via the Part 5 Method for purposes of verifying and determining income eligibility for the Program. Considering current mortgage lending practices, **HCDD has chosen to use the Part 5³ income verification**, as defined by HUD. Income limits are updated annually and will be published on HCDD's Disaster Recovery [website](#).

All homebuyers must meet income criteria in order to be eligible for assistance and funding must be available. In order to meet this eligible requirement, applicants cannot exceed 120% AMI, adjusted for family size, as published annually by HUD.

Maximum Assistance

The maximum amount of Homebuyer Assistance available per household is \$30,000.

HbAP Eligibility Overview

Activities eligible for CDBG-DR funds include, but are not limited to:

1. Provide up to 100% of required down payment assistance
2. Pay reasonable closing costs
3. Provide principal write-down assistance
4. Subsidize interest rates
5. Pre-paid items (homeowner's insurance, property taxes, etc.)

This eligibility overview provides the minimum requirements and income criteria that applicants must meet to be eligible for the City of Houston's CDBG-DR funds, specifically for the Homebuyer Assistance Program. All eligibility and verification methods are subject to City of Houston's Housing

³ [24 CFR 5.609-5.611](#)

and Community Development Department, GLO, and HUD approval.

HCDD may engage HUD Certified Counselors when applicable to assist applicants with assessing their financial situation and evaluating options for full benefit of the offered programs.

HbAP Homebuyer Eligibility Requirements:

A Citizenship/Residency Requirement

Applicant and/or co-applicant must provide proof of citizenship, permanent resident alien.

Acceptable documents include:

- Birth Certificate lawfully issued by a governmental entity in the United States
- Valid U.S. Passport
- Permanent Resident Card issued by United States Citizenship and Immigration Services
- Valid Social Security Card that does not state “Valid for Work Only”

B First- Time Homebuyer

HBAP assistance is limited to eligible families who meet the definition of a First-Time Homebuyer.

- A homemaker or single parent who has previously owned a marital home and is now owned by the former spouse.
- An individual who has only owned a property that was not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a new permanent residence.
- An individual who has had no ownership in a principal residence during the 3- year period ending on the date of the purchase of the property.
 - This includes a spouse (if meets the above test, they are considered first-time homebuyers).
 - Individual(s) replacing a home that was lost during Hurricane Harvey.
- Renter who resided in the City of Houston jurisdiction at the time of Hurricane Harvey, on August 25, 2017.

C Buyer Contribution and Closing Requirements

- The borrower(s) will be required to provide a minimum cash investment of \$350.00 into the purchase transaction from their own resources. The cost of the appraisal, credit report, inspection, earnest money and/or cash brought to closing satisfies this requirement.
- The applicant(s) cannot receive any funds back at closing.

- Closing cost cannot exceed 6% maximum, with the exception of the applicant paying points to buy down the mortgage interest rate.
- Debts cannot be paid-off at closing. For HCDD underwriting, if a debt is required to be paid to meet the HCDD back-end ratio requirement of 45% or below, the debt must be paid prior to closing. A supplemental credit report, provided by the lender, is required to show proof of the debt being eliminated before closing.

D. Housing Counseling Requirement

All applicants applying for HBAP assistance are required to attend and complete an eight-hour Homebuyer Education (HBE) class with a HUD approved housing counseling agency prior to applying to the program. Upon the successful completion of the counseling, the counseling agency shall provide the applicant with a Certificate of Completion. The applicant is responsible for any costs associated with registering for and completing the counseling and/or homebuyer education class. Online HBE certificates must be valid at the time of eligibility determination with HCDD.

E. Child Support

All household members (including applicant and co-applicant) 18 years of age or older must be current on payment for child support, or on an approved payment plan.

F. Legal Guardianship

The applicant/co-applicant must provide supporting documentation of legal guardianship for all minor household members at or under the age of 17. Acceptable documents include:

- Birth Certificate listing the applicant, co-applicant, and/or household member as the parent
- Legal guardianship documents
- Foster Care Order or Adoption paperwork
- Genetic Test or Acknowledgement of Paternity
- Court Order Child Support

G. Co-borrowers

Co-borrowers listed on the loan must be listed on the application as a co-applicant or in the household composition section of the application.

H. First-Time Homebuyer Status

Applicant/co-applicant must complete the "First-time Homebuyer Status and Certification of Property Ownership" Form.

I. Separated Marital Status

Applicant and/or co-applicant must be legally divorced to list themselves as separated from their significant other on the application (or if an applicant lists themselves as “Single”). If an applicant and/or co-applicant is divorced the HbAP staff will request a copy of the divorce decree signed by a judge.

J. Disaster Tie Back

Proof of impact for the HbAP must be established through disaster tieback documentation to support the applicant(s) resided in a property located within the incorporated areas of the City of Houston including areas annexed and/or serviced by the City, which are subject to pay City property taxes at the time of Hurricane Harvey. Determination whether the home was located inside the mentioned area can be made by searching the address at:

[City of Houston City Limits Address Verification \(arcgis.com\)](http://arcgis.com)

Renters:

Acceptable documentation includes but is not limited to a lease agreement, utility bill, insurance policy (renter/auto), or bank statement that covers the date of storm impact, August 25, 2017, with an eligible address.

Homeowners:

Acceptable documentation of disaster damage can be documented as follows:

- FEMA, Small Business Administration (SBA) or Insurance Award Letters
If the above-referenced documentation is not available, an inspection report/Damage Assessment (complete with photos of the damage and a written assessment of the damage with each photo taken) conducted by a certified or licensed inspector (HQS, TREC, or similar license) must be supplied by the subrecipients that certifies the damage occurred as a result of the event (refer to the GLO’s Damage Assessment Guidelines found at www.texasrebuilds.org).
- If FEMA, SBA, or Insurance Award Letters are not available and an inspection report is inconclusive as to the cause of the damage, subrecipients may provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations. GLO approval is required for this form of proof. If an applicant was denied assistance by FEMA, assistance through the CDBG-DR Program may still be available. Applicants are not solely ineligible based on a denial by FEMA.

- If home was deemed a total loss as a result of Harvey show full disposal of owner-occupied residence demonstrated through a valid FEMA and/or private homeowners insurance policy.

Applicants 18 years of age or younger (at the time of the storm):

For applicants who were not of age at the time of Harvey (18 years of age or younger) or who were still in high school at the time and residing with family/friends during the time of the storm, may provide the following documents as proof of residence:

- High school transcripts, report card, or diploma with the applicants address
- Paycheck stub from employer that lists the applicants home address
- Tax Return – applicant/co-applicant must be listed as a dependent on the tax return

K. Mortgage Loan

Applicant/Co-applicants must be able to obtain a fixed-rate mortgage loan for the length of the qualifying compliance period based on award amount.

L. Subrogation

Applicant/Co-applicant must agree to a limited subrogation of any future awards related to Hurricane Harvey, to ensure duplication of benefits compliance.

M. Lien

Assistance will be provided in the form of a zero-interest forgivable loan, secured by placement of a lien in the highest allowable position on the applicant property. Homebuyers are required to maintain principal residency in the assisted property throughout the length of the compliance period. Cash-out refinancing and, home equity loans, are not allowed during the compliance period. A violation of this policy will activate the loan repayment terms.

N. Compliance Period

The compliance period of homes purchased will be five (5) years for up to \$30,000 of assistance. The lien on the property will be removed by the City upon completion of the terms and conditions of all documents related to the program and completion of the compliance period.

Forgiveness of the loan provided will be prorated over the course of the determined compliance period. The proration percentage will depend on the length of the period (see Part F of HbAP Loan Terms for Assistance below), with 100% of the loan being forgiven and the lien satisfied at the termination of the compliance period. Should the homebuyer use the property as, sell, or otherwise convey their ownership interest in the property during the compliance period, the remaining prorated amount of assistance will become immediately due and payable. Should a homebuyer convey ownership interest of the assisted property, HCDD will enforce recapture provisions through a lien.

O. Insurance Requirements

Program participants must maintain insurance for the assisted property. Flood insurance will be monitored during the length of the compliance period. Please note, if the property is located in the 100-year floodplain, flood insurance must be obtained on the subject property prior to closing, evidenced by a declaration page, with an effective coverage date no later than 30 days after closing, and must be maintained on the property during the life of the property, regardless of transfer of ownership, in order for the property to qualify for federal assistance in the future. Failure to maintain flood insurance may result in the denial of future federal disaster assistance should another event occur.

Upon receipt of receiving HbAP assistance, if the property is sold, any flood insurance requirements are transferred to the new homebuyer. Such requirements and transfer parameters must be conveyed in writing with documents evidencing the property transfer and ensuring the new homebuyer understands and accepts all terms and conditions.

P. Death of an Applicant

The compliance period for participants who have inherited program-assisted property after the death of an applicant who benefitted from the program will continue, including repayment requirements if compliance is not maintained.

Q. Outstanding Debts

Persons whose credit report indicates that they are delinquent on a federal or federally insured loan, Internal Revenue Service taxes, utility payments applicable to the current or former address(es) or owe the City for City services provided to them (for example, Houston Public Library fines, City Emergency Medical Services bills, and municipal violations) must satisfy those obligations prior to program participation.

HbAP Ineligibility:

- Registered Sex Offenders - Applicant and/or Co-applicant cannot be registered sex offenders. This requirement is still applicable when a spouse is listed in the household composition and not as a co-applicant.
- Separated Martial Status - Applicant and/or Co-applicant must be legally divorced. Applicants who are separated but not legally divorced cannot apply to the program without listing their spouse on the application.
- Applicants and/or Co-applicants cannot combine Buyout Assistance funds received from HCDD with HbAP funds.
- Applicants and/or co-applicants that have an existing shared interest in a property and/or ownership interest.

HbAP Property Eligibility Requirements**Eligible Property Types**

Eligible property types include any property that will serve as the purchaser's principal residence, including a single-family property (1 unit), condominium unit/townhouse, cooperative unit or manufactured home on a permanent foundation. The property must contain only one residential unit. If a property has more than one (1) unit, the property will not qualify for the program. The Homebuyers Assistance Program will not provide down payment assistance for any property that is tenant occupied, unless the tenant is purchasing the home.

Property Location

All properties must be located within the incorporated areas of the City of Houston including areas annexed and/or serviced by the City which are subject to pay City property taxes. Determination whether the home is located inside the mentioned area can be made by searching the address at:

[City of Houston City Limits Address Verification \(arcgis.com\)](http://arcgis.com)

This will be verified by the City of Houston HCDD GIS section to confirm that the location is eligible.

Property Appraisal

The sale price of the property being purchased cannot be greater than the property's appraisal value. This will ensure that the cost is reasonable.

Minimum Property Standards

The property selected by the applicant(s) through the HbAP, regardless of the funding source, must have a recent Texas Real Estate Commission (TREC) inspection. TREC inspections that are completed while the property is under construction will not be accepted by the program. The City inspector will evaluate the TREC inspection report. If deficiencies are present, the inspector will advise which deficiencies must be addressed. The inspector will also ensure that the unit is free from defects and is decent, safe, and sanitary.

HCDD requires an internal inspection of all units receiving assistance prior to closing, a qualified City inspector and/or an agent working on behalf of the City will inspect the property to determine whether the property meets the latest HCDD's Minimum Construction Standards for Single Family Housing⁴.

A maximum of three property inspections will be conducted. If the home does not meet the requirements after the third inspection, the buyer(s) must select a new property.

HCDD will complete a HUD Environmental Review⁵ on the property prior to the commitment of federal funds by HCDD.

Properties located in a 500-year flood plain are eligible for assistance. Properties located in a 100-year floodplain may be eligible for assistance (see below).

100-Year Floodplain

If the property is located in a 100-year flood plain, the property must either have been built in compliance with the City of Houston Chapter 19 Ordinance⁶ (as amended) or have a National Flood Insurance Program (NFIP) Elevation Certificate demonstrating compliance with the City of Houston's floodplain management ordinances.⁷ The National Flood Insurance Program (NFIP) elevation certificate provided by the homebuyer or a letter from the Houston Public Works Floodplain Management Office stating a property has been reviewed for compliance by its office and presents no substantial damage project holds or substantial damage determination associations, according to Chapter 19 Code of Ordinance (as amended), will both serve as acceptable documentation used to confirm that a property's floodplain compliance requirement is met for the Homebuyer's Assistance Program. The City of Houston will obtain at least one of the above-mentioned documents for any given property that is located within a 100-year floodplain and named on an application for homebuyer's assistance.

⁴ HCDD's Minimum Construction Standards are designed to include, expand, and may exceed HUD's Housing Quality Standards and are determined necessary to further define the common definition of "safe, decent, and sanitary housing." Visit [Minimum Construction Standards for Rehabilitation, Reconstruction and New Construction \(houstontx.gov\)](https://www.houstontx.gov/hcdd/minimum-construction-standards-for-rehabilitation-reconstruction-and-new-construction) for the latest HCDD Minimum Construction Standards – Single Family Housing.

⁵ 24 CFR Part 50

⁶ https://library.municode.com/tx/houston/ordinances/code_of_ordinances?nodeId=891265

⁷ Additional information can be found at the [Houston Permitting Center's website](https://www.houstonpermits.com/). Elevation Certificates must be deemed acceptable by the Houston Permitting Center prior to transfer of ownership.

Lead-Based Paint

All pre-1978 built properties acquired through the HbAP must meet all applicable federal standards for lead-based paint as outlined in the HCDD Minimum Housing Rehabilitation, Reconstruction/New Construction Standards.

HbAP Loan Terms for Assistance

A. Eligible Uses of HbAP Funds

CDBG-DR funding shall be used to assist income eligible homebuyers to acquire either an existing or a newly constructed housing unit. Assistance may be used to pay for (1) down payment (2) reasonable closing costs, (3) subsidize the interest rate, and (4) reduce the principal amount of the first mortgage and or cover pre-paid items such as homeowner's insurance, property taxes, and mortgage interest.

B. Ineligible Uses of HbAP Funds

HbAP assistance **may not** be used to (1) pay any portion of a real estate agent's fee (2) pay delinquent taxes (3) pay fees or charges on properties which are the result of the seller, including earnest money. (4) properties located in the floodway.

C. Principal Residence Requirement

The property **must be occupied as the principal residence by the homebuyer** throughout the Affordability Period commencing on the date Loan Note. A Second Lien Deed of Trust will be obtained to secure the Homebuyer's compliance with the Affordability period and all other HbAP requirements as determined by the Director on behalf of the City. Under the Affordability period, there is no change allowed in use and/or occupancy of the homeowner and the Homebuyer must comply with all HbAP requirements. Should a change in ownership (including foreclosure) occur during the Affordability period, the loan will be subject to HCDD-established recapture requirements.

If the homebuyer occupies the property as their principal residence for the entire Affordability period, no recapture requirements will apply. However, if the property is sold (including foreclosure) or rented, the City shall recapture the pro-rated amount of assistance as indicated under the Recapture Requirements.

D. Debt-to-Income Ratio

Back-end ratio cannot exceed 45%. A calculation that measures a combination of an applicant's regular reoccurring monthly expenses which includes their mortgage payment, principal, interest, taxes, homeowner's and flood insurance, and all monthly debts (i.e. credit cards, school loans, car payment, alimony, child support, etc.) based on a percentage of their gross monthly household income, will be utilized to determine that the sum of these monthly debts do not exceed 45% of the

applicant(s) gross monthly income. If the applicant's debt-to-income ratio exceeds the required 45%, HbAP Underwriting Staff will inform the Lender, Realtor and/or Applicant. They will have the option to reduce the debt-to-income ratio by paying down a debt, which will have to be done before closing. Proof of the pay-off is required prior to funds being set-up for closing.

E. Liquid Asset Limit

Applicants/Co-Applicant total household liquid assets cannot exceed \$30,000.00. This asset limitation only applies to applicant approvals after the effective date to the HbAP Guidelines Version 9.0 and does not apply to any previously approved applicants. For this rule, liquid assets are those readily convertible to cash (including but not limited to savings/checking accounts, certificates of deposit, cash equivalents, stocks, bonds, money market instruments or any other non-retirement investments or assets that are not tax-deferred. The HbAP will exclude savings held in a tax-preferred retirement account (e.g. Pension, 401(K), IRA, etc.), and college savings plan (e.g. 529 account).

Waivers may be granted to this requirement in situations where the applicant is (1) near retirement (within two years or less), (2) retired, (3) permanently disabled where the applicant's ability to work is severely diminished and the applicant is solely dependent on liquid assets to pay for basic living expenses. Waiver authorizations must be provided in writing, citing the justification for the waiver, signed and dated by the Director or his/her authorized designee, and maintained in the client's file. Waiver requirements will be assessed annually. Applicant's liquid assets shall not exceed \$30,000 at the time of eligibility determination and prior to closing.

This requirement will be enforced if an applicant has to be recertified every six months.

F. Affordability Period and Recapture Requirements

Affordability period refers to the required number of years the property must be the borrower's primary residence. The HbAP is made available for eligible homebuyers in the form of a 0% interest, forgivable loan, subject to a 6% loan balance fee in the case of a violation of the loan agreement. The loan does not require monthly payments and is forgiven after an affordability period of five (5) years.

Applicant(s) must occupy the property as their primary residence for the duration of the affordability period. The affordability period shall commence on the date of the Loan Note. Selling (including foreclosure) or leasing the home during the affordability period is considered a default on the loan note and a violation of the program terms. If the homebuyer violates the terms and conditions of the loan, HCDD may recapture the entire amount or a portion of the loan, plus a 6% loan balance fee. A deed restriction will be placed on the property that provides for the recapture of the subsidy. The loan balance is forgiven or reduced at a rate of 20% for each completed year of residency, with no credit given for partial years completed. A year will be considered complete at 8:00 AM Central on the anniversary of the date of the Loan Note.

Affordability Period	Loan Forgiveness Rate per Year
5 Years (with a lien)	<1 Year – 0%
	Year 1 – 20%
	Year 2 – 40%
	Year 3 – 60%
	Year 4 – 80%
	Year 5 – 100%

Application Process

HCDD will process applications in a first-come, first-serve manner that also affirmatively furthers fair housing objectives by prioritizing funding for households in the City of Houston jurisdiction that were impacted by Hurricane Harvey. Funding will be allocated as follows:

- 70% of funding will be utilized for LMI applicants, up to 80% AMI
- 30% of funding will be utilized for Urgent Need (UN) applicants, from 81% AMI to 120% AMI.

Applicants and stakeholders can visit the Housing & Community Development Department’s Disaster Recovery website⁸ for more information or call the central intake telephone number at 832-393-0550.

HCDD Intake Specialists will be responsible for receiving program specific applications and supplemental documentation during the intake process from the applicant until all required information is collected for HCDD to make an official eligibility determination. Applications will be accepted and reviewed on a first-come, first-serve basis for eligibility determinations to participate in the Program, and 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 (upon request for translation) 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. 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).

⁸ <https://recovery.houstontx.gov/hbap/>

When funding for the program is limited and/or unavailable, the City will communicate in writing, to all applicants in its' current pipeline of the depleted funding. This information will also be published on our website as public information.

Application Intake Phase

The Application Intake phase will be initiated by the Call Center. Applicants who have met the preliminary criteria through the pre-screening responses will be issued a HAP number and referred to the website to complete an application for the program. Applicants considered eligible through the pre-screening will be able to submit their application and supplemental documents through the following methods.

- Applicant portal
- US Mail
- In person drop-off
- Via Email at homebuyersapplication@houstontx.gov

Communication will be a top priority and every effort will be made to stay in communication with the applicant. However, it will be up to the applicant to ensure they are responsive to all requests for information. Contact attempts will be made via phone and email. Applicants must submit an application along with the supplementary documentation listed on the COH HCD Disaster Recovery Website checklist within sixty/seventy-five (60/75) days of the issuance of an HAP number or the file will be automatically withdrawn.

Applicants who provided an email address during the pre-screening process and have submitted an application will be given a total of sixty (60) days to complete the intake process.

Applicants who do not provide an email address during the pre-screening process and submitted an application will be allotted additional processing time to account for USPS mailing timeframes. Those without an email will be contacted and encouraged to provide an email address, and/or given seventy-five (75) days to complete the intake process.

If applicant(s) have not provided the minimum documents listed on the HbAP document checklist in the allotted time frame the applicant(s) will be automatically withdrawn from the active HbAP "Interest" list (requiring applicant to re-apply).

Applicants will be directed to the COH HCDD Disaster Recovery (HbAP) website to download the Application Document Checklist to clearly identify document types accepted for each eligibility criteria. If the applicant does not have access to a computer, an Application Document Checklist can be requested to be mailed out to the applicant.

Application Submitted Phase

Once an Applicant/Co-applicant have met the minimum document threshold their file will move to the next stage in the process and will be assigned an Intake Specialist.

The Intake Specialist will review all documents and if necessary, will send a request for any other additional program forms and/or supplemental documentation needed. The applicant will have fourteen (14) business days to collect/provide the requested information.

Extensive efforts will be made to assist applicants to successfully complete the application submitted phase within this timeline. Extensions will be reviewed on a case-by-case basis and must be formally made in writing by the applicants.

Intake Specialists will aid applicants and/or their designated communication designee through clear and transparent communication to understand the program's housing options, determine eligibility, execute necessary documentation, and close out the project while decreasing barriers to participate in the program.

Income Eligibility

Throughout these guidelines the term "Annual Income" is used to refer to annual (gross) income calculated using the 24 CFR §5.609 definition. Based on the household composition and qualified income sources, applicant(s)' income will be evaluated at the time of eligibility determination and prior to closing using HUD's most recent Area Median Income (AMI) as published annual by HUD. The HbAP program will use the method of calculating adjusted gross income (AGI) via the Part 5 Method for purposes of verifying and determining income eligibility for the program. The HUD established Income limits are updated annually and will be published on HCDD's website. The HbAP staff will refer to the Technical Guide for Determining Income and Allowances for the program when uncertainties arise when calculating annual (gross) income.

Annual Income includes, but not limited to (24 CFR 5.609 b):

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- The net income from operation of a business or profession. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the

- delayed start of a periodic amount⁹ (e.g., Black Lung Sick benefits or Veterans Disability).
- Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts (in accordance with Part 5 requirements) received from organizations or from persons not residing in the dwelling.
 - Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
 - If the property being purchased has more than one (1) unit, not exceeding four (4) units, with the intention of any of the additional units being utilized as rental property, the anticipated income from that unit must be included as income. This will be calculated as anticipated income using a current lease agreement and/or HUD's Fair Market Rents data.

Annual Income does not include the following but is not limited to (24 CFR 5.609 c):

- Income from employment of child (including foster children) under the age of 18 years.
- Payment received from the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are able to live along).
- Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse).
- Adoption assistance payments in excess of \$480 per adopted child.

Power of Attorney

If the applicant(s) choose to have an individual act on their behalf and sign off on documents, the applicant(s) must provide an executed Power of Attorney document that has been recorded with the County Clerk's office. The document must identify the property address and legal description of the property being purchased under the program.

Communication Designee

Applicants have the option to designate an individual inside or outside their household (family friend, realtor, lender, etc.) to make inquiries or assist with the completion of the application and supporting documents. If an applicant chooses to designate an individual, they must complete the communication designee form. This form can be provided once a file is assigned to an intake specialist.

⁹ Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts will not be included as income.

Property Selection

Applicants are allowed 120 days (4 months) to identify and close on a property at the time the “Conditional Reservation Letter” is issued, which is after eligibility determination has been made. The Conditional Reservation Letter will be emailed and/or mailed to the applicant and their communication designee, if applicable. If an applicant is unable to identify and close on a property within the 120 days, the file will be administratively withdrawn. HbAP will make two attempts to advise the applicant of the timeframe remaining either via email, mail, or over the phone before a file is administratively withdrawn. A onetime waiver may be granted by the Underwriting team to allow an applicant an additional 60 days (2 months) to locate and close on a property. Waivers will be granted on a case-by-case basis. Waiver requests must be made in writing and received five (5) days prior to the expiration date on the conditional reservation letter by the applicant(s). If a property is not identified and closed on within the allowable timeframe, the applicants file will be administratively withdrawn from the program due to no sales contract executed within timeframe.

Property Selection requires the applicant’s lender to upload the “minimum” documents (subject to change) listed on the HbAP upload portal, are:

- Tri-Merged Credit Report
- Intent to Proceed
- Loan Disclosure Form
- Loan Application Form (1003)
- Property Data Sheet
- Notice to Seller/Buyer
- Transmittal Summary (1007 or 92900)
- Sales Contract
- Seller’s Occupancy Form
- Loan Estimate
- Uniform Residential Appraisal Report
- TREC Inspection

Upon receipt of the required documents, HbAP will then deem the file as having “Property Selection” complete.

Administrative Withdrawals

Applicants may be administratively withdrawn for multiple reasons, including, but not limited to:

- Application and supplemental documents were not submitted within sixty/seventy-five (60/75) days of the issuance of an HAP number.
- An applicant fails to provide required additional program forms or supplemental documentation needed receiving written and or verbal request. All request for additional

information must be provided within 14 business days unless a written extension is granted due to extenuating circumstances.

- An applicant or their designee is aggressive and/or abusive to a HCDD employee or any other representative or affiliate program.
- An applicant violates the statement to provide true and complete information by providing false or misleading information.
 - Including failure to disclose any assets including but not limited to checking/savings accounts, stock, bonds, mutual funds, real estate, or any other income source.

In-Eligible/Denials

Applicants who have been deemed ineligible will not be eligible to re-apply for a minimum of (3) months from the date of the denial letter. An applicant can be deemed *in-eligible* for multiple reasons, including but not limited to:

- Failure to meet income eligibility requirements
- Duplication of Benefits
- The program confirms an application is a duplication of other valid applications or results in an overlap of other program funds.

Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729''

Community Engagement

The City of Houston 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 include the City's 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 ensures 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 gives 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 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 will be taken to affirmatively market the Homebuyer Assistance 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.
- Reach out to public or non-profit organizations and hold/attend community meetings.
- Measures will be taken by the City to make the CDBG-DR Disaster Recovery Program accessible to persons who are considered 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, French, Urdu, Chinese, and Vietnamese, prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 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 law. 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 a number of sources to document the impact of Hurricane Harvey including demographic profile of impacted households including low-and moderate households.

The impact on housing is based on an estimation of the extent and depth of flooding using a flood risk assessment methodology and an estimation of damage to all buildings in Houston using a damage assessment methodology. The two methodologies provide an assessment of the impact of Hurricane Harvey's rainfall on residential buildings. The models used in these methodologies provide information on the level of inundation in each structure and the associated damage in dollar amounts to the building structure and its contents.

The entire City of Houston is located in an area HUD identified as "most impacted and distressed" as it relates to the damage from Hurricane Harvey. The City of Houston's Local Action Plan and Local Housing Needs Assessment are the basis for the development and 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.

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:

- 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.
- 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;
- 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;
- Establish effective internal controls over all cash, real and personal property, and other assets acquired with program funds;
- Track actual program cost against program budget in a manner that relates to program productivity and accomplishments;

- Use Uniform Administrative Requirements outlined in 2 C.F.R 200 principles to determine whether program costs are reasonable, allowable, and can be allocated, either directly or indirectly;
- Maintain source documentation for accounting records;
- Implement procedures for cash management that permit the timely disbursement to applicants and subrecipients and complete accurate monitoring and reporting; and
- Comply with 2 C.F.R 200 Subpart F
- Conduct single or program specific audits in accordance with the applicable federal requirements. Vendors and contractors employed by the City will be required to comply with the audit requirements as applicable.

Procurement

In the event that goods or services are procured in connection with this Program, the City of Houston will provide adequate documentation to show that the selection process was carried out in an open, fair, uniform, and thorough manner to ensure that federal (2 CFR 200.318–200.326) and state procurement requirements were met.

It is important to note that failure to maintain proper documentation may result in disallowed costs. These 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, the City will clearly identify any items included in the bid/purchase that are not included in the CDBG-DR agreement with GLO. The City may utilize HUD’s CDBG-DR and Procurement Guidance.¹⁰

The City must procure goods and services 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. The City is also required to follow state and local procurement law and policies.

¹⁰ <https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>

Additionally, the GLO may review draft solicitations or responses prior to award for compliance. The City will 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, the City must execute a contract to 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 state 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 City 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 City 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." ([HUD CFR 200.321](#)).

Furthermore, HUD requires the GLO to maintain a comprehensive public website that provides information for individuals and entities awaiting assistance and the general public to see how all grant funds are used and managed/administered. To meet this requirement, the City will make the following applicable items available for the state to post on the GLO's website at: <http://recovery.texas.gov/>:

- Procurement policies and procedures;
- Description of services or goods currently being procured by subrecipients; and
- City and state administrative contracts and a summary of all procured contracts (as defined in 24 CFR 200.22), including those procured by the City or the state (e.g., a summary list of procurements, the phase of the procurement, details of ongoing procurement processes, requirements for proposals, and any liquidation of damages associated with a contractor's failure or inability to implement the contract, etc.).

Updated summaries must also be posted monthly on the website in accordance with HUD guidance.

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 will 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.

Responsible Parties

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

Finance Department

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

The City Controller

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

Housing and Community Development Department (HCDD)

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

Single Family Division

This division within the Housing and Community Development Department is responsible for program development, oversight, operations, and community outreach.

Finance Division

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

Planning and Grants 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

Each application will be reviewed to determine if previous applicable 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 will 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. Private insurance companies will be notified with applicant approval to contact, 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 HbAP housing options. Any sources of funds previously received for the same recovery will be deducted based on information obtained from private insurance, SBA, FEMA, and/or volunteer organizations (including in kind assistance) used for the same purpose that the CDBG-DR award is intended to assist. The award amount will be determined by collection of applicable documentation. That amount will be reduced by all previously received funding to determine the final award. Any amounts that are determined to be allowable activities will not be included in the reduction of the final award. Allowable activities will include activities that are excludable from the DOB calculation per the Stafford Act and HUD guidance.

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

Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.

To comply with these requirements, the HbAP staff enters the applicant's name into the DOB database to determine if the applicant received any additional financial funds 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.

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, HCDD must perform and complete Environmental Reviews of proposed programs, projects, and activities that will utilize Hurricane Harvey CDBG-DR funds, located within the incorporated areas of the City of Houston. These funds will be administered by the Texas General Land Office (GLO), which will review all levels of Environmental Review documentation submitted before issuing environmental clearance for each proposed action to utilize funds. GLO will maintain an Environmental Review Record (ERR) of approved documentation as a compilation of each level of environmental review performed under the City's CDBG-DR funded programs. HCDD maintains an ERR of all submitted and GLO-approved compliance documentation. HCDD also maintains a record of site-specific documentation that demonstrates environmental compliance of GLO-approved construction activities.

HCDD's ERR will compile all levels of environmental review documentation required under 24 C.F.R. Part 58. This includes HUD required forms and checklists submitted and approved by GLO for activities determined exempt according to 24 C.F.R. 58.34 or those that are Categorically Excluded Activities Not Subject to the Section 58.5 Statutes (24 C.F.R. 58.35(b)). These contain documentation of compliance with the statutes and regulations listed at 24 C.F.R. 58.6 (Floodplain Disaster Protection Act of 1973, Coastal Barriers Resources Act, as amended by the Coastal Barrier Improvement Act of 1990, 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 C.F.R. § 58.40.

Where considered appropriate, one or more of the City's CDBG-DR funded programs will be subject to a tiered environmental review process in accordance with 24 CFR § 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.

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 part 58.37. In the event such an effort become necessary, all required documentation developed during the process would also become part of HCDD's ERR.

Proof of Event Impact

Proof of impact for the HbAP must be established through disaster tieback documentation to support that the applicant(s) resided in the City of Houston at the time of Hurricane Harvey. This documentation for renters includes, but is not limited to a lease agreement, utility bill, or bank statement that covers the date of storm impact, August 25, 2017, with an eligible address. For homeowners, disaster damage can be documented as follows: (a) FEMA, Small Business Administration (SBA) or Insurance Award Letters; (b) If the above-referenced documentation is not available, an inspection report/Damage Assessment (complete with photos of the damage and a written assessment of the damage with each photo taken) conducted by a certified or licensed inspector (HQS, TREC, or similar license) must be supplied by the subrecipients that certifies the damage occurred as a result of the event (refer to the GLO's Damage Assessment Guidelines found at www.texasrebuilds.org); or (c) If FEMA, SBA, or Insurance Award Letters are not available and an inspection report is inconclusive as to the cause of the damage, subrecipients may provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations. GLO approval is required for this form of proof. If an applicant was denied assistance by FEMA, assistance through the CDBG-DR Program may still be available. Applicants are not solely ineligible based on a denial by FEMA.

Cross Cutting Federal Regulations

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

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services. HCDD takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by HCDD, and that any services are delivered in the most integrated manner possible. HCDD's mandate to conform to the requirements of ADA flows down to every stakeholder, including sub-recipients, vendors, and developers.

Davis-Bacon Labor Standards

The Davis-Bacon Act and Related Acts (DBRA) applies to contractors and subcontractors carrying out certain federally funded or assisted construction contracts in excess of \$2,000 and requires, the payment of the prevailing wages (including fringe benefits) for corresponding work on similar projects in the area. In some cases, City of Houston Prevailing Wage Law is in effect. In the event of a difference

in the prevailing wage rate between the rates of the funding entity (e.g., the federal government) and the City, the higher prevailing wage rate must be adhered to and made applicable. For certain federally assisted prime construction contracts of more than \$100,000 subject to the DBRA, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, HCDD must follow the reporting requirements per HUD and the U.S. Department of Labor regulations. This requirement also extends to HCDD's sub-recipients and contractors.

Fair Housing

The Fair Housing Act requires all grantees, sub-recipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. HCDD enforces the Fair Housing Act by ensuring that all grantees, sub-recipients, and/or developers meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated forms on HCDD website, where applicable. The Affirmative Marketing Plan must comply with applicable Fair Housing Laws and demonstrate how the applicant will affirmatively further fair housing throughout applicable HCDD disaster recovery programs.

Fair Labor Standards Act of 1938, as Amended

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage standards work and requires the payment of overtime, for certain employees, at the rate of at least one and one-half times the basic hourly rate of pay for hours worked after 40 hours of work in a workweek. These labor standards are applicable to the entire construction contract, regardless of whether CDBG-DR funds only finance a portion of the project.

Limited English Proficiency

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

Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, sub-recipients, contractors, sub-contractors, and/or developers funded in whole or in part by CDBG- DR funding, to the greatest extent feasible, extend economic opportunities such as hiring opportunities and contracts to Section 3- eligible residents and businesses. Section 3-eligible residents are low- and very low-income persons who live in the metropolitan area or non-metropolitan county where a HUD-assisted project for housing or community development is located and people who live or reside in public or government assisted housing.

Section 504

CDBG-DR subrecipient must operate their CDBG-DR and/or CDBG-MIT programs in compliance with Section 504 requirements (24 CFR 8.22 and 8.23). Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs on the basis of disability and imposes requirements to ensure that qualified individuals with disabilities have access to programs and activities that receive federal funds.

Residential Anti-Displacement

All sub-recipients must follow HCDD's Residential Anti-Displacement Policy.

Uniform Relocation Act and Real Property Acquisition

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

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

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

HCDD programs will be subject to the URA and Section 104(d) and will 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.

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 Real Estate Acquisition and Relocation Policy and Guidance Handbook (HUD Handbook 1378).

The Homebuyers Assistance Program will not provide down payment assistance for any property that is tenant occupied, unless the tenant is purchasing the home. In the event an applicant/buyer selects a home that is tenant occupied, HbAP will require the applicant/buyer to select an alternative property that does not have a tenant. HbAP will provide the applicant/buyer and/or the lender with a Seller's Occupancy Certificate to be signed and dated by the seller and a Notice to Seller to be signed and dated by the seller and buyer. The sole purpose of the Seller's Occupancy Certificate is to indicate the property location and its status, as it relates to any potential tenant(s) occupancy. The purpose of the Notice to Seller is to inform the seller of provisions under the Uniform Relocation Assistance and Real Property Acquisition Policies Act, as amended (URA) at [49 CFR 24.101\(b\)\(2\)](#). The signed and dated forms must be submitted to HbAP once a property has been identified.

Sub-recipients 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; Seller's Occupancy Certification; and Administrative Settlement.

Insurance and Property Management

For all projects in the Program, all property owners must procure and maintain insurance for the duration of the agreement to protect all contract assets from loss due to any cause, such as theft, fraud, and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the property owner is responsible for ensuring that:

1. The property continues to be used for its intended (and approved) purpose;
2. The subrecipient keeps track of, and takes care of, the property; and
3. If the subrecipient sells or disposes of the property during the contract period, the subrecipient reimburses HCDD for the share of the property's value according to the agreement.

Record Keeping, Retention and File Management

In accordance with HUD regulations, the GLO as the grantee, and HCDD as the sub- grantee and prime recipient of CDBG-DR funds follow the records retention requirements cited in 2 C.F.R. 200, which includes financial records, supporting documents, statistical records and all other pertinent records. HCDD establishes recordkeeping and retention requirements in its sub- recipient and contractor agreements in accordance with the guidelines stated in 24 C.F.R 570.503(b)(2).

Reporting

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

- Up-to date, comprehensive files (which begins with application and eligibility and ending with program closure) should be maintained.
- Grantees are required to maintain all CDBG-DR and/or CDBG-NDR records for a minimum period of five (5) years after HCD notifies Grantees that the HUD/HCD contract has been closed.
- GLO requires that the record retention period for CDBG-DR and CDBG-MIT Subrecipient Agreements to be three (3) years after the GLO closes the contract with HUD.

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

Access to Records (State – City)

24 C.F.R. 570.49 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 section 87(2) of the Public Officers Law. All Freedom of Information Law (FOIL) requests under the Public Officers Law must be made in writing to the Records Access Officer and will be processed in accordance with the procedures set forth therein.

Audit Requirements

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

Fraud, Waste and Abuse

The City will assess all program systems, processes and Standard Operating Procedures from an anti-fraud, waste, and abuse perspective. The City will provide anti-fraud training to program staff. Anyone

with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the City by sending a written report via U.S. mail to the following address: City of Houston, Housing and Community Development Department, 2100 Travis St, 9th Floor, Houston, TX 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 24 CFR 570.489(h). The HbAP will comply with the Conflict-of-Interest requirements outlined in HCDD Policy #01-040 and City of Houston [A.P. 2-22](#).

HCDD may consider requesting that the Texas General Land Office apply for 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 24 CFR 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 program to perform a financial or programmatic audit of the program, may use personal information in determining program compliance with all applicable HUD and federal regulations, including the Stafford Act, CDBG-DR requirements and State and local law.
- HCDD may disclose personal information on an applicant to those with official Power of Attorney for the applicant or for whom the applicant has provided written consent to do so.

Organizations assisting HCDD in executing the CDBG-DR Program must comply with all federal and state law enforcement and auditing requests. This includes, but it not limited to, HUD, FEMA, FBI, Office of the Comptroller, and the Office of the Inspector General.

Monitoring

HCDD's Compliance and Monitoring Plan (Plan) outlines principals of governance, standards and management, supporting the City of Houston's (City) Homebuyer Assistance 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 outlines 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 also aims 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 and tools, which will encompass all compliance-related issues that are specified in the Guidelines and Standard Operating Procedures (SOP).

Program Closeout

HCDD assigned program staff will coordinate all required file documentation with homebuyers, lenders, realtors, and title companies to ensure completion of program requirements and submit for approval of completion and closeout and proper record keeping. In addition, HCDD will maintain monitoring staff to assist program closeout through compliance periods.

Reporting Requirements

HCDD will capture and report applicant data relevant to HUD and in compliance with GLO's CDBG-DR Program, including but not limited to:

- Applicant's household income at the time of application.
- Household income as a percentage of AMI at the time of application, as defined by HUD;
- The race, ethnicity, and gender of the head of household;
- The household's familial status;
- The presence or non-presence of a household member with a disability; and
- The presence or non-presence of a household member that is a veteran.

Complaints

The City of Houston Housing and Community Development Department 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., 9th Floor
Houston, TX 77002
Attn: Planning & Grants Management

HCDD Email Address

HCDDComplaintsAppeals@houstontx.gov

HCDD Business Hours

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

Appeals

HCDD's appeal process will be provided in writing to any appellant upon request or receipt of an appeal, and the same process will be clearly posted on the City's websites, including disaster recovery websites and entitlement program websites. HCDD will keep a record of each appeal that it receives and include all communications and their resolutions therein.

Applicants have the right to appeal decisions made on their program file based on the following:

- Non-receipt of award through NOFA or RFP process
- Denied services through any of HCDD's programs
- Denial of a request for resolution for tax credits
- Program eligibility determination
- Program award calculation
- Program determination of Moderate or Substantial damage leading to Rehabilitation or Reconstruction
- Procedural error where the application was not processed by program staff in accordance with the program guidelines
- Affirmatively Furthering Fair Housing

Appeals must be made in writing, and may either be in letter form, through HCDD's website, or on HCDD's Appeal Request Form (available on HCDD's website or at the HCDD office). Written appeals will be accepted either by mail or in-person at the HCDD office. To be considered complete, an appeal must contain the following information:

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

Appeals must be made within thirty (30) days of notice of the determination on the applicant's file that generated the appeal. Upon receipt of an appeal, HCDD will respond in writing to the appellant of the program area's decision regarding the appeal and provide the basis thereof within thirty (30) days, as practicable.

Appeals Review Committee

Should the initial appeal process with the program area not achieve a resolution amenable to the appellant, the appellant has the right to escalate the appeal, in writing, to the Appeals Review Committee (ARC). The appellant may only escalate the appeal after the completion of the initial program area process.

The ARC will process the escalated appeal within thirty (30) days, as practicable. The ARC will transmit their decision to the appellant in writing.

Texas General Land Office

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

If no word on a pending appeal is received by HCDD within the appropriate timeline from GLO, HCDD will designate the appeal decision made by the Appeals Review Committee as the final decision and consider the matter closed.

Contact Information

HCDD Mailing Address

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

HCDD Email Address

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

GLO Telephone

(844) 893-8937

(512) 475-5000

Guideline Updates/Waivers/Public Comments

As the HbAP matures, it is possible there will be requests for waivers and alternative requirements to these Guidelines. These requested changes and waivers must be consolidated, reviewed, and approved by the GLO.

To request a waiver, HCDD must submit a written request on HCDD letterhead that includes the following:

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

General Program Waiver Request

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

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

Definitions

Acquisition: Acquisition of 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). Acquisition-only is typically not considered a complete activity in the Program and may be combined with another eligible activity (i.e., relocation assistance and new construction of housing). Methods of acquisition include purchase, long-term lease (15+ years), donation or otherwise (CPD-17-09). The City has the flexibility to hold any property purchased through acquisition as undeveloped green space in perpetuity or to redevelop it in a resilient manner.

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

Affidavit: Written statement or statements of facts voluntarily made by an applicant under oath and under penalty of perjury administered by a person authorized to do so by law.

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

Affordability Period: The period of time the homebuyer is required to own and occupy the property as their primary residence which is tied to the amount of assistance provided.

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.

Borrower(s)/Homebuyer: The person that (i) has applied, met specific requirements, and received a monetary loan from a lender; (ii) is legally responsible for repayment of the loan and (iii) is subject to any penalties for not repaying the loan back based on the terms as described in the loan agreement, promissory note and/or deed of trust.

Case Management: Working with individual survivors and their families to understand the Program's housing options, resulting in clear and transparent determination of eligibility. Case managers must consider all special circumstances of the survivor's needs to decrease their barriers to participate in the program where possible. Staff should meet at designated locations and supply information in a standard format.

Closing Costs: Costs associated with the acquisition of a real property, to ensure a legal and secure transfer from one owner to the next.

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.

Conflict of Interest: shall mean a situation, whether real or apparent, that undermines the impartiality and/or integrity of (i) any person who is an employee, agent, consultant, officer, elected official or appointed official of the City or (ii) any individual or organization receiving or administering federal funds on behalf of the City who (a) exercises or has exercised any function or responsibility with respect to activities provided by the HbAP, (b) is in a position to participate in the decision-making process, or (c) gains inside information with regard to such activities. Such person or organization is therefore prohibited from obtaining a financial interest or benefit or having an interest in any contract, subcontract, or agreement with respect thereto or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter pursuant to the Final HOME Program Rule, found at 24 CFR§92.356 and/or the Community Development Block Grant (CDBG) Program Regulations found at 24 CFR§570.611. Additionally, City employees will be subject to comply with the City's Standards of Conduct for all Employees found at Subsection 14-183 and Standards of Conduct for City Officials found at Subsection 18-3 as well as City of Houston [A.P. 2-22](#) and HCDD #01-040.

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts (DBRA): All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property only if such property contains not less than 8 units.

Deferred Payment Loan (DPL): A loan whose principal and/or interest payments are postponed for a specific period of time provided the Borrower meets the terms and conditions of such loan.

Down Payment: Amount deemed as a necessary up-front payment towards the purchase of a home, by the principal lender of the buyer(s)

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: Per 24 CFR 5.403, family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

1. A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
2. A group of persons residing together, and such group includes, but is not limited to:
 - a. (i) A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - b. (ii) An elderly family;
 - c. (iii) A near-elderly family;
 - d. (iv) A disabled family;
 - e. (v) A displaced family; and
 - f. (vi) The remaining member of a tenant family.

First Time Homebuyer: An individual who meets any of the options listed below.

- An individual and, if married, his/her spouse, who has/have not owned a home during the past three (3) year period.
 - A homemaker or single parent who has previously owned a marital home and is now owned by the former spouse.
 - An individual who has only owned a property that was not permanently affixed to a permanent foundation in accordance with applicable regulations.
 - An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a new permanent residence.
 - An individual replacing a home that was lost during Hurricane Harvey.

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994: Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously

received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

Flood Hazard Area: Areas designated by FEMA as having risk of flooding.

Flood Insurance: The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

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 geographical 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.

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

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.

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

Housing Counseling: An eight-hour first-time homebuyer education course the buyer(s) must complete as a pre-requisite to participate in the HbAP. Must be offered by a HUD approved counseling agency.

Lender: The mortgage institution providing financing of a home loan to a qualified buyer(s).

Loan: An arrangement in which a HbAP approved lender gives money to a borrower, and the borrower agrees to return the property or repay the money at some future point(s) in time.

Low/Mod Housing (LMH): Any activity that involves the buyout, acquisition, or rehabilitation of property to provide housing or improve permanent residential structures will upon completion benefit and must be occupied by low- and moderate-income households (42 U.S.C. 5305(c)(3)). Income eligibility will be determined using Area Median Income (AMI), adjusted for family size and verified in accordance with City's Adjusted Gross Income Methodology. The most current income limits, published annually by HUD, shall be used by the City to verify the income eligibility of each household applying for assistance at the time assistance is provided.

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.

Mortgage Lender: Financial institution, licensed by the State of Texas to provide mortgage loans.

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.

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.

Ownership Interest: any of the following interest in residential property; fee simple interest; joint tenancy; tenancy in common; interest of tenant-shareholder in a cooperative; life estate; interest held in trust for the Applicant(s) that would constitute a present ownership interest if held by the Applicant(s).

Principal Residence: The primary home/property that the homebuyer/borrower inhabits. For the purpose of HbAP, the property must remain the buyer's principal residence for the entire affordability period to avoid default.

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(o). The definition of subrecipient does not include procured vendors, private grant administrators, or contractors providing supplies, equipment, construction, or services and may be further restricted by Program rules or other guidance including applications. See vendor definition for further clarification.

Subrogation Agreement: An agreement executed by the beneficiary agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

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).

Tenant/Occupant: an individual who occupies land or property rented from a landlord.

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA’s objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months, as waived by the FR.

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. The city must document how each program and/or activity funded under this category responds to a disaster-related impact. See 24 CFR 570.208(c).

Vendor: Vendors and private grant administrators procured by the city or contractors to provide supplies, equipment, or services necessary to implement the Program and to serve homeowner and homebuyer assistance needs. Upon approval, the vendor may implement the Program or act on behalf of the City.