

Harris County Housing Guidelines

Harris County Community Services Department-Disaster
Recovery Housing Program Hurricane Ike Round 2

DRAFT

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Harris County Housing Guidelines Disaster Recovery Housing Program Hurricane Ike Round 2

Introduction

On September 13, 2008, Hurricane Ike made landfall along the upper Texas gulf coast. Hurricane Ike was the third most destructive hurricane to ever make landfall in the United States and the third costliest U.S. hurricane of all time, behind Hurricane Andrew in 1992 and Hurricane Katrina of 2005. Harris County took a direct hit with the eye of Hurricane Ike passing over Galveston Bay. It is estimated that Hurricane Ike in total caused as much as \$3.58 billion in residential housing damage in Harris County excluding the City of Houston. About 43.3 percent of total residential units in Harris County experienced damage ranging from affected to destroyed.

On November 26, 2008, the U.S. Department of Housing and Urban Development (HUD) announced \$1.3 billion in Community Development Block Grant (CDBG) disaster recovery funding to the State of Texas for Hurricanes Ike and Dolly, of which Harris County was awarded \$56,277, 229 for housing recovery activities (Round 1). On June 10, 2009, HUD announced a second allocation of \$1.7 billion in CDBG funds to the State of Texas for further hurricane recovery activities of which Harris County was awarded \$48,503,791 for Round 2 housing recovery activities.

The Texas General Land Office (GLO) is administering the CDBG Disaster Recovery Program funded by HUD under Public Law 110-329. The GLO is responsible for the administration and monitoring of disaster funding allocated to subrecipients carrying out housing activities, and on July 2, 2012 contracted with Harris County, through the Harris County Community Services Department (CSD), for \$48,503,791 in CDBG to administer these funds to carry out eligible housing activities at the local level, within Harris County.

The GLO developed Housing Guidelines to serve as the basis for Hurricane Ike Round 2 housing program. These Round 2 Housing Guidelines do not replace or supersede the Guidelines developed under Round 1 funding, unless expressly stated. Harris County has developed these Housing Guidelines for Round 2, Phase 2 housing activities.

General Program Guidelines

Program Objectives

Harris County is still in the recovery process for both its communities and residents due to the impacts suffered by Hurricane Ike. The primary focus of this Program is to provide relief for those people impacted by Hurricane Ike while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing

Act. Assistance will be provided under a variety of housing activities including acquisition, rehabilitation, new construction, demolition, hazard mitigation, and storm hardening of rental housing units and acquisition (buyout), homebuyer assistance, and demolition of non-rental housing units.

- The primary objective of Harris County's Program is to provide decent, safe, and sanitary housing in the hurricane-impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike, as well as any future hurricanes.
- A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which suffered housing damage within the communities being served and eliminate slum and blight conditions.
- A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and the lowest income person (30 percent or below LMI) such as homeless and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living and or supportive housing options.

Definitions

Rehabilitation – Repair or restoration of housing units in the hurricane-impacted areas to applicable construction codes and standards.

Reconstruction – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. Activity also includes replacing an existing substandard manufactured housing unit (MHU) with a stick-built/modular housing unit. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

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

Demolition – Clearance and proper disposal of dilapidated buildings and improvements.

Acquisition – The utilization of CDBG funds to acquire real property. Acquisition-only is typically not considered a complete activity in the Program and must be combined with another eligible use (i.e. new construction).

Rental Activity – Acquisition, rehabilitation, or construction of affordable rental housing resulting in structures where at least 51 percent of units are occupied by LMI persons.

Income and rent restrictions apply to the rental units to be built or assisted with CDBG funds.

Single Family Rental – Seven or less rental units under common ownership. Units may be on contiguous or scattered lots. Davis Bacon wages requirements apply to construction on CDBG-funded rental housing with eight or more rental units in the same property (not necessarily the same building) which are commonly-owned and operated as one rental, cooperative or condominium project. Scattered site rentals (rental properties not on an undivided lot or on contiguous lots or parcels) may exceed seven units without wage requirements.

Multifamily Rental – Eight or more rental units in the property. Davis Bacon wage requirements apply to construction on CDBG-funded rental housing with eight or more rental units in a property.

Program Design – The selection and development of programs and activities based on a Needs Assessment. The Program Design includes the type of housing activities that will be offered by Harris County, as well as how the Program will be marketed, how Fair Housing Objectives will be achieved, and how funding will be prioritized as determined through the Needs Assessment.

Low to Moderate Income (LMI) National Objective – Activities which benefit households whose total annual gross income does not exceed 80 percent of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). Harris County will use the most current income limits, published annually by HUD to verify the income eligibility of each household applying for assistance at the time assistance is provided. The LMI economic subcategories of very low, low and moderate for the CDBG Program correspond to the economic subcategories of extremely low, very low and low as identified in the Conciliation Agreement and are defined as follows:

- Very low: Household's annual income is up to 30 percent of the area median family income, as determined by HUD, adjusted for family size
- Low: Household's annual income is between 31 percent and 50 percent of the area median family income, as determined by HUD, adjusted for family size
- Moderate: Household's annual income is between 51 percent and 80 percent of the area median family income, as determined by HUD, adjusted for family size

Slum and Blight National Objective – Activities which help to eliminate slums and blighted conditions. Use of this National Objective is limited due to its inability to contribute towards the State's overall requirement for 55 percent of Ike and Dolly Round 2 funding to benefit low to moderate-income beneficiaries. The Slum and Blight National Objective was justified in Harris County's application for funding and the restrictions of its use are expressly detailed in the contract between GLO and Harris County. Slum and Blight activities must meet the criteria of one of the three following categories:

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

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 Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source. Harris County will use the most permissive current interpretation provided by HUD in determining Duplication of Benefit.

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 contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications.

Family – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

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 (2) 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 low to moderate income objective is based on the LMI of households.

FEMA-Designated High Risk Area – Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Area of High Minority Concentration – A census block group that consists of 65 percent or more of minorities. Minorities include all racial and ethnic population groups other than “White, non-Hispanic (Anglo).”

Area of High Poverty Concentration – A census block group that consists of 35 percent or more of the residents living in poverty. A household that meets the US Census Bureau’s poverty threshold is considered to be at or below poverty level for the Disaster Recovery Program.

Evaluation of Data

- In order to develop the Program Design for all activities offered through Ike Round 2 funding, Harris County will use qualified data (HUD/FEMA data) to allocate the disaster funding, current FEMA data, or other data as approved.
- Qualified data will be used to document the impact of the relevant storm on the economic LMI subcategories and to assist Harris County in developing the plan for targeting the use of those funds, in the appropriate levels, to the appropriate economic categories.
- The method of data evaluation utilized by Harris County (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar amounts impacting communities, etc.) will be made available to the public for fifteen days on a publicly accessible website. Notice of the posting of the method of review will be provided to GLO not later than the day the method is posted on a website.
- If any public comment is made, Harris County will address the comment in a public response.
- Once the method of interpretation of the data has been vetted publicly and adopted by Harris County, Harris County will program the use of the funds. The data evaluated should provide targeted classes that will be used to develop the program and its marketing components.
- Persons with accessibility or other special needs adaptations should also be analyzed as part of the process.

Use of Prior Applications

- Prior applications may be considered if they are within the designated targeted areas. This program is not intended to be a first-come-first-served program and therefore persons who have already applied Under Round 1 do not have a prior claim to be included in the program.
- Prior applications will be reviewed to ascertain whether they qualify under the new program guidelines. As this program is not a continuation of Round 1 programs, applicants must be re-qualified.

Targeting Communities

- HGAC's Needs Assessment along with Harris County's Needs Analysis helped to determine targeted communities for the housing programs. Targeted communities consist of the following areas that include: concentration of the LMI subcategory populations, concentration of ethnicity, or concentration of minority; or residing within 100 year floodplain as well as any displaced populations such as the homeless.

Program Requirements

Harris County has provided a Needs Assessment to determine the types of programs and populations it will offer in their housing application. The GLO has reviewed and accepted

the assessment and has contracted for housing activities with the County. As the subrecipient of the GLO for Disaster Recovery CDBG funding, Harris County has the following obligations:

- All housing activities must meet one of the HUD National Objectives required under the authoring statute of the CDBG program:
 - Benefit low- to moderate income persons (LMI); or
 - Eliminate slum or blight (SB).
- Harris County will conduct a Needs Assessment to determine the types of programs to offer and the Needs Assessment will become the basis for Program Design. The Needs Assessment will determine the activities to be offered, the demographics to receive concentrated attention and the target areas to be served. Harris County will demonstrate how the programs and activities selected for those areas will overcome the identified impediments to fair housing.
- Prior to the completion of the Phase 1 Analysis of Impediments (disaster-area AI), Harris County will conduct a local review of impediments sufficient to support the required demonstration that any project submitted for priority funding affirmatively furthers fair housing.
- Once the Phase 1 disaster area AI is complete, Harris County will conduct whatever level of review and evaluation is necessary to apply the findings of the disaster area AI to their jurisdiction and design programs that affirmatively further fair housing in compliance with that AI and analysis.
- Harris County will incorporate existing Analysis of Impediments documents into any evaluation of how to use CDBG-DR funds to overcome impediments to fair housing.
- Within a period of no more than 18 months, from the start (effective) date of the commencement of the Program, the County will identify sufficient eligible beneficiaries and provide reasonable assurance that the County will be able to expend all applicable funds within GLO-established benchmarks as outlined in the Proposed Performance Statements in the contract between GLO and Harris County Applicants applying for disaster recovery assistance will be reviewed and processed by the County and will meet certain eligibility criteria to qualify for assistance. Eligibility criteria are further discussed in the activity-specific housing guidelines section.
- All housing activities will comply with the Affirmative Marketing Plan further discussed below in an effort to overcome impediments to fair housing.
- All sites will undergo a complete environmental review prior to any commitment of funds. An environmental review consists of a statutory checklist of required review items. Properties with environmental conditions will not be permitted to proceed under housing activities unless the condition is corrected.
- Applicants for assistance must demonstrate that the damage, failure to function or displacement of population was as a result of Hurricane Ike. Hurricane damage can be documented as follows:
 - FEMA, SBA or Insurance award letters.

- In the event that the above-referenced documentation is not available, an inspection report (complete with photos of the damage and a written assessment of the damage) from a damage assessment conducted by a qualified inspector supplied by Harris County that certifies that the damage occurred as a result of the hurricane will be acceptable.
- In the event that FEMA, SBA or Insurance award letters are not available and an inspection report is inconclusive as to the cause of the damage, Harris County will provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations on a case-by-case basis to GLO for review and approval.
- If an applicant was denied assistance by FEMA, Harris County will make assistance available through the CDBG Disaster Recovery Program.

Size of Unit

In accordance with HUD guidelines Harris County's Size of Unit Policy allows for two persons per bedroom as reasonable. Exceptions to this standard are based on the multiple factors of which Harris County is aware and recognize. Additionally, unit sizes will range from two (2) Bedrooms to four (4) Bedrooms.

Affirmative Marketing Plan

Harris County is committed to affirmatively furthering fair housing through recognized affirmative marketing policies and will develop an Affirmative Marketing Plan for CDBG disaster funding based upon the following requirements as outlined below.. Affirmative marketing efforts for the disaster funding will include the following:

- Harris County will develop an Affirmative Marketing Plan, based on the U.S. Department of Housing and Urban Development (HUD) regulations, and will be submitted to GLO for approval. The plan will outline the policies and procedures for housing activities as well as procedures to affirmatively market units financed through the Program. The procedures will cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.
- The goal of the Affirmative Marketing Plan is to ensure that, eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," gender groups, and for each project or program, the populations least likely to apply, are:
 - Fully informed of vacant units available for rent
 - Encouraged to apply for rent
 - Given the opportunity to rent the unit of their choice
- Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities.

Particular emphasis is focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.

- In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market the CDBG Disaster Recovery Program as follows:
 - Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
 - Include flyers in utility and tax bills advertising the Program.
 - Reach out to public or non-profit organizations and hold/attend community meetings.
 - Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.
- Applications and forms will be offered in English and other languages prevailing within the Harris County unincorporated areas. In addition every effort will be made to assist such applicants in the application process.
- In addition, measures will be taken to make the 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 sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.
- Harris County will utilize 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 laws.
- Harris County will develop an Affirmative Marketing Plan for each multifamily rental development receiving CDBG Disaster Recovery funding. The plan, pursuant to federal regulations, will outline strategies to inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in soliciting applications, and a description of records that will be maintained and made available for review. Notice to Public Housing Authorities within the City of Houston and Harris County unincorporated areas will be issued to inform households on DHAP that permanent housing is available will be part of the Plan.
- Harris County will include an evaluation of outreach activities and applications received to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic

diversity identified in the Needs Assessment. The evaluation will be an ongoing process and begin no later than one month after the program begins accepting applications. Harris County will submit reports to GLO for review before Harris County begins qualifying applicants, and periodically thereafter.

- The availability of the Program funds will be advertised at a minimum through the following venues:
 - Local newspapers
 - Local broadcast media
 - Public or non-profit organizations and community meetings
 - Other public groups
 - Other outreach may include use of flyer in utility bills, church bulletins, and door to door outreach
 - Evaluation of outreach activities and single family applications received will be necessary to determine if single family applications are received from a diverse population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

Reporting Requirements

Compliance will be maintained in accordance with the reporting requirements under GLO's CDBG Disaster Recovery Program. This includes all information and reports as required under the GLO contract with the County and demographic data and other information on applicants and awardees processed by the County as required by the Conciliation Agreement.

- Harris County will follow procedures as established by GLO to report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between GLO and the County. (Harris County's Section 3 Plan in Appendix)
- Harris County will follow procedures established by GLO to collect and report data relevant to affirmatively furthering fair housing and Civil Rights compliance as required by the Conciliation Agreement. The reporting requirements will include, but not be limited to the following:
 - For each program activity requiring a direct application by an individual or non-institutional entity:
 - Applicant household's income
 - Household's income as a percentage of area median family income as defined by HUD
 - The race and ethnicity of the head of household
 - The household's familial status
 - The presence or non-presence of a household member with a disability

- For each activity providing housing or housing assistance that is not directly linked to a specific beneficiary:
 - The cost of the housing unit to the applicant and to the occupant
 - The maximum qualifying household income as a percentage of area median family income as defined by HUD
 - Restrictions regarding the age or familial status of occupants
 - The presence or absence of designs or services that make the housing unit accessible to an individual with a disability and the number of fully accessible units

Records Retention

All official records on programs and individual activities will be maintained for a five (5) year period beyond the end of the affordability period for each housing activity.

Procurement Requirements

- Procurement is the acquisition of goods and services to be used internally by Harris County to carry out the Program. The procurement process includes the decision to purchase as well as the process to complete the purchase. The federal government has established a set of procurement rules at 24 CFR Part 84 and 85 that apply to CDBG-funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage open competition for the best level of service and price. In addition, the State of Texas has enacted a set of regulations that also apply to CDBG contracts through the Uniform Grant Management Standards, the Texas Government Code and the Local Government Code. If a conflict between federal and state procurement regulations should occur, safe harbor is typically found in the more stringent regulation.
- Harris County is required to submit a plan for compliance with Section 3 (24 CFR Part 135) requirements for GLO approval prior to the start of construction on any contract activity.

Harris County will follow all federal, state, and local procurement procedures and laws applicable to this Program, and will confirm that no vendor is debarred from receiving state or federal funds. Harris County, per the GLO guidelines, will comply with Section 3 (24 CFR Part 135) requirements (see Harris County's Section 3 Plan in Appendix) prior to the start of construction on any contract activity.

Site and Development Restrictions

Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) must be used as required where appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all

applicable local codes and ordinances. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

All other CDBG-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet HQS in 24 CFR Part 982.401. All multifamily rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

Housing developments must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Part 794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR Part 100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR Part 100.205, which implement the Fair Housing Act (42 U.S.C. Part 3601–3619) and the design and construction requirements of the Fair Housing Act Design Manual. Additionally, developments involving new construction (excluding construction of nonresidential buildings) where some units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20 percent of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the design and construction requirements of the Fair Housing Act Design Manual, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance certification will be required after the development is completed from an inspector, architect, or accessibility specialist. Any developments designed as single family structures must also satisfy the requirements of Part 2306.514 of the Texas Government Code.

All Applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §928.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.

Conflict of Interest

In accordance with the conflict of interest regulations at 24 CFR 570.489 (h) and contained in the contract between the County and GLO prohibits local elected officials, County employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

Any exceptions to the conflict of interest provision will be submitted to the GLO and the County will not enter into any conflict of interest until a request for exception is granted.

Duplication of Benefits

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the property or for the repair of the structure): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for property repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the CDBG assistance is awarded must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the property do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repair conducted. Link to HUD guidance regarding DOB: http://www.glo.texas.gov/GLO/_documents/disaster-recovery/housing/forms/hud-dob-guidance.pdf

Complaint and Appeals Process

- Citizen complaints will be handled as required under the following regulations:
 - 24 CFR 91.11(h) Citizen Participation Plan which states, “The citizen participation plan shall describe the State’s appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG recipient).” 24 CFR 570.486(a)(7) Local Government Requirements, which states, “Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days, where practicable.”
 - 10 TAC Sec.1.17(a) Alternative Dispute Resolution which states, “In accordance with §2306.082, Texas Government Code, it is GLO’s policy to encourage the appropriate use of Alternative Dispute Resolution (“ADR”) procedures to assist in the fair and expeditious resolution of internal and external disputes involving GLO and the use of negotiated rulemaking procedures for the adoption of Department rules, consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). GLO’s ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies (§2306.082(b), Texas Government Code).”

- Resolution of complaints will be handled sensitively and fairly. Complete and thorough program documentation and contractual agreements, careful implementation of policies and procedures, and clear and respectful methods of communication will help prevent and resolve complaints. Incorporation of escalation procedures into the complaint process will support resolution at the earliest state possible.
- Information about the right and how to file a complaint will be printed on all program applications, guidelines and Harris County’s web site in all local languages, as appropriate and reasonable.
- Types of Complaints
 - Policy:

There are two types of complaints; formal and informal.

 1. Informal: Informal complaints may be verbal and can come from any party involved in the application process, including the homeowner or building contractor. A written procedure for handling these complaints is not required.
 2. Formal: Formal complaints are written complaints, including faxed and emailed statements. A written procedure for dealing with formal complaints is required.
- Informal Complaints
 - Policy:

Informal complaints may be verbal, and can come from any party involved in the process, including the homeowner or building contractor.
 - Procedure:
 1. A person who calls Harris County to file an informal complaint will be advised on how to file a formal complaint if their complaint cannot be immediately resolved.
 2. Harris County procedures will include a complaint escalation process in order to ensure complaints are handled at the earliest stage in the process.
- Formal Complaints
 - Policy

In the case that a citizen or organization desires to file a formal complaint against a Harris County action or decision, they will be informed of the following set of formal grievance procedures. Complaint and grievances procedures can be found at and filings should be provided to the Harris County Community Services Department (CSD), administer of the TX CDBG Disaster Recovery Funding, at 8410 Lantern Point; Houston, Texas 77054 between the hours of 8:00 am and 5:00 pm, Monday through Friday except on posted holidays.

 1. Submission of the complaint must be sent to the Director of CSD, with original signatures and letterhead (if applicable). The complaint must include details such as dates, procedures in question, history of the problem(s) and correspondence, and any relevant previous complaints.

2. The complaint will then be given to the staff for a formal investigation.
3. Staff will investigate the situation and draft a report to the Director, which will detail all findings related to the action or decision, such as historical background, persons involved in the action or decision, the reasoning behind the action or decision, and suggestions for reconciliation (if any).
4. The individual or organization that filed the original complaint will be contacted and informed of the findings and applicable plan for reconciliation within 15 business days of receipt of the complaint.
5. Appeals of the findings and applicable plan for reconciliation will be sent to the Texas General Land Office at 1700 N. Congress Ave. Suite 935; Austin, Texas 78701 within 15 business days of notification of findings by Harris County. Appeals will be submitted in writing with the name and contact information of the complainant and details of the complaint.
6. Any legal suits against CSD will be served to or filed with the County Judge at 1001 Preston Suite 911, Houston, Texas 77002, with copy to the Community Services Department, 8410 Lantern Point Drive, Houston, Texas 77054.

All formal complaints will be entered into a Complaint Tracking System which will store, track, and document resolution of the complaint.

Grievances regarding housing discrimination should be reported to the Houston HUD Office at 1301 Fannin, Ste. 2200, Houston, TX 77002.

- A file for each complaint will be maintained. The file will document each step of the complaint process and will include the following:
 1. The name of the person who filed the complaint;
 2. The date the complaint was received;
 3. A description of the complaint;
 4. The name of each person contacted in relation to the complaint;
 5. A summary of the results of the review or investigation of the complaint; and
 6. An explanation of the reason the file was closed, if the file was closed.
- Procedure:
 1. In order for a complaint to be processed it must be received in writing (includes fax and email) and must include:
 - i. The name of the complainant, and

- ii. Contact information of the complainant
- iii. Complaints may be submitted in the following ways:
- iv. By mail: 8410 Lantern Point Dr., Houston, TX 77054
- v. By fax: 713-578-2190
- vi. Online: website: <http://www.csd.hctx.net/default.aspx>
Email: hrc@csd.hctx.net

Changes, Waivers, and/or Conflicts

- Harris County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.
- Waivers to the requirements in these Guidelines can only be approved by GLO and must be provided in writing. GLO will provide the option for a waiver, only after the posting of the waiver request on the Department website for a public comment period of at least ten (10) days. The waiver request must demonstrate why the housing guidelines are not practicable for Harris County.
- In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

Rental Program Guidelines

Introduction

- A. The Texas General Land Office (GLO or the Department) is administering the funds under the a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency and responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties, and Councils of Local Government administer these funds on the local level for housing activities.
- B. Housing Guidelines have been developed to serve as the basis for housing programs related to Round 2 the Program. This document is expected to serve as direction for the Rental Program activities funded under Round 2. These Guidelines do not replace or supersede the Guidelines developed and in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. Harris County must incorporate those elements into the Rental Program. At the option of Harris County, rental program activities may be offered as a housing program to the residents of Harris County's jurisdiction. Rental activities may include single family rental activities or both.
- C. Harris County has received Hurricane Ike Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Rental Program administered by the Texas General Land Office (GLO or the Department).
- D. Benefit to Low to Moderate Income (LMI) is the only National Objective that is approved for the Rental Program under Round 2. Eligible activities, which are defined in the General Guidelines, are as follows: rehabilitation, reconstruction, replacement, or new construction, and associated elevation and demolition. Harris County may also provide assistance for Individual Mitigation Measures (energy efficiency and storm mitigation activities).

Program Objectives

- A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and it residents. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

- B. The following objectives are provided for the implementation and administration of a successful Rental Program:
- The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Ike.
 - A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.
 - A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and the lowest income persons (30 percent or below LMI) such as homeless and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living and or supportive housing options.

Program Purpose

- A. The Hurricane Ike Disaster Recovery (DR) Affordable Rental Program has been designed to provide funds for rehabilitation, reconstruction, and/or new construction of affordable multi-family and single family rental housing projects in areas impacted by Hurricane Ike. Funding is available through the Community Development Block Grant (CDBG) Disaster Recovery Program, administered by the Texas General Land Office (GLO).
- B. The purpose of the Affordable Rental Program is to facilitate the rehabilitation, reconstruction, and/or new construction of affordable rental housing needs within Harris County service area. Units qualifying for assistance must have sustained damage from Hurricane Ike. A minimum of 51% of the units must be restricted for ten or more years to low to moderate income (LMI) individuals earning 80% or less of the Area Median Family Income (AMFI) at affordable rents. The rents must comply with High HOME Investment Partnership (HOME) Rents and other existing Land Use Restriction Agreement (LURA) restrictions if applicable. HOME rent limits are defined by HUD and must equal the lesser of fair market rents or 30% of the adjusted income for people earning 65% of the AMFI and can be found on HUD's website at:
<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/>

Part A- Multifamily Rental Program

Types and Amounts of Assistance

- A. The maximum award cap under the Affordable Multifamily Rental Program is \$10,000,000 per development. Exact award will depend upon the amount of storm damage, the cost reasonableness of funds bringing the property up to Housing Quality Standards (HQS), and other funding sources available. Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.
- B. The CDBG funds may not be used to pay for damages covered by any FEMA reimbursement, SBA assistance, insurance claim, or any insurance policy including delayed or future payments anticipated under insurance policies.
- C. The CDBG Affordable Rental Program funds will be in the form of a 0% performance based loan and will be forgiven when all contractual obligations have been met, including satisfactory completion of construction and compliance with the ten-year affordability period. The terms of the loan/grant may be modified by agreement, if necessary, given other requirements from other financial programs (i.e. tax credit programs, etc.).
- D. A Land Use Restriction Agreement (LURA) will be placed on developments and any applicable lenders must agree to subordinate to the LURA. The Developer/Borrower will guarantee completion of construction until a certificate of occupancy has been issued and retainage has been released. There is a ten year affordability period under the LURA.
- E. Project construction must be completed within 18 months of the effective date of the contract, unless otherwise extended.

Property Eligibility

- A. All properties must be located within the jurisdiction of Harris County and sustained damage from Hurricane Ike.
- B. If Harris County intends to offer an Affordable Multifamily Rental Program we must develop a NOFA or application process to fund rehabilitation of existing multifamily housing developments or replacement of damaged units through reconstruction or new construction. Projects evaluated for awards are evaluated according to the priorities established in the NOFA or application. The NOFA or application process must comply with Selection Criteria requirements identified in Section IV, paragraph A of these guidelines.

- C. Hurricane damaged or destroyed projects awarded assistance will typically be in the 10-30 year old range. The repair/replacement assistance will extend the useful life of the development at least ten years.
- D. Proposed new construction located in the 100-year flood plain as identified on the most current Federal Emergency Management Agency (FEMA) Flood Maps comply with the GLO flood policy found in 10 TAC Part 1 Section 50.6.
- E. At a minimum, 51% of the total number of units in the development must benefit low-moderate income persons earning 80% or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).
- F. Rent restricted units occupied by low-moderate income households must be occupied at affordable rents. The units occupied low-moderate income households must comply with the High HOME rent limits published by GLO under the HOME program. Rent restrictions for the units occupied by LMI households apply through the ten year affordability period. Compliance with rent limit is calculated in the same manner as the HOME program.

Participant Eligibility Requirements

- A. For-profit, public housing authorities, units of local governments and not-for-profit Developers/Borrowers, acting individually or as participants in a limited partnership (LP) or limited liability corporation (LLC) are eligible to participate. Not-for-profit entities must provide evidence of IRS tax-exempt status. Developments are required to list properties on PHA landlord list and provide notification to DHAP providers.
- B. The Applicant, Development Owner, Principal or Developer/Borrower must be in good standing with any outstanding loans and loan commitments. There may be no defaults or negative collection actions on current or previous loans.
- C. No Applicant, Developer Owner, Principal or Development/Borrower or General Contractor may be “debarred” from the federal and state debarment lists, in accordance with 24 CFR §570.609, as well as other applicable laws.
- D. Applicant, Developer Owner, Principal or Developer/Borrower must provide a complete listing with addresses of multifamily properties currently owned or managed.

Selection Criteria

- A. If Harris County intends to offer an Affordable Multifamily Rental Program must develop a NOFA or application process. The application or NOFA process should identify the properties that provide the greatest benefit to the community to those

with the greatest need. Harris County will develop criteria to award funds to the projects meeting the housing goals and objectives the program, and fair housing as well as those of the community. All awards must be made to applicants that demonstrate capacity to complete the development planned in the application. The Selection Criteria utilized must be consistent with overcoming the impediments in the Interim AI. The NOFA or application must meet the following criteria:

- a. Direct funds to the needs of the community as determined by the Needs Assessment.
 - b. Use of the funds must affirmatively further fair housing and increase housing choice; therefore, selected criteria must be consistent with overcoming impediments identified in the Phase 1 Analysis of Impediments.
- B. A Land Use Restriction Agreement (LURA) will be placed on each multifamily development receiving disaster funds to repair, construct or reconstruct rental units. The LURA sets forth income and rent restrictions applicable to units of affordable rental housing with respect to the specific affordable rental housing. These documents will be filed with the local county clerk's office in the land records. The LURA must be approved by GLO and require all multifamily projects and projects with 20 or more single family units under common ownership to accept of section 8 housing choice rental vouchers during the affordability period. The LURA imposes the requirements on the property for the full ten (10) years affordability period.
- C. Based on the Needs Assessment, criteria developed by Harris County must identify projects providing the greatest benefit to the community will provide incentives for:
- a. Increasing the number of affordable units by exceeding the requirement to lease 51% of the units to low/moderate income households.
 - b. Providing units to households with the highest need for affordable housing by agreeing to create set asides targeting very low, low, and moderate-income tenants.
 - c. Providing broader access to persons with disabilities through single story structures or those served by an elevator.
 - d. Meeting low-maintenance and energy efficiencies by installing energy efficient products and low maintenance items. Combinations of the following items can be used up to the maximum number of points:
 - i. Install water-conserving fixtures in all units with the following specifications for toilets and shower heads, and follow requirements for other fixtures wherever and whenever they are replaced: toilets – 1.6 gallons per flush; showerheads – 2.0 gallons per minute; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM.
 - ii. Install Energy Star or equivalent refrigerators in all units.

- iii. Install Energy Star or equivalent lighting fixtures in all interior units and use. Energy Star or high-efficiency commercial grade fixtures in all common areas.
- iv. Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans piped to the exterior of the dwelling and with non-water sensitive floor coverings (for all units).
- v. Install Energy Star or equivalent power vented fans or range hoods that exhaust the exterior (in all units).
- vi. Install Energy Star or equivalent bathroom fans in all units that exhaust to the outdoors which has a humidistat sensor or timer, or operates continuously in all units.
- vii. Install correctly sized HVAC units (according to Manual J) of at least 14 SEER or better in all units.
- viii. Perform an energy analysis of existing building condition, estimate costs of improvements, and make those improvements resulting in a 10 year or shorter payback.

Program Requirements

- A. Projects awarded disaster recovery funds must satisfy six levels of eligibility requirements.
- B. The project will also be reviewed in terms of financial feasibility with the objective to repair existing hurricane damage and bring the property up to standard to extend the useful life or replace the severely damaged units. Financials, proformas, and loan information as well as the sources and uses of funds must be submitted identifying the proposed financing sources and expenses of the project.
- C. Upon allocation for funding, the property will go through environmental review.
- D. Rehabilitation or construction activities. The Developer/Borrower must submit an acceptable Property Condition Assessment (PCA) conducted by a qualified third party. In addition to repair costs identified in the PCA, other costs will be considered if they extend the useful life of the project. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.
- E. The project must comply with all applicable federal and state requirements.
- F. The project must address identified impediments to fair housing choice.
- G. The project must serve the local population impacted by the hurricane.

Underwriting

- A. The proposed multifamily projects will go through underwriting which will review the ownership structure, property operations, the sources and use of funds, and the financial statements of the owner and guarantor (if applicable).
- B. The underlying debt and operating expenses of the property will be reviewed to determine if the project is feasible during the affordability period and demonstrates income adequate to cover operating expenses and applicable debt service.
- C. Sources and uses will be reviewed to determine the adequacy of the funding to complete the project in conjunction with the PCA. The scope of work including the repair of any hurricane damage will be assessed.
- D. Following underwriting, a contract will be executed between the developer and Harris County. This contract will specify the terms under which the funding is provided to the project; the number of units to be renovated/developed; the affordability period; and other conditions of the agreement.

Environmental Review

- A. Each development assisted with CDBG Disaster Recovery funds must be environmentally cleared. No commitment or disbursement of funds will occur prior to the completion of this review. The environmental assessment reviews the wetlands, coastal zones, flood zones, and runway clear zones.
- B. Rental Programs funds cannot be used to assist rental units (Multi and single family) that have been determined to be in the Coastal Barrier Resource Zones or airport runway clear zones. Once the Environmental Review is complete the review is forwarded to GLO for environmental clearance.
- C. The Developer/Borrower must comply with all applicable laws with respect to lead based paint in conjunction with Section 302 of the Lead Based Paint Poisoning Prevent Action (42 USC Section 4831(b)), as well as the presence of asbestos containing materials within the project.
- D. A Property Condition Assessment must be conducted for rehabilitation. The PCA must conform to American Society for Testing and Materials (ASTM-<http://www.astm.org/>) "2018 Standard Guidelines for Property Conditions Assessments." The Developer/Borrower is also directed to the GLO Section 1.36 of the REA Rules for PCA guidance (<http://www.tdhca.state.tx.us/readocs/10-REARules.pdf>).

Construction

- A. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG funds are used for a rehabilitation development, the entire unit must be brought up to the applicable property standards and meet Housing Quality Standards. All newly constructed including reconstructed housing units must meet the current edition of the Model Energy Code (MEC) (<http://www.energycodes.gov/>) published by the Council of American Building Officials. GLO will conduct a final inspection of the development. Common areas and units are subject to a Uniform Physical Conditions Standards inspection. Any deficiencies identified in that inspection must be corrected before final retainage is released.
- B. Housing developments must meet all accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201, as well as common use facilities in developments covered cover dwelling must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601-4619).
- C. The Developer/Borrower must comply with Labor Standards; Section 3 Plan: Minority/Business Enterprise (MBE); Small Business Enterprise (SBE) requirements; Affirmative Marketing; and Contractor Clearance.
- D. The project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.
- E. All contracts will be payment and performance bonded. All projects are subject to The Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70), The Contract Work Hours and Safety Standards Act (40 USC 327 et seq), The Copeland “Anti-Kickback” Act (18 USC Sec 874), Section 3 (24 CFR Part 135) requirements, reporting and goals and should budget accordingly.
- F. Prior to commencement of construction, the Developer/Borrower must have a notice to proceed. Scattered site projects owned by sole owner with eight (8) or more units must comply with Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70).
- G. The report and AIA forms 702 and 703 will be required prior to funding each draw request.

- H. Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

Compliance Requirements

Labor Standards

- A. All applicable developments must comply with applicable labor standards, including, but not limited to Davis-Bacon wages, Section 3, Minority/Business Enterprise, and Small Business Enterprise. Under the federal Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70, 24 CFR §570.603), prevailing wages must be paid on all construction and related work on projects that have eight (8) or more units.
- B. The following information will be provided on all projects to the GLO Labor Standards Specialist:
- a. Notes of bid and preconstruction conferences as well as attendance rosters with attendees signatures.
 - b. Notice to Proceed.
 - c. All Department of Labor (DOL) General Wage Determination reports showing prevailing wages applicable to each project throughout the construction phase.
 - d. Final Wage Compliance Report
 - e. Davis-Bacon communications, including:
 - i. Department of Labor communications
 - ii. Letter to Contractor(s) requesting payments of restitution owed to workers and liquidated damages, including copies of letters confirming Contractor(s) compliance and/or resolution of labor-related issues. Department of Labor (DOL) Semi-Annual Report with all required reporting data associated with the CDBG-DR Hurricane Ike award.
 - iii. Additional documentation as required by GLO.

Relocation

- A. The Developer/Borrower is responsible for the relocation activities related to the project. The Developer/Borrower shall comply with program regulation at 24 CFR §570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 ("URA"), as amended, at 49 CFR §24, and §104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR §42.
- B. If applicable, Developer/Borrower shall submit to Harris County copies of all documentation relating to URA, including but not limited to, a Relocation Plan with Assurance Letter, Notice to Real Property, Tenant Status Reports, and all Notices with Tenant Acknowledgments as required by the LURA.

Project Completion and Release of Retainage Procedures

- A. When a project is finished, the procedures listed below will be followed to document completion and allow for retainage (the last 10% of project costs) to be paid. List of items include:
 - a. Developer/Borrower submits Final Draw for Retainage. This draw is identical in form to the others and includes the final inspection report from the third party inspector indicating that the project is complete.
 - b. Developer/Borrower completes and submits a Final Wage Compliance Report.
 - c. Developer/Borrower submits Certificate of Occupancy for project.
 - d. Developer/Borrower submits letter Certification from Architect that project meets requirements of the Americans with Disabilities Act.
 - e. Developer/Borrower submits Certificate of Substantial Completion, and AIA form that is signed by the Owner, General Contractor, and Architect.
 - f. Developer/Borrower submits Lien Release from General Contractor to show that all subcontractors have been paid. (Contractor = Subrecipient) and (Subcontractor = Building Contractor).

Project Lease-Up Procedures

- A. Multifamily developments assisted with CDBG funds are required to have a project tenant selection policy (TSP), Affirmative Marketing Plan, and schedule of leases & rents to ensure compliance with CDBG requirements. The tenant selection policy must be:
 - a. Written and displayed at the project leasing in a common area.
 - b. Consistent with the purpose of providing housing for families making 80% or less of AMFI.
 - c. Reasonably related to program eligibility and Lessee's ability to perform under the lease.
 - d. Chronological, so that tenants taken from a written waiting list are assisted in order.
 - e. Designed to give prompt written notice of the grounds for rejection to any Lessee rejected based on income.

Annual Monitoring Procedures

- A. Completed projects require annual monitoring. Monitoring will be conducted by Harris County throughout affordability period. The results and reviews of monitoring activities ensure the provision of safe, decent, affordable rental housing in compliance with all applicable regulations. Income targets and rents must comply with Affordable Rental Program LURA requirements and other compliance requirements. Monitoring includes:

- a. On-site inspection of rehabilitated properties to ensure compliance with Housing Quality Standards (HQS) under 24 CFR Sec. 982-401.
- b. Compliance Standards Review (CSR) to ensure compliance with the CDBG regulations and the NOFA, but not limited to, the following:
 - i. Affordable Rental Housing
 - ii. Subsequent Rents during the Affordability Period
 - iii. Initial and Annual Recertification of Tenant Income
 - iv. Periods of Affordability
 - v. Tenant and Participant Protection (lease term, prohibited lease terms, tenant selection policy)
 - vi. Civil Rights Act of 1964 and Amendments
 - vii. Section 504 of the Rehabilitation Act of 1973
 - viii. Architectural Barriers Act and the Americans with Disabilities Act
 - ix. Design and construction requirements
 - x. For Rehab projects, entire structure must meet Housing Quality Standard
 - xi. Benefit all income targets including the CDBG LMI requirement to least 51% of the units to LMI households.
 - xii. Affirmative Marketing
 - xiii. National Flood Insurance Program
 - xiv. Displacement, relocation, acquisition, and replacement Lead-Based Paint Compliance
 - xv. Fair Housing and Equal Opportunity
 - xvi. Section 3 (24 CFR Part 135) goals and reporting requirements
 - xvii. Applicant data reporting as required by the Conciliation Requirement
- c. Notification in writing of the results of the monitoring activity will be provided to the borrower, with a stated corrective action plan, if one is needed.

Files and Reports

- A. Harris County will maintain accurate Rental Program files and records for general administration activities, for each development and tenant for a period of ten (10) years as required by the GLO. Such files will be open for inspection to GLO or any of its duly authorized representatives, or funding source representatives.

Changes, Waivers, and/or Conflicts

- A. Harris County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.

Part B – Single Family Rental Program

A single family rental program’s goal is to restore existing neighborhoods and to increase the affordable rental stock in a community affected by Hurricane Ike. Applicants receiving CDBG Disaster Recovery funds to rehabilitate or reconstruct damaged properties agree to

lease the rental units to low-moderate income households (80% of Area Median Income or less) at restricted rents. Rents must comply with the High HOME rent limits.

The CDBG funds are provided in the form of a forgivable loan/grant.

Types and Amounts of Assistance

- A. Harris County will develop a process to accept applications for funding to serve low, very low, extremely low and moderate-income households. Funding priorities will be developed in a manner that affirmatively furthers fair housing objectives.
- B. The maximum award cap under the Single Family Rental Program is based on the number of bedrooms in the rental unit. The exact award will depend upon the amount of storm damage, the cost of rehabilitation or reconstruction up to maximum award amount. When rental unit is assisted with disaster recovery funds, the entire unit must be brought up to Housing Quality Standard (HQS). Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.

Table: Single Family Rental Maximum Awards

	One Bedroom	Two Bedroom	Three Bedroom	Four+ Bedrooms
Max Award	\$50,000	\$60,000	\$70,000	\$80,000

Property Eligibility

- A. All properties must be located within the jurisdiction of Harris County and sustained damage from Hurricane Ike.
- B. Properties maybe rehabilitated, or replaced by reconstruction or new construction of the dwelling.
- C. Single Family, detached dwellings are eligible for assistance and must contain between one and three bedrooms at a minimum; priority is given properties with three or more bedrooms. Condominiums, townhomes, duplexes, triplexes or four-plexes are not eligible.
- D. If Harris County intends to offer an Affordable Single Family Rental Program must develop an application process to fund rehabilitation of existing multifamily housing developments or replacement of damaged units through reconstruction or new construction. Projects evaluated for awards are evaluated according to the priorities established in the application.
- E. Upon completion, the single family homes must meet Housing Quality Standards and benefit low-moderate income persons earning 80% or less of Area Median Income

as defined by HUD and detailed in the Housing Community Development Act of 1974 (HCDA) Title I, 105(a).

- F. The rent for the unit occupied by the low-moderate income household must be occupied at affordable rents. The units occupied low-moderate income households must comply with the High HOME rent limits published by HUD under the HOME program through the affordability period. Compliance with rent limits is calculated in the same manner as the HOME program.
- G. Units do not have to be rental stock prior to application for assistance, however must be rented to certified LMI households if awarded repair or replacement funds.
- H. Housing units located where federal assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil military airport are not eligible.
- I. Each property must currently have access to water, electricity, and sewer or septic service, or hookups to provide those services.
- J. The on-going maintenance of hazard and flood insurance is a program requirement where applicable.

Participant Eligibility Requirements

- A. Individual owners with fee simple title to the property are eligible to participate.
- B. The owner must be in good standing with any loans on the property or in a default or negative collection actions on any current or previous loans.
- C. The property taxes must be current on the property.
- D. The owner of the property may be “debarred” from the federal and state debarment lists, in accordance with 24 CFR §570.609, as well as other applicable laws.
- E. The owner must provide a complete listing with addresses of other rental properties currently owned or managed.
- F. All applicants must not owe any child support payment(s) under any court order.
 - a. If an applicant is not current on child support payments, that member will be required to enter into a payment plan and must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions can be found under Homeowner Assistance Forms at the GLO website.

Selection Criteria

- A. If Harris County intends to offer a Single Family Rental Program we must develop an application process. The application process should identify the properties that provide the greatest benefit to the community with the greatest need. Applications will be developed with criteria to allow Harris County to determine which projects meet the housing goals and objectives of the community as well as affirmatively further fair housing objectives.
- B. Criteria developed Harris County to identify projects providing the greatest benefit to:
 - a. To expand the affordable housing stock priority is given to vacant units in a condition that is not suitable for occupancy.
 - b. To encourage a vested interest in the projects, priority is given to projects where the landlord contributes at least 25% of the funds necessary to repair the property.
 - c. To encourage housing for families, priority is given to projects with three bedrooms or more.
 - d. Projects near public transportation, shopping and schools are considered in the point structure. Near is defined as within a 2 mile radius.
 - e. Single family rental structures must comply with Texas Government Code, Section 2306.154.

Program Requirements

- A. Housing assistance funds must satisfy four levels of eligibility requirements.
 - a. The property must meet eligibility requirements listed under Section II. The property must require repair, rehabilitation or reconstruction and the owner must provide documentation or third party inspections to support storm damage.
 - b. The property must pass a federally required environmental review.
 - c. Rehabilitation or construction activities. A Property Condition Assessment must be conducted by a third party. The work write up must be completed in sufficient details to obtain bids or cost estimates. Rehabilitation of the residence must bring the property into compliance with local health, safety and building codes and pass a Housing Quality Standards inspection. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.
 - d. The project must comply with all applicable federal and state requirements.

Underwriting

- A. Harris County will determine the type of feasibility or underwriting process required for Single Family projects.

Environmental Review

- A. The environmental review is a separate and distinct review from any other review. Other previously performed (or applicant-provided) environmental reviews will not satisfy the requirements. Be aware that applicants are prohibited from beginning repairs, rehabilitation or reconstruction until they receive their SRRAP loans.
 - a. There are three potential steps to the review:
 - i. Step 1 – Initial Review: An environmental assessor will visit the property. The assessor will take photos and possibly measurements of the property from the street. They will collect tax information in order to determine the date of construction of structures on the property. Applicants do not need to be present for this visit.
 - ii. Step 2 – Issue Analysis: If the Initial Review reveals a potential environmental issue, further analysis will be required. This analysis may require follow-up site visits or additional research. GLO will schedule required follow-up visits in order to perform the necessary analysis. Applicants will be notified if they are required to be present for these follow-up visits.
 - iii. Step 3 – Issue Mitigation: Any issue that cannot be cleared through Issue Analysis will need to be mitigated before environmental clearance is granted. GLO will not pay for mitigation of any issue identified during the environmental review; however, applicants will be told what is required and may choose to mitigate the issue or withdraw from the SRRAP. All mitigation must be completed within the timeframe specified by GLO. Examples of mitigation include making modifications to the building plans, moving the building site, or obtaining special permits for the property.

Construction

- A. For Rehabilitation the properties must comply with local building codes, and the entire structure must comply with local health and safety codes and standards, and housing quality standards (HQS).
- B. For reconstruction including newly constructed homes, the entire structure must be in compliance with building codes and zoning ordinances and applicable construction or livability standards after assistance including:

- a. Energy standards as verified by a RESCHECK™ certification. The certification must be available in the file prior to purchase.
- b. The IRC as 11 of the IRC as required by Chapter 388 of the Health and Safety Code as applicable.
- C. The project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.
- D. Under the Rehabilitation Program, any housing unit built before 1978 must be inspected for hazards associated with the presence of lead-based paint or may be presumed to have lead-based paint hazards. Proof of notifications, work completed and clearance examination must be available.
- E. Under the Rehabilitation Program, any housing unit must be in compliance with Section 31 of the Federal Fire Prevention Control Act of 1974 which requires that any housing unit rehabilitated with Department funds be protected by a hard-wired or battery-operated smoke detector.
- F. Reconstructed or new construction must comply with Texas Government Code 2306.514.
- G. Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

Compliance

- A. In exchange for the loan award, each applicant agrees to comply with all LURA terms and requirements as a rental landlord.

Land Use Restriction

- A. A Land Use Restriction Agreement (LURA) will be placed on each SF property receiving disaster funds to repair, construct or reconstruct rental units. The LURA must be approved by GLO. The LURA must contain a (10) year affordability period beginning after closeout of loan or grant and require acceptance of Section 8 housing choice rental vouchers when the owner owns 20 or more single family projects.
- B. Applicants will be required to sign a Land Use Restriction (LURA), which sets forth income and rent restrictions applicable to units of affordable rental housing and constituting, with respect to the specific affordable rental housing. These documents will be filed with the local county clerk’s office in the land records. The LURA imposes the requirements on the property for the full loan period of five (5) years.

- C. The Land Use Restriction Agreement is an officially-filed restriction that ensures the property will remain rent restricted for the full loan period. At the end of the loan period, the restriction will automatically terminate and will no longer be valid or enforceable. Since the LURA is “self-executing”, nothing will need to be filed at the local county clerk’s office to show that the loan period has ended. If the applicable abides by the terms and conditions of the LURA for the full five (5) year compliance period, the loan will be forgiven and no interest will be charged provided the landlord complies with the LURA requirements.
- D. The Land Use Restriction Agreement will expire on the fifth (5th) anniversary of the later of the issuance of the Certificate of Occupancy or the loan closing.

Forgivable Loan Default

- A. Disaster assistance is provided as an unsecured note to landlords receiving rehabilitation or reconstruction assistance.
- B. Violation of any terms of the LURA will result in a Statement of Noncompliance being issued to the applicant. The notice will state clearly the reasons for noncompliance and will allow the applicant time to correct the non-compliance.
- C. If the applicant is in default, the amount of loan principal then outstanding (based upon the amount previously forgiven during the 5 year period) shall immediately become due and payable.
- D. Upon default the forgivable loan will immediately convert to an interest-bearing demand note and becomes immediately due and payable.
- E. The due and payable amount will be based upon the un-forgiven amount of the loan.
- F. Default occurs at the property level. If the unit is found to be non-compliant with the LURA, then the entire property will be considered in default.
- G. Interest on defaulted loans awards will be set at the London Interbank Offered Rate (LIBOR) plus one percent (1%). Interest will be calculated beginning on the date that the first check is issued.

Relocation

- A. The Developer/Borrower is responsible for the relocation activities related to the project. The Developer/Borrower shall comply with program regulations at 24 CFR §570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended at 49 CFR §24, and §104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR §42.

- B. If applicable, Developer/Borrower shall submit to Harris County copies of all documentation relating to URA, including but not limited to, a Relocation Plan with Assurance Letter, Notice to Real Property, Tenant Status Reports, and all Notices with Tenant Acknowledgments as required by the URA.

Landlord Requirements

- A. These requirements include:
 - a. Leasing all units to tenants that have eligible household incomes (80% AMI or below).
 - b. Charging rents that are at or below High HOME rents.
 - c. Following income certification and verification procedures and keeping records on all tenants' income.
 - d. Maintaining complete and accurate rent rolls.
 - e. Renting units in accordance with HUD Fair Housing Standards.
- B. The applicant is responsible for maintaining complete and accurate records for the full period of the loan term. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to Harris County or GLO upon request.
- C. Compliance with these terms for the full period of the loan will result in loan forgiveness, leaving the applicant with no obligation to repay the loan or interest on it. Failure to comply with terms will lead to non-compliance.

Affordable Rental Program Approval and Application Process

The following activities are the steps in the Affordable Rental Program Approval and Application Process:

1. The Rental Contract between the GLO and Harris County is executed.
2. Harris County will prepare and submit the Housing Guidelines to the GLO for Approval.
3. Once Harris County's Housing Guidelines receives approval from the GLO, Harris County will then publish the approved guidelines.
4. Harris County will then prepare and submit the NOFA to the GLO for review.
5. The GLO will review the NOFA and provide comments and/or feedback that may be needed.
6. Harris County will publish the NOFA and open the Application Acceptance Period.
7. Harris County will review submitted applications and select potential award recipients.
8. Harris County will submit the selected potential award recipients to the GLO for review.
9. The GLO will review all potential award recipients and provide comments and/or feedback that may be needed.

10. Harris County will award allocations to the selected subrecipients.
11. Harris County will execute the contracts, which includes the LURA, with the selected subrecipients.
12. Harris County will submit the executed LURA to the GLO for approval.
13. Once approval is received from the GLO, Harris County will setup the project in the Housing Contract System (HCS).
14. The GLO will review the budget for compliance with the application and then approve the set-up in the HCS.
15. Harris County will then be able to begin construction on the projects.
16. At 50% completion of the project and 30% of the funds are drawn down an initial UFAS inspection of the project is required by the GLO.
17. At 100% completion of the project a Certificate of Occupancy is received and another UFAS Inspection is required.
18. During the contract closeout portion of the project Harris County will submit closeout documents to the GLO for approval.

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