SINGLE FAMILY NEW CONSTRUCTION PROGRAM GUIDELINES

for 2017 Community Development Block Grant – Disaster Recovery (CDBG-DR)

COMMUNITY SERVICES DEPARTMENT
HARRIS COUNTY, TX  8410 LANTERN POINT DRIVE, HOUSTON, TX 77054
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Single Family New Construction Program Guidelines
Harris County, Texas

1. Introduction

Harris County struggled to keep pace with housing demand pre-Hurricane Harvey, and now the ability to provide a comprehensive single-family focused development solution, associated with Hurricane Harvey recovery are even more exacerbated. Over the next 4 years, Harris County in partnership with the Harris County Flood Control District, will be acquiring through a buyout program funded by Hazard Mitigation Grants and CDBG-DR approximately 2,000 homes. In a period where the local housing stock is low or in flood prone areas, quality replacement homes, especially affordable homes, will be impossible to find in Harris County. Add to this the dismantling of whole communities after a buyout program.

The Harris County Single Family New Construction Program (SFNCP) will replace affordable single-family housing stock by developing new housing in areas of reduced risk of flooding. To meet this challenge, Harris County will implement innovative solutions for promoting and partnering with local homebuilders to create new inclusive communities that offer a wide variety of housing choice and construction solutions that lends toward resilience investments.

Harris County will pursue a balanced approach in investing in both high opportunity areas as well as improving affordable housing stock in revitalization areas that may be located near Hurricane buyout interest areas as a means of improving and preserving community stability and cohesion.

The Harris County Single Family New Construction Program (SFNCP) will be administered by the Harris County Community Services Department (CSD) with support by the Harris County Engineering Department.

These guidelines are intended to provide an overview of SFNCP as well as information on eligibility, application, project requirements, closeout and monitoring processes.

Funding for this program is made available through the Department of Housing and Urban Development’s (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) funds. The primary goal of this program is to preserve and increase affordable housing in Harris County while meeting the requirements set by the CDBG-DR National Objectives associated with the SFNCP.

Eligible development partners acting individually or as a participant in a corporation, limited partnership (LP) or limited liability corporation (LLC) may include the following:

- For-Profit Developers/Borrowers
- Public Housing Authorities
- Units of Local Governments
- Not-For-Profit Developers/Borrowers
2. Definitions

**Acquisition** – The utilization of CDBG-DR Disaster 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. relocation assistance). The purchase price must be consistent with applicable uniform cost principals (i.e. appraised value).

**Act** - means Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. Sec. 5301 et seq.)

**Affordable Housing** - In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Harris County will make every effort to meet this requirement, but affordability will be contemplated on a case by case basis. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb. Awarded projects shall designate a minimum of 51% of the total units in a project to be used for affordable housing for low and moderate income persons or households earning 80% of less of the Area Median Family Income (MFI), for the designated project affordability period.

**Applicant** - A person or persons who have applied for approval of a CDBG-DR home purchase and/or Homeowner Financial Assistance.

**Builder/Contractor** – (Used interchangeably) A person who contracts to construct or repair houses or buildings and/or supervises building operations.

**Builder Assignments** – A qualified pool of builders developed by Harris County, HC subrecipients or the GLO. They must also meet state and federal procurement requirements and possess controls that will ensure quality construction based on the Minimum Property Standards (MPS).

**Case Management** – Working with potential applicant(s) to understand the Program’s housing options, resulting in clear and transparent determination of eligibility. Case managers must consider all special circumstances of the applicant(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.

**Community-Based Development Organization (CBDO)** – CBDOs are generally nonprofit organizations that undertake specific kinds of CDBG-funded activities. CBDOs can be for-profit or nonprofit organizations but cannot be governmental entities.

**Community Housing Development Organization (CHDO)** – A Community Housing Development Organization (CHDO) is a private nonprofit, community-based, service organization that has, or intends to obtain, staff with the capacity to develop affordable housing for the community it serves. CHDOs may be utilized if HOME program funding is part of a CDBG-DR project.

**Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts** – 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. The Davis-Bacon and Related Acts (DBA), apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.

**Demolition** – The clearance and proper disposal of dilapidated buildings and improvements.

**Developer** - A person, partnership or corporation who buys and develops houses, buildings, and/or land.

**Development Partner** - An individual or company who has some degree of involvement with Harris County in the development of housing for the Single Family New Construction Program.

**Downpayment Assistance Program** – Qualified applicants may be eligible to receive financial assistance in the form of a forgivable loan to be used towards a downpayment on a new or existing home, including eligible prepaids and/or closing costs. Assistance amount will be limited to the amount necessary to achieve homeownership. Assistance will be provided in the form of a deferred forgivable loan, secured by a deed of trust with a five (5) year affordability period. An applicant and/or property must meet the following minimum criteria:

- Household income cannot exceed 120% of the area median income for Harris County;
- Applicant must be able to secure a first mortgage from a financial/mortgage institution if additional funding is needed;
- Applicant must complete and submit all documentation required by HUD, GLO, and CSD;
- The property must be located within Harris County, Texas and cannot be located within the city limits of Houston.
- Assisted home must be the principal residence of the applicant

**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** – Harris County Elevation Standard, as indicated in the chart below, meet/or exceed the FEMA standard 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.

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 Housing Opportunities for Persons With AIDS (HOPWA) Program at the time of his or her death.

Federal Register (FR) – A daily publication of the US federal government that issues proposed and final administrative regulations of federal agencies.

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 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. No new home construction will occur in the “100-year floodplain”
• “500-year floodplain” — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.
• No new home construction will take place in a Floodway

Forgivable Promissory Note – Is an agreement between the assisted beneficiary and Harris County that requires applicants to comply for several terms during a set affordability period. At the end of the affordability period the terms are forgiven after they are met by the homeowner.

Green Building Standards – All rehabilitation (meets the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes or Multifamily High-Rise), (2) Enterprise Green Communities, (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC– 700 National Green Building Standard.

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 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 135.32.³

Housing Quality Standards (HQS) – The HQS establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes and multifamily housing as outlined in 24 CFR 982.401.

Housing Unit – a house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

In-Fill Development - In-fill is new development or redevelopment of vacant or underutilized land within existing developed areas.

Low Mod Households – Households who meet the income requirements of a Low- and Moderate-Income person. A Low- and Moderate-Income person is defined as a member of household having income less than 80 percent of the median family income as determined by HUD Community Planning Division (CPD) on an annual basis for the Houston-Baytown-Sugar Land, Texas HUD Metro area. In general, funds administered by Harris County are to be used for services to low-income persons, as defined by the U.S. Department of Housing and Urban Development (HUD) on an annual basis. Low-income is defined as earning less than 80 percent of the median family income (MFI), based on total household size. Household income must not
exceed the low-income limit (80 percent of area median income) for the area for LMI households and 120- percent for Urgent Need households.

**2018 Harris County Median Family Income (MFI) Limits**
Income Levels & Household Size

<table>
<thead>
<tr>
<th><strong>INCOME LEVELS</strong></th>
<th><strong>HOUSEHOLD SIZE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Extremely Low Income</strong></td>
<td></td>
</tr>
<tr>
<td>(Limited based on 0-30% of area medium income)</td>
<td>15,750</td>
</tr>
<tr>
<td><strong>Very Low Income</strong></td>
<td></td>
</tr>
<tr>
<td>(Limited based on 31-50% of area medium income)</td>
<td>26,250</td>
</tr>
<tr>
<td><strong>Low Income</strong></td>
<td></td>
</tr>
<tr>
<td>(Limited based on 51-80% of area medium income)</td>
<td>41,950</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Housing and Urban Development, effective June 1 2018. (Conforms to HOME Rents)

**Low Mod Income** - A Low- and Moderate-Income Household is defined as a household having income less than 80 percent of the median family income as determined by HUD for Harris County. A target 70% of CDBG Disaster funds allocated to the State of Texas must benefit low and moderate-income households.

**Low Mod Income Area** - A Low Mod Income Area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.

**(Low Mod) Infill LMI** - Infill is the rededication of land in an urban environment, usually open space, to new construction. A minimum of 51 percent of the infill units must be restricted for low- and moderate income (LMI) individuals.

**(Low Mod) Site Based LMI** - A minimum of 51 percent of the site-based units must be restricted for low- and moderate income (LMI) individuals.

**Low to Moderate Housing (LMH) National Objective** – 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 GLO’s Adjusted Gross Income Methodology. The most current income limits, published annually by HUD, shall be used by the subrecipient or the state to verify the income eligibility of each household applying for assistance at the time assistance is provided.

**Low to Moderate Income National Objective** – Activities which benefit persons of income that does not exceed 80 percent of the area median income:
• 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; and

• 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.

**Market Study** - A forecast of the demand for a real estate project in the future which includes an estimate of the square footage that could be absorbed and the rents or resale that could be charged for targeted audiences.

**Modular Home** – A modular home is constructed of pre-made parts and unit modules that are assembled together on site. The term modular home describes the construction method, or the process of how the structure was built.

**Minimum Property Standards** – The Minimum Property Standards (MPS) establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes, multi-family housing, and health care type facilities as outlined in HUD’s 1994 Edition Handbook (4910.1). Harris County Minimum Property Standards are contained within the Affordable Housing Standards Document.

**Mitigation** – Improvements made to reduce the possibility of property damage, personal and commercial hardship, as well as long lasting monetary burdens. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of housing in high-risk floodplains are two visible and effective mitigation projects that can be taken to make residents and communities safer in the face of natural disasters.

**Multifamily Rental** – Eight or more rental units in the property. (The single family new construction program will not be focused on multifamily rentals but may be part of a development that consists of both multifamily rental development and single family new construction)

**Needs Assessment** – An assessment that determines the type of housing programs that will be offered equitably and based upon an objective assessment of unmet needs in the affected community’s population. Harris County’s Needs Assessment can be found on the Harris County Community Services Department’s website

https://csd.harriscountytx.gov/Pages/DisasterRecovery.aspx

**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.

**Participating Mortgage Lender** – Participating Mortgage lender is a lender utilized by a program participant for the SFNCP.

**Program Design** – The selection and development of programs and activities based on a needs assessment. The Program Design must include the type of housing activities that will be offered by the subrecipient or the state; how the program will be marketed; how Fair Housing Objectives will be achieved, and how funding will be prioritized as determined through a needs assessment.
Program Income – Net income derived from the sale of program assets that currently exceeds $35,000 in the aggregate, in a single fiscal year, and directly generated from the use of housing CDBG-DR funds.

Reasonable Accommodation - under the Fair Housing Act, a reasonable accommodation is a change, exception, or adjustment to a rule, policy, practice, or service.

Reasonable Modification - under the Fair Housing Act, reasonable modification is a structural change made to existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises.

Single Family Home – Single Family refers to one- to four-unit dwellings.

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.

Supportive Housing – A model that combines low-barrier affordable housing, health care, and supportive services to help individuals and families (particularly those at are homeless) lead more stable lives and live as independently as possible. In Harris County, clients are referred to supportive housing units through the Coordinated Access System maintained by the Coalition of the Homeless of Houston/Harris County or through a county recognized comparable referral system (such as a domestic violence referral system).

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. Auxiliary Dwelling Unit - is a second dwelling unit created on a lot with a house, attached house or manufactured home. The second unit is created auxiliary to, and is smaller than, the main dwelling. Known in the building industry as ADUs (accessory dwelling units).
3. Purpose and Program Scope

The primary objectives of the Harris County Single Family New Construction Program (SFNCP) are:

- To disburse a portion of the Harris County CDBG-DR1 (P.L. 115-56) grant funds to provide affordable housing opportunities to Low and Moderate Income (LMI) families
- To replace the housing stock damaged or destroyed in the affected areas
- To increase the number of affordable housing units in the County
- To increase the quality of affordable housing units in the County

3.1. Program Design

3.1.1. Development Models

Harris County shall implement the SFNCP under several models to ensure the necessary flexibility required to deliver the maximum number of units within the funding timeframe. These eligible development models include but are not limited to the following:

3.1.1.1. Model 1

Step 1: Harris County acquires land

Step 2: Harris County will procure an A&E firm(s) and a construction contractor(s) to design and develop the land’s infrastructure

Step 3: Harris County will procure a Construction Firm(s) to build homes

Step 4: Home Builder(s) procured by Harris County will build, market and sell the homes

3.1.1.2. Model 2

Step 1: Harris County acquires land

Step 2: Developer(s) procured by Harris County will:
   a. Design and develop the infrastructure
   b. Build the homes
   c. Market and sell the homes

3.1.1.3. Model 3:

Step 1: Harris County acquires land

Step 2: Harris County will procure an A&E firm(s) and construction contractor(s) to design and develop the land’s infrastructure.

Step 3: Harris County will procure a Construction Firm(s) to build homes

Step 4: Harris County will market and sell the homes

3.1.1.4. Model 4:

Step 1: Harris County procure a Developer(s)

Step 2: Developer(s) procured by Harris County will:
   a. Acquire land
   b. Design and develop the infrastructure
   c. Build the homes
   d. Market and sell the homes

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1 Harris County CDBG-DR funds are received through an allocation made by the Texas General Land Office in the State Plan for Harvey Recovery as approved by the U.S. Department of Housing and Urban Development
3.1.1.5. Model 5:

**Step 1** Harris County develops Partnerships with other entities such as (but not limited to):

- a. Public Housing Authorities
- b. Units of Local Governments
- c. Non-Profits Organizations

**Step 2** Partnership(s) acquires land or provides land (already owned by Partner)

**Step 3** Partnership either procures a Developer or acts as a Developer

**Step 4** Developer will:

- a. Design and develop the infrastructure
- b. Build the homes
- c. Market and sell the homes

3.1.1.6. Model 6:

**Step 1** Builder(s) leverage existing housing product

- a. Units must be able to pass HQS, Site and Neighborhood Standards and Property Standards

**Step 2** Builder(s) to provide build to specification homes

3.2. Assistance to be Allowed for Builders/and or Developers

The maximum amount to be awarded per development is $25 million (Harris County may request a waiver to exceed on a case by case basis). Assistance to be contemplated on a project by project basis.

3.2.1. Development Assistance

Development assistance will depend on the Development Model being utilized for a specific project and if there is a need for GAP Financing. Some potential assistance may include the following:

3.2.1.1. Type of Assistance:

3.2.1.1.1. Loans

Loans (forgivable or repayable) are not fully amortized. Instead, some or even all of the principal and interest payments are deferred to some point in the future. If forgivable, the forgiveness might be structured to occur at one point in time such as at the end of the affordability period (may apply to both HOME and CDBG funds) or forgiven incrementally (available under CDBG funding only) over time. If repayable, repayment might be required at the sale or transfer of the property or at the end of a fixed period of time. Deferred payment loans require the property or some other form of collateral to be used as security for repayment. These loans can accrue interest or be non-interest bearing.

- **Interest Bearing Loans** or advances-are amortizing loans. Repayment is expected on a regular basis. Usually monthly, so that over a fixed period of time, all of the principal and interest is repaid. Such loans may have interest rates at or below the prevailing market rate. The property or some other assets are required as collateral. The term of the loan may vary.

- **Non-Interest Bearing Loans** The principal amount of such loans are paid back on a regular basis over time, but no interest is charged. The property or some other assets are used as collateral. The term of the loan may vary.
3.2.1.2. Grants:
Grants are provided with no requirement or expectation of repayment. They are most commonly
used for projects serving special needs populations. The property or some other assets are
required as collateral for security during the applicable affordability period. Non-profit developer
organizations, CHDO/CBDO, and government entities providing special needs housing are
eligible for grant subsidies.

Additional information on funding assistance is provided in the Harris County Affordable Housing
Standard, which are available on the Harris County CSD website at
https://csd.harriscountytx.gov/Pages/HCAffordableHousingStandards.aspx

(Consideration to be given on a project by project basis)

3.2.2. Household Assistance
Household Assistance will depend on what each individual LMI household needs to obtain
Homeownership in the Single Family New Construction Program. Some potential assistance may
include the following:

3.2.2.1. Type of Assistance
3.2.2.1.1. Downpayment Assistance
Qualified applicants may be eligible to receive financial assistance in the form of a deferred
forgivable loan up to $35,000 to be used towards a downpayment on a new home, including
eligible prepaids and/or closing costs. Assistance amount will be limited to the amount
necessary to achieve homeownership. The deferred forgivable loan will be secured by a deed
of trust with a five (5) year affordability period. This assistance may be provided through the
Harris County Disaster Recovery Downpayment Assistance Program (HCDAP)

3.2.2.1.2. Loans
Applicants who may not qualify for a standard mortgage with a lending institution may be able to
qualify for a loan held by Harris County. These loans may include the following types of loans:

- **Interest Bearing Loans** are amortizing loans. Repayment is expected on a regular basis.
  Usually monthly, so that over a fixed period of time, all of the principal and interest is repaid.
  Such loans may have interest rates at or below the prevailing market rate. The property or
  some other assets are required as collateral. The term of the loan may vary.

- **Non-Interest Bearing Loans** are paid back on a regular basis over time, but no interest is charged. The property or
  some other assets are used as collateral. The term of the loan may vary.

- **Deferred-Payment Loans** - A loan arrangement in which the borrower is allowed to
  start making payments at some specified time in the future. The term of the loan may
  vary.

3.2.2.1.3. Buy-Down of Points
Qualified applicant may be eligible to receive assistance in the form of mortgage buy-down points.
Harris County may buy-down mortgage points, reducing an applicant’s mortgage interest rate,
which in turn reduces the monthly mortgage payment.

3.2.2.1.4. Credit Counseling
Applicants who may not qualify for a mortgage due to low credit scores may be assisted through a
credit counseling program provide through Harris County.
3.3. Program Targets
Based on the total amount of $120,000,000 allocated to the Single Family New Construction Program, Harris County has identified the following targets:

- 475 New Construction units
- 475 Households

3.4. Proposed Schedule
Harris County is seeking the following schedule for the SFNCP:

- Land acquisition and procurement activity to begin 1Q 2019
- Program completion proposed December 2023

3.5. Property Acquisition
Harris County will purchase the land for the SFNCP adhering to the following guidelines:

- Properties must be located within Harris County and outside the city limits of Houston except that in certain cases where the City and County partner on projects that provide housing and/or where the City may de-annex land at the request of the County.
- Harris County will pursue a balanced approach in investing in both high opportunity areas as well as improving affordable housing stock in revitalization areas that may be located near Hurricane buyout interest areas as a means of improving and preserving community stability and cohesion.
- All properties acquired shall be appraised in conformity with the appraisal requirements of the Uniform Relocation Act (URA) at 49 CFR 24.103 by a State of Texas Licensed Appraiser prior to finalizing an offer to purchase the property.
- Prior to property acquisition Harris County will perform an Environmental Review for compliance with 24 CFR 58.15.
- Property acquired must have a survey which may be provided through Harris County.
- Seller shall sign and acknowledge a Voluntary Acquisition Form

3.5.1. Site Selection Criteria
Site selection will be a major element in the Single Family New Construction Program. The SFNCP site selection criteria to be considered include but are not limited size, location, proximity to services and development feasibility.

3.5.2. Size - Lot and Land Area Requirements
- A typical lot size will be 4000 – 5000 square feet
  - An estimate of the total land requirements includes additional land area for streets, utility sites, drainage channels, detention ponds, amenities and other features including potential need for off-site easements or rights-of-way
  - Gross land area requirements that include both lots and land for common-use areas produce a lot yield in the range of 4 lots per acre
  - Projecting that land area requirement across the 475 homes in this program would result in a total acquisition of 119 acres
- Anticipate a minimum site acquisition size of 5 acres and a maximum site acquisition size of 50 acres.
  - Expect to identify, qualify and purchase between three and approximately twenty sites.
3.5.3. Location
- The Single Family New Construction Program will primarily be oriented to the production of one-home-per-lot single-family housing in residential settings
- Harris County expects to build at multiple locations
  - Focus on building homes with geographic proximity to multiple areas where affordable housing stock will be removed through the Harris County Buyout Program.
  - High opportunity areas will be targeted
  - Infill development will be contemplated
- Eliminate site and neighborhood area strictly excluded in HUD and Harris County Affordable Housing standards (examples; 100 year flood plain, minimum distances to incompatible land uses such as airports, junkyards and solid waste facilities…)

3.5.4. Proximity to Services
For the LMI Household, proximity to services criteria may include:
- Public Transportation
- Employment Opportunities
- Neighborhood Amenities and services
- Proximity to Schools and Daycares
  - School districts with large number of buyout sites
- Healthcare Facilities

3.5.5. Affordability
Sites selected must allow for affordability for LMI Households. Affordability is defined as a household paying no more than 30% (Harris County will make every effort to meet this requirement, but affordability will be contemplated on a case by case basis) of their income towards their housing costs. Housing Costs for Homeowners include:
- Sum of Principal and Interest on the Mortgage loan
  - Home Price
    - Cost of land
    - Size of home
    - Type of home
- Mortgage Insurance
- Utility Costs
- Property Taxes (including MUD fees)
- Hazard Insurance
  - Example: Flood Insurance
- Any common charges including:
  - HOA fees
  - Maintenance fees
  - Utility fees

3.6. Displacement
The permanent displacement of homeowners, tenants, businesses, non-profit corporations or farms is discouraged. If permanent displacement is necessary, Harris County and its subrecipients, owners or developers must comply with federal regulations found at 24 CFR
Part 42, Displacement Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs as amended as well as 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) for Federal and Federally-Assisted Programs as amended

3.6.1. Relocation

Relocation Process must comply with the following:

- Harris County will follow the requirements of the Uniform Relocation Act (URA) or when HOME and/or CDBG funds are included, may follow Section 104 (d) of the 1974 Community Development Act, as amended. These requirements provide for uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.
- In the case of temporary and voluntary displacement, Harris County will inform affected parties of the relocation services available. Commonly the information is distributed by flyer or letter to homeowners, tenants, or business owners who would be displaced.
- If permanent displacement is necessary, homeowners, tenants, businesses, farms, or non-profits that occupy the site of the CDBG-assisted project will be identified through tax records and/or visual inspection and informed by certified letter.
- Harris County will serve as liaison between program participant, contractor, landlords, movers, etc. to ensure a problem free transition. Harris County will identify and accommodate the displaced household or business when possible as to their need or preference for a particular unit size and location. These will be determined in the in-take process for relocation services.
- Harris County will submit necessary documentation to secure relocation payments.
- A Relocation evaluation form may be forwarded to relocation participants to evaluate the success of the relocation.
- If complaints arise, Harris County program administrators and the relocation participant will enter into informal complaint resolution.
- Harris County will document relocation services and maintain files on each relocation participant.
4. Program Eligibility Overview

4.1. Activity
Eligible activities include those permissible under Section 105(a) of the Act (Title I of the Housing and Community Development Act of 1974) and the federal regulations at 24 C.F.R. Part 570 which govern the repair, rehabilitation, reconstruction, or new construction (including acquisition, demolition, site clearance, and remediation) under the Single Family New Construction Program. CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

4.2. Criteria

4.2.1. Partner Criteria
Eligible development partners acting individually or as a participant in a corporation, limited partnership (LP) or limited liability corporation (LLC) may include the following:
- For-Profit Developers/Borrowers
- Public Housing Authorities
- Units of Local Governments
- Not-For-Profit Developers/Borrowers

4.2.2. Property Criteria
To qualify for SFNCP a Property must meet the following minimum criteria:
- Development must meet CDBG-DR eligibility requirements.
- Development must be located within Harris County and outside the city limits of Houston except that in certain cases where the City and County partner on projects that provide housing and/or where the City may de-annex land at the request of the County.
- Development must have no substantial adverse environmental factors as determined by an environmental review.
- A minimum of 51 percent of the units must be restricted for ten (10) or more years of an affordability period for low- and moderate-income (LMI) individuals/households earning 80 percent or less of the Area Median Family Income (AMFI) at affordable rents.
- The sales price for each single-family residence will not exceed the HOME Max Purchase Price for LMI homebuyers and the Housing Trust Fund (HTF) Homeownership Value Limits for LMI homebuyers;
- Property Types include but not limited to:
  - Single-family development (refers to one- to four-unit dwellings)
  - In-fill development (refers to new development or redevelopment of vacant or underutilized land within existing developed areas)

4.2.3. Suitable Locations
Development must otherwise be in suitable locations for marketing and resale of homes to income-qualified homebuyers as determined by market studies. Positive factors can be inclusive of, but not limited to the following:
- Low crime rates
- Well-rated neighborhood schools
- Substantial percentage of homeowners in the immediate vicinity
- Recent sales to owner-occupants as determined by market studies.
5. Procurement of Services

When procuring goods and services with the CDBG-DR grant funds, Harris County will ensure that they are following all program procurement statutory and regulatory requirements including those found in 24 CFR Part 570.489(g) and 2 CFR 200.318 – 200.326. Harris County’s procurement will establish the application process and acceptance period, threshold and evaluation criteria (including applicable building codes), selection criteria, and the award process. Each development model being utilized by Harris County may have a separate application process. Harris County will incorporate GLO’s Procurement Checklist as part of its review of solicitations and contracts.

5.1. Partner Procurement Process Overview

Below is a summary of the procurement process for the Harris County Single Family New Construction program:

1. Procurement method determined
2. Application and procedure identified and advertised on Harris County website
3. Market and outreach to development, construction and housing professionals
4. Applications submitted by interested development groups
5. Preliminary application screening for threshold eligibility and completeness
6. Evaluation of the full applications
7. Approval of partner applications
8. Appeals as needed

5.2. Partner Advisory Services

A team of advisors from Harris County including staff from Harris County CSD, Harris County Attorney’s Office, and Harris County Engineering Department will assist approved partner applicants with the following activities:

- Review of final budgets
- Contract development
- Contract monitoring
- Prepare security / legal documents
- GLO workbook assistance

6. Program Design and Implementation

6.1. Partners

Harris County will consider partnering with eligible development groups acting individually or as a participant in a limited partnership (LP), corporation, or limited liability corporation (LLC) including but not limited to the following:

- For-Profit Developers/Borrowers
- Public Housing Authorities
- Units of Local Governments
- Not-For-Profit Developers/Borrowers

6.1.1. Partner Requirements

For the SFNCP to be successful, it is important to have strong partners. All partner organizations/firms should have their representatives or employees understand that
noncompliance actions such as offering bribes, requesting special treatment, or subverting the program processes is strictly prohibited under the regulations governing the SFNCP. The County requires that all partners comply with these regulations. Non-compliance may result in suspension or debarment from program participation for the individual or the firm they represent depending on the severity of the infraction.

Identity of Interest refers to situations where the owner, developer, or project sponsor control or own the services to be provided in a project, including but not limited to the general contractor, subcontractor, property manager, other service provider or partner organizations. A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the owner or developer must be:

- Declared in the application for funding submitted to the Harris County,
- Disclosed at completion of the project.
- Failure to declare Identify of Interest situations may deem a project ineligible.
- A cost certification shall also be required when such transactions are proposed to ensure that services are provided at a reasonable market cost.

Harris County reserves the right to adjust developer profit and/or the amount of funds provided to a project when an Identify of Interest situation exists.

Additional information can be found in the Harris County Affordable Housing Standards at https://csd.harriscountytx.gov/Pages/HCAffordableHousingStandards.aspx

Federal procurement code 2 CFR 200 supercircular requirements shall apply to designated construction contract procurement form (e.g., Related Party interests).

6.2. Environmental Review (ERR) (24 CFR Part 58)

The Community Development Block Grant – Disaster Recovery program requires that the environmental effects of each activity carried out with CDBG-DR funds be assessed in accordance with the provisions of HUD’s regulations covering National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD’s implementing regulations at 24 CFR Parts 50 and 58. Activities are limited pending clearance of the environmental review.

All actions that utilize federal financial assistance must undergo an environmental review. The environmental review is meant to be a proactive step for protecting the environment and its inhabitants. It considers both the effects the proposal could create that change its environment and the effects imposed by the environment upon the proposal and its accomplishments.

A complete and clear project description should provide location specific information and geographic boundaries, as well as a delineation of all activities included in the overall scope of the project. The level of review varies depending on the type of activities a proposed project will involve as well as other factors, such as but not limited to environmental concerns or location within a flood plain.

Design and construction documents shall incorporate work necessary to mitigate environmental concerns identified in the environmental review and assessments unless these concerns are addressed prior to construction start and are outside the limits of the construction documents. These should be documented in writing to HCCSD prior to construction. Mitigation methods shall be in accordance with a plan prepared in conformance with applicable Federal, State, and local laws and regulations and accepted by HCCSD.
Due to the importance of the environmental review to CDBG-DR-assisted programs, the following is designed to help those obtaining information for and, performing environmental reviews to understand the relevant legislation and regulations as well as provide helpful hints to ensure the accuracy and promptness of an environmental review.

**6.2.1. Environmental Reviews must be completed before:**

- Any commitment of CDBG-DR funds. This includes the expenditure of CDBG-DR funds for activities exempt from further review, such as administrative activities.
- Any commitment of non-Federal funds that would have an adverse environmental impact or limit the choice of alternatives for a CDBG-DR-funded project.
- Any choice limiting actions are taken pending approval of the Environmental review by the Applicant/Developer or any representative thereof, CSD, GLO, and by HUD. A choice limiting action is any action that will reduce or eliminate the opportunity to choose alternatives – i.e. acquisition of real property; leasing property; rehabilitation, repair, demolition, construction of buildings or structures; relocating buildings or structures, conversion of land or buildings/structures.

**6.3. Agreement Requirements**

Dependent on the development model utilized for acquisition, construction and rehabilitation projects, Harris County may require the execution and recordation of a Regulatory Agreement, Deed of Trust, Subordination Agreement, Funding Agreement and Intercreditor Agreement prepared by the County Attorney to secure the obligations of all selected awardees. If required:

- The Regulatory Agreement will be prepared to ensure the affordability of the project while the Deed of Trust, and Intercreditor, Subordination, and Funding Agreements are utilized to secure performance and recognize all creditors and their positions.
- Such documents shall be executed near or at the time of commitment of funds under a binding agreement and must be in place prior to any disbursement of grant funds.
- In all cases, CSD policy requires that all liens and Deeds of Trust be subordinated to the Harris County Regulatory Agreement.

**6.4. Homebuyer Subsidies**

Harris County may provide subsidies to eligible homebuyers who may not otherwise qualify for a home loan. Subsidies being considered include, but are not limited to, the following:

- Downpayment / Equity Assistance
- Buydown of points to improve affordability
- Credit Clean-up / Credit Counseling

**6.5. Duplication of Benefits**

Federal law prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source. A duplication of benefits (DOB) occurs when:

- A beneficiary receives assistance, and
- The assistance is from multiple sources, and
- The assistance amount exceeds the need for a particular recovery purpose.
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). The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB):

- FEMA Individual Assistance (IA)
- FEMA National Flood Insurance Program (NFIP)
- Private Insurance,
- Small Business Administration (SBA)
- 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. 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.

6.6. Harris County Affordable Housing Standards

Harris County has adopted Affordable Housing Standards, which describe the housing policy that establish the minimum standard for the use of HOME Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) funds, including funding for Disaster Recovery, in the creation of affordable multi-family and single family housing developments for eligible residents of Harris County. The overall goal to these guidelines and standards is to ensure the development of quality affordable housing and achieve compliance with applicable Federal, State, and local laws, regulations, and policy objectives. Harris County, in order to ensure compliance with federal guidelines, has created the Affordable Housing Standards: Project Standards, Design Criteria and Underwriting Guidelines (“Affordable Housing Standards”) to address neighborhood compatibility, site design, rental rates, compliance period, site and neighborhood standards, as well as local and state development standards, including but not limited to unit specification, public notice, Green Building requirements, and building code requirements.

The Standards have been designed to include and expand on the requirements of the U.S. Department of Housing and Urban Development’s (HUD) Section 8 Housing Quality Standards (HQS) and meet the requirement to establish minimum property standards under the HOME Investment Partnerships Program. The standards apply to any housing projects that receive funding through the HOME Program, the Community Development Block Grant Program, or other CSD funds made available for the purpose of acquiring, rehabilitating or constructing housing. Harris County shall include funds in the overall project budget to cover the cost for inspection of the project construction. Inspections will be performed by County staff to ensure compliance with federal, state, and local regulations as well as to ensure perform measures as detailed in the contract between Harris County and the partner. The total cost shall be up to 5% of the project budget. This amount will be included in the maximum calculation and, if match is required, in the required match provided by the partner.

Many of the requirements and standards of this document exceed the requirements of the HUD Section 8 HQS.
6.6.1. **Harris County Minimum Property Standard Compliance**

The Harris County Minimum Property Standards for single family new construction require compliance with:

- All applicable codes
- Other Governing entities such as a Homeowner’s Association, Local and Federal regulations pertaining to the particular zoning, traffic, drainage, floodplains and fire must also be observed.
- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program. Single family units to be constructed will be made accessible as needed upon request of a prospective buyer if the nature of the disability of an expected occupant so requires in accordance with the Section 504 requirements of C.F.R. §8.29.

Additional information on minimum property standards is provided in the Harris County Affordable Housing Standard, which are available at the Harris County CSD website at [https://csd.harriscountytx.gov/Pages/HCAffordableHousingStandards.aspx](https://csd.harriscountytx.gov/Pages/HCAffordableHousingStandards.aspx).

6.7. **Affirmative Marketing/Fair Housing**

Harris County CSD shall ensure that no person shall on the ground of race, color, national origin, religion, sex, sexual orientation, age, familial status, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to the CDBG Disaster Recovery Program. CSD will take additional measures to affirmatively market the CDBG Disaster Recovery Program, as follows:

- When necessary, CSD will 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), provide sign language assistance when requested, and provide special assistance for those who are visually impaired when requested.
- CSD will provide reasonable accommodations as needed to make the program accessible to people with disabilities.
- CSD will retain documentation of all marketing measures used, including copies of all advertisements and announcements that will be available for public viewing upon request.
- CSD will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.

CSD will engage community members in areas throughout Harris County as well as those in potentially impacted areas, adjacent communities to gather stakeholder input, disseminate important program information, and to answer questions. See Community Outreach and Communication Plan for further details.

SFNCP information will be readily available and maintained on the Harris County Recovery website, [http://harrisrecovery.org/](http://harrisrecovery.org/).
Program information in the form of brochures will be available at public engagement, and community outreach events coordinated and staffed by the CSD. Annually all marketing material will be reviewed and updated as needed. All information will be published in common languages predominantly used in the service area and target communities and will comply with the CSD Limited English Proficiency (LEP) policy.

In addition to marketing through widely available media outlets, CSD will take additional measures to promote the Disaster Recovery Program as follows:

- CSD will advertise with media outlets which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
- Application process for each property will follow Fair Housing Regulations and Requirements.

### 6.8. Section 504
Section 504 of the Rehabilitation Act of 1973, as amended, provides for equal opportunity to enter facilities and participate in programs and activities. All projects and programs receiving federal assistance must evaluate the current state of accessibility of their programs and activities to disabled participants and employees.

#### 6.8.1. Section 504 and Affordable Housing
HCCSD requires those requesting federal assistance for affordable housing to comply with all federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program. Single family units to be constructed will be made accessible as needed upon request of a prospective buyer if the nature of the disability of an expected occupant so requires in accordance with the Section 504 requirements of C.F.R. §8.29.

If applicable, the project developer shall, at its sole expense, furnish the necessary inspection personnel to assure itself of compliance with the requirements of Section 504. The developer shall document and report the results of all inspection activities upon request by HCCSD.

If a new construction project has four or more dwelling units (townhomes/condos) and is built for first occupancy after March 13, 1991, it is also subject to the accessibility and adaptability requirements of the Fair Housing Act. Under the Fair Housing Act, if the building has an elevator, generally all of the dwelling units must meet the Fair Housing Act’s design and construction requirements; if there is no elevator, generally all of the ground floor dwelling units must meet the Fair Housing Act’s requirements. A unit that meets the Fair Housing Act’s accessibility requirements will be one that does not have as great a degree of accessibility as a UFAS-complying unit but is one that may be easily adapted to be fully accessible without significant costs and the need to do significant structural modifications. Detached single family houses as well as duplexes and triplexes are not covered by the Act’s design and construction requirements. See 42 U.S.C. §§ 3604(f)(3)€, (f)(7).

### 6.9. Davis Bacon and Related Acts
The Davis-Bacon and Related Acts (DBA), apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding
work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The Davis-Bacon Act prevailing wage provisions apply to the “Related Acts,” under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance. DBA provides a wage floor that protects construction workers’ pay, and sets a level playing field for contractors who are bidding on federally funded projects. Davis Bacon shall apply to the rehabilitation of residential property only if such property contains not less than 8 units. In light of the above, Harris County does not expect that homes constructed under the SFNCP will be subject to Davis-Bacon requirements.

For prime contracts in excess of $100,000, 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 rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts.

6.9.1. **Davis Bacon Requirements**
The principal requirements are:

- HCCSD will provide a copy of the current prevailing wage rate decision during the construction procurement phase.
- HCCSD may only award contracts to eligible contractors and subcontractors who have accepted the wage rate decision and have signed a certification to pay wages on that basis, and who will comply with other labor standards.
- Contractors must pay laborers the wage rate determined by the Department of Labor (DOL) to be the prevailing rate in that labor market.
- Contractors must submit weekly payrolls.
- HCCSD is required to report all suspected, reported or confirmed violations to HUD which may investigate these alleged violations.

6.10. **Section 3**
Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 3 contracting requirements are triggered by the receipt of HUD funds exceeding certain thresholds. Section 3 is triggered when:

1. The amount of the grant assistance to a recipient exceeds $200,000; and
2. The amount of an individual contract or subcontract exceeds $100,000.

As indicated above, contractors or subcontractors that receive contracts in excess of $100,000 for Section 3 covered projects/activities are required to comply with the Section 3 regulations in the same manner as direct recipients.
6.10.1. **HUD Section 3 / Minority and Women Business Enterprise (MWBE) Compliance Requirements**

The Section 3 program requires that recipients of certain HUD financial assistance provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

Federal regulations also require that recipients should make every effort to use local business firms and contract with small, minority-owned and/or women-owned businesses in the procurement process. Specifically, recipients must take affirmative steps to use small firms, minority-owned firms, women-owned firms, or labor surplus area firms in CDBG-financed activities (2 CFR 200.321).

When Section 3 opportunities are generated, Harris County and its recipients and contractors shall make the effort to award contracts, to the greatest extent feasible, to Section 3 Business Concerns as follows:

- **Building Trades Contracts (construction):** At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts (see definition for “covered contracts” in Definitions) over $100,000 for building trades work arising in connection with HUD-funded rehabilitation and new construction projects.

- **Other Contracts (non-construction):** At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts – that is, contracts for any work other than building trade work. This might include, for example, landscaping or professional services contracts such as architectural, engineering, environmental, or legal services related to building rehabilitation or new construction projects.

When new contracting opportunities are available, and all requirements are met and remain equal, Harris County, recipients, and contractors shall direct their efforts to award Section 3 covered contracts, to the greatest extent feasible, to Section 3 business concerns in the following order of priority:

- **Category 1 Businesses:** Section 3 business concerns that provide economic opportunities for Section 3 residents in the service area(s) or neighborhood(s) in which the Section 3 covered project is located;

- **Category 2 Businesses:** Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs;

- **Category 3 Businesses:** Other section 3 business concerns.

If a recipient or contractor is unable to meet the Section 3 hiring or contracting goals, it must propose Other Economic Opportunities as a means for demonstrating that it has met the Section 3 requirements “to the greatest extent feasible.” Other Economic Opportunities are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents. For example, other economic opportunities could include training or mentorship programs, use of “upward mobility” or “bridge” positions to fill vacancies, or paid internship programs. A recipient or contractor may provide one or more of the following "Other Economic Opportunities" under this subsection, including, but not limited to:

1. Scholarships
2. Sponsoring enrollment into training or apprenticeship programs
3. Providing training programs
4. Providing mentorship programs
5. Providing paid internships
6. Providing Section 3 Business Concerns with tools to enable them to successfully compete for contract opportunities, such as bonding and insurance assistance
7. Or a combination of Other Economic Opportunities

A recipient or contractor must submit to Harris County a detailed written narrative, which describes the proposed "Other Economic Opportunities" and receive an approval prior to implementation. Any proposed Other Economic Opportunities are subject to verification by Harris County. Contractors interested in providing Other Economic Opportunities to comply with Section 3 requirements are encouraged to review 24 CFR 135.40 for more detail.

7. Homebuyer Eligibility

7.1. Homebuyer Eligibility Overview
To qualify for SFNCP, a homebuyer must meet the following minimum criteria:
- Household income cannot exceed 120% of the area median income for Harris County;
  - Exception: Homebuyers exceeding the 120% can be eligible for Market Rate Homes if available in SFNCP Developments
- Applicant may need to secure a first mortgage from a financial/mortgage institution if additional funding is needed;
  - Homebuyers that are not able to secure a first mortgage on their own may be eligible for Homebuyer subsidies if available. (See Homebuyer Subsidies section of these Guidelines)
  - Individuals assisted through the SFNCP may be assisted without utilizing a lender
- Applicant must complete and submit all documentation required by HUD, GLO, and CSD;
- Applicants must attend a homebuyer course provided by HUD approved housing counseling organization
- Assisted home must be the principal residence of the applicant

7.2. Preliminary Homebuyer Applicant Screening
Harris County SFNCP will pre-screen applicants in the following manner:
- Collect interested applicants from:
  - Call center
  - On-site Sales Office if available
  - Buyout program
- Review applicant’s basic eligibility

7.3. Homebuyer Applicant Process Overview
Below is a summary of the application process for the SFNCP:
1. Pre-Application Advisory Services
   a. For interested applicants that contact CSD for assistance, CSD will provide the interested applicant with an overview of the program as well as a list of participating lenders that can be utilized for the SFNCP. Additional lenders may be utilized for the SFNCP after completing the required lender training.

2. Application Submission
   a. Lender submits completed application packet on behalf of the applicant that includes a prequalification letter.
      i. Used to collect required information, certifications, authorizations, and supporting documentation/verifications used to determine program eligibility
   b. If applicant is unable to secure a first mortgage, the applicant will submit the completed application

3. Applicant Evaluation & Eligibility Determination
   a. Verification and calculation of household income, review citizenship status, current child support payments, determine property location/eligibility, etc.
   b. Complete program documents with case manager

4. SFNCP Program Briefing
   a. Briefing session will be conducted to inform eligible applicants of their requirements to purchase a SFNCP home and/or (if applicable) to receive subsidies through the program

5. Environmental Review—an environmental review checklist is completed on the home to be purchased.

6. Final Determination of Subsidy (if applicable)
   a. CSD staff reviews mortgage lender packet once applicant’s mortgage loan is approved by Lender
   b. CSD staff to calculate the total amount of subsidy to be awarded to the participant that will be listed in the final award letter sent to the lender
   c. CSD prepares SFNCP agreement, to be executed at closing, that includes the final award amount and all notes and stipulations regarding the affordability period

7. Compliance & Monitoring
   a. Annually, homebuyer must confirm residency and occupancy of the home as their primary residence, and the continuation of hazard, flood, and windstorm insurance as applicable.

8. Single Family Housing Project Management

8.1. Development Partner Responsibility
Developers partnering with Harris County in the SFNCP must have the ability to manage and coordinate the types of activities required in the development of single family housing. The Developer responsibility will include but not be limited to the following:
- Preparing plans and specifications (or work write-ups) that conform to program construction standards
  - Permits, fees, mobilization, site utilities, site security, builder’s risk insurance, homebuyer warranty, etc.
  - Site Plans, fencing, landscaping or other site improvements being provided
- Estimating construction costs
Cost estimates for construction of new structures based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently-built or renovated structures.

Managing contract awards and construction process
- Developer is responsible for monitoring the quality, completeness and conformity to specifications of all work performed by third party contractors and if Developer is also the general contractor, all work performed by Developer’s personnel or subcontractors.
- Developer assumes all risks of cost overruns in excess of the construction and contingency budget line item in the previously approved Project Budget, unless Harris County approves a revised Project Budget.

8.2. Harris County Responsibility
Harris County is responsible for, but not limited to the following:

8.2.1. General Construction Tasks
- Approval of project
- Providing and interpreting Construction Standards
- Approving plans, specifications and estimates for projects
- Monitoring the work
- Approving draw requests
- Inspections

8.2.2. Payment Processing
- Follow procedures set by GLO including but not limited to:
  - Prepare and submit each draw
- Release progress payments to developer
- Adherence to 2 CFR 200 Procurement Code

8.2.3. Inspections
- Construction Progress Inspection throughout the project
- Minimum Property Standards Closeout Inspection
- TDLR and FHA Inspections
- HQS Inspection (on affordable units only)
- GLO Inspections

8.2.4. Closing
Closing process documentation will include but not be limited to the following prior to, during, and after the closing of the purchased property:
- Retainage draw
- Certification of Occupancy
- Other required documents
- Finalize application files
- Release of lien at the end of the affordability period
8.2.5 Beneficiary Monitoring
- Long-term affordability monitoring
- Set up beneficiary in CaseWorthy
- Set up beneficiary in TIGR (GLO System)

9. Records Management
To ensure accurate record keeping and reporting as one of the responsibilities included in the CDBG-DR agreement with HUD, Harris County has developed a records management plan for all “Project Recovery Programs” including the SFNCP.

9.1. Record Retention Period
Harris County Project Recovery Programs will abide by the State of Texas Record Retention Policy since it is currently the most restrictive of local, federal and state regulations:
- Seven (7) Years past the close out of the Grant
  - Records required by General Land Office
    - https://www.tsl.texas.gov/slrm/state/schedules.html (administers CDBG funding for Texas). Texas Administration Code Title 13 Chapter 6
    - Effective September 1, 2015

10. Confidentiality Policy
The Harris County Community Services Department (HCCSD) confidentiality policy covers employees, agents, consultants, officers, or elected officials or appointed officials of the Harris County Project Recovery Programs (HCPR), and any designated public agencies, or of subrecipients that are receiving funds under this CDBG-DR Grant who exercise or have exercised any functions or responsibilities with respect to HCPR activities.

In order to protect the confidentiality and privacy of those seeking services and to hold confidential all personally identifying or individual information, communications, observations, and information made by, between, or about service participants, including the identity of service participants, Harris County Community Services Department (HCCSD) and all agents, employees, consultants and volunteers are charged with maintaining the confidentiality of service participants as outlined in HCCSD policies and in federal and state law.

10.1. Protection of Confidential Information
HCCSD and all agents, employees, consultants and volunteers shall not disclose any personally identifying information (PII) or individual information collected in connection with services requested, utilized or denied through its programs or reveal any individual client information without the informed, written, reasonably time-limited consent of the person about whom information is sought, or as allowed by law.

11. Appeals
11.1. Grievance Policy/Procedure
Harris County is responsible for responding to complaints and appeals in a timely and professional manner. A grievance and appeals procedure will be afforded to applicants to provide a quick and efficient system for resolution of concerns or disputes that applicants may have with the procedures followed and services provided by Harris County. The appeals procedure will include both an
informal and a written grievance process which may include but not be limited to informal hearings, third-party review and director approval. Harris County will keep a record of each complaint or appeal that it receives to include all communications and their resolutions. Complaints alleging violation of fair housing laws will be directed to the U.S. Department of Housing and Urban Development for immediate review (see Grievance and Appeals policy). Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1–800–347–3735 or email: hotline@hudoig.gov). If an applicant disagrees with the county’s decision, he or she can appeal to the Texas GLO.

11.1.1. Complaints
When a complaint or appeal is received, a representative will respond to the complainant or appellant within fifteen (15) business days where practicable. For expediency, the Harris County shall utilize telephone communication as the primary method of contact; however, email and postmarked letters will be used as necessary.

11.1.2. Responsibilities
Harris County will identify staff within their program tasked with handling all applicant and participant inquiries. These staff will be responsible for:

- Determining whether or not complaints and appeals relate to the business or authority of Harris County,
- Ensuring that a response to all complaints and appeals are within the appropriate time frame (a response should be provided within 15 business days of the receipt of the complaint)
- Ushering all complaints and appeals through to a resolution.

Harris County has a Grievance and Appeals policy that addresses handling incoming complaints, including a complaint escalation process in order to ensure that complaints are handled at the earliest stage in the process. Please see the Consolidated Plan on the Harris County Website https://csd.harriscountytx.gov/Documents/Section_2_Citizen_Participation_Plan.pdf

11.1.3. Documentation
Documentation for each complaint or appeal will be maintained. Each file will include the following:

- Contact information for the complainant;
- Initial complaint;
- Address and Harris County assigned project number (if applicable);
- Any communications to and from complainant or appellant;
- Results of the investigation, together with any notes, letters, or other investigative documentation;
- The date the complaint or appeal was closed; and
- Any other action taken.

12. Compliance & Monitoring
CSD will establish a monitoring/oversight program to ensure that SFNCP assistance is being provided to eligible applicants, for eligible properties, and receiving the proper funding/assistance amounts.
12.1. **Project Activities**

Harris County will manage and or monitor the following activities:

- Set-up in GLO system with required documentation
- DBRA (Davis Bacon and Related Acts) Monitoring
- On-going project management monitoring
- Construction management monitoring and site visits, coordination with GLO inspections, and third party ADA inspections, Energy Star inspections
- Progress Inspection
- MWBE / Section 3 reporting

12.2. **Conflict of Interest**

Section 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or “Super Circular” provide that no employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

The CDBG regulations at 24 CFR 570.611 provide that no person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient or subrecipient that are receiving CDBG (1) who exercises or has exercised any functions or responsibilities with respect to activities assisted with CDBG funds; or (2) who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest from a CDBG-assisted activity, or have any 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 (1) year thereafter.

Identity of interest means any relationship (generally based on family ties or financial interests) between (a) the seller and purchase (prospective owner), (b) the owner and/or general contractor and the subcontractor, material supplier or equipment lessor, or (c) the owner and the lender, which could reasonably give rise to a presumption that the parties to the transaction may operate in collusion in establishing the purchase price of the property, the cost of the rehabilitation work, or the terms of the financing. Examples of identity of interest relationships include:

- When the owner or one or more of the officers, directors, stockholders, or partners of a corporation or partnership owning or selling the property has any family tie or is an officer, director, stockholder or partner of the general contractor or lender, or has any financial interest whatsoever in the general contractor or lender.
- When the seller or general contractor advances any funds to the owner (purchaser) or takes stock or any interest in the owner’s (purchaser’s) corporation, partnership, or property as payment.
- When any of the parties is involved with another in an enterprise wholly separate from the proposed CDBG project.

Conflicts of Interest and Identity of Interest must be disclosed during the procurement process involving HCCSD funding.
12.3. **Section 3**
Harris County will adhere to Section 3 requirements and will perform monitoring of to ensure compliance.

12.4. **Closeout**
Harris County CSD will ensure records are complete, that all requirements are adhered to and that the county have performed all monitoring processes. The County will create project and grant closeout checklists that will be maintained with the project file.

12.5. **Anti-Fraud and Compliance Policies**
Harris County will aggressively investigate all allegations of misconduct, fraud, waste or abuse regarding eligibility and the disbursement of award amounts to applicants. Information in both English and Spanish has been posted on the Harris County Recovery website.

12.6. **Contact**
Website: [www.harrisrecovery.org](http://www.harrisrecovery.org)
Email: rebuildharris@csd.hctx.net
Phone Number: 832-927-4961

*The provisions of the guidebook may be amended or exceptions granted from time to time, as determined and approved in writing by the Director of the Harris County Community Services Department, by order of the Harris County Commissioners Court, and/or in accordance with the requirements dictated by the Texas General Land Office, or the U.S. Department of Housing and Urban Development.*