



**HURRICANE HARVEY
DISASTER RECOVERY
REGIONAL HOUSING GUIDELINES**

HGAC-W / Lower Colorado Region

Amendment #1

May 1, 2019

Texas General Land Office

Community Development and Revitalization



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These additions to the Regional Housing Guidelines are meant to clarify existing policy, not add additional monies or policies outside of what is already included in the State of Texas Action Plan and Housing Guidelines.

GLO-CDR Regional Housing Guidelines – Amendment # 1

Section 1 – Summary of Changes

A. Public Services

The State of Texas Action Plan for Hurricane Harvey anticipated that public service type activities may need to be utilized to complement housing programs. As described in the Action Plan, public service activities may include but are not limited to housing counseling, legal counseling, job training, mental health, and general health services.

The Action Plan contemplated that GLO and other State Agencies or nonprofits having experience with homelessness prevention would administer the HAP public services activities consisting of three primary activities with the sole purpose of preventing homelessness in the region following Hurricane Harvey. Further, the public services would be limited only to low- and moderate-income households.

In accordance with the Action Plan, Homeowner Assistance Program (HAP) public service funding will be provided to eligible households approved for assistance by the GLO. In order to receive authorization for eligible activities, GLO must obtain written acknowledgement from a HUD-certified housing counselor certifying the needs associated with any HAP public services.

B. Other Homeowner Assistance Program Services and Activities

Clarifications were made in Amendment #1 to ensure that applicants were aware of specific services and activities intended to facilitate program participation. Specifically, relocation assistance, insurance coverage, and rehabilitation costs for historic properties are clarified in this Amendment.

C. Ownership

Applicant eligibility requirements include proof of homeownership. The applicant must be an individual who owns the property to be repaired, rebuilt, or replaced due to damage from the event.

Texas Government Code section 2306.188 states that an applicant for federally provided financial assistance administered by GLO-CDR to repair or rebuild a home damaged by a natural disaster may establish ownership of the home through nontraditional documentation of title. Texas Government Code requires a process to be established in these instances.

Methods of proving ownership are established in the Regional Guidelines and these requirements are further clarified through this amendment.

Section 2 – Homeowner Assistance Program (HAP) Public Services

A. Homelessness Prevention Overview

The public service activities will consist of three primary activities to achieve the sole purpose of preventing homelessness following Hurricane Harvey. These public service activities will be limited to extremely low-income households (0-30% AMFI).

The statewide allocation for public service activities is \$50,000,000 and is not disseminated further at a regional level. Of this amount, \$40,000,000 must address unmet need in the HUD-identified Most Impacted and Distressed (MID) areas; \$10,000,000 may be used in State-identified MIDs. In order to receive authorization for these services, GLO must receive written acknowledgement from a HUD-certified housing counselor certifying the needs associated with any HAP Public Services.

Eligible Public Service Activities:

1. Short-Term Mortgage Assistance: may assist LMI households with mortgage payments (principal, interest, taxes, and insurance (PITI)) up to a total of \$10,000, and not to exceed 20 months;
2. Utility Assistance: may assist LMI households with immediate utility needs (including electric, gas, water, wastewater and other utility bills/deposits) up to \$1,000;
3. Tenant Based Rental Assistance: Rental assistance for LMI households in need of housing, including security deposit and utility deposit with a maximum of 24 months and utilizing HUD published Fair Market Rents.

B. Homelessness Prevention Assistance

Short-Term Mortgage Assistance

As Homelessness Prevention is the sole purpose of the HAP Public Service Activities, Homeowners must be in immediate risk of losing their home. Homeowners may be eligible to apply for mortgage assistance under HAP Public Services funding if the following conditions are met:

1. Combined household income is at or below 30% AMFI; and
2. Homeowner is current on their mortgage but has no ability to pay during the construction period without receiving this assistance.

Approvals will require homeowner documentation of available funds, including but not limited to paystubs, bank statements, and self-certifications, as well as first lien documentation. In no case will mortgage assistance be greater than \$10,000 and will not extend past 30 days following construction completion.

Applicants for Public Services funding will be required to work with a HUD-approved Housing Counseling Agency to determine/verify the amount of assistance required. Only verified amounts will be forwarded to the GLO for final approval. Approvals will be subject to availability of HAP funds and concurrence from a HUD-approved Housing Counseling Agency.

Utility Assistance

If a homeowner is in immediate risk of having no access to public utilities, including water, wastewater, electricity and/or gas due to an inability to pay for services, homeowner may be eligible to apply for utility assistance under HAP Public Services funding if the following conditions are met:

1. Combined household income is at or below 30% AMFI; and
2. At the time of application, homeowner has received service disconnection notice or public utility has already been disconnected, and Homeowner has no ability to bring the account current and/or pay reconnect fees without receiving assistance.

Approvals will require homeowner documentation of available funds, including but not limited to paystubs, bank statements, and self-certifications, as well as utility bill documentation. In no case will utility assistance be for an amount greater than what is owed at time of application for public service assistance (max \$1,000).

Applicants for Public Services funding will be required to work with a HUD-approved Housing Counseling Agency to determine/verify the amount of assistance required. Only verified amounts will be forwarded to the GLO for final approval. Approvals will be subject to availability of HAP funds and concurrence from a HUD-approved Housing Counseling Agency.

Tenant-Based Rental Assistance

Displaced homeowners, temporarily living in rental units, who are in immediate risk of losing their rental unit may be eligible to apply for rental assistance under HAP Public Services funding if the following conditions are met:

1. Combined household income is at or below 30% AMFI; and
2. At the time of application, displaced homeowner is greater than sixty (60) days delinquent on the rental payment or Homeowner has received notification of imminent eviction and has no ability to pay previous months' rent without receiving assistance.

Approvals will require displaced homeowner documentation of available funds, including but not limited to paystubs, bank statements, and self-certifications, as well as rental payment documentation. In no case will rental assistance be for an amount greater than what is owed at time of application for public service assistance and payments will be based upon HUD-published Fair Market Rents.

Applicants for Public Services funding will be required to work with a HUD-approved Housing Counseling Agency to determine/verify the amount of assistance required. Only verified amounts will be forwarded to the GLO for final approval, and payments will be made directly to the landlord. Approvals will be subject to availability of HAP funds and concurrence from a HUD-approved Housing Counseling Agency.

C. Receipt of HAP Public Services Funds

Receipt of HAP Public Services Funds will not count toward homeowner income for purposes of calculating combined household Adjusted Gross Income (AGI).

Public Services funding will be paid directly to the service provider (landlord, mortgage company, utility company, etc.). The homeowner will not receive funds directly for these purposes.

D. Coordination with HUD-certified Housing Counseling Organizations

Prior to application acceptance period, HUD-certified Housing Counseling Organizations active within the assigned region were invited to open meetings regarding the HAP. Should Housing Counseling Organization(s) seek additional information, Vendor will schedule secondary meetings and/or conference calls with Organization(s) at Organization(s) convenience. Vendor will also include HUD-certified Counseling Organizations on all regional informational emails/mailings and ensure their continued inclusion on a regional email distribution list.

In addition to forming relationships with, and providing information to, the HUD-certified Housing Counseling Organizations providing services in the region, Vendor will refer applicants to specific organizations when required. By forming a partnership with specific organizations, Vendor will be able to provide better oversight and quality control of services offered to applicants.

E. Public Service Referrals

Homeowners in need of public services in addition to the HAP-funded public services (i.e. homelessness prevention), such as housing counseling, legal counseling, job training, mental health and general health services, will be referred to one of the following organizations:

Housing Counseling

MONEY MANAGEMENT INTERNATIONAL - HOUSTON CALL CENTER

14141 Southwest Fwy Ste 1000

Sugar Land, Texas 77478-3494

1-866-232-9080

<http://www.moneymanagement.org>

- Financial Management/Budget Counseling
- Mortgage Delinquency and Default Resolution Counseling
- Non-Delinquency Post Purchase Workshops
- Pre-purchase Counseling

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- Pre-purchase Homebuyer Education Workshops
- Rental Housing Counseling

Legal Counseling

Texas Legal Services Center
2101 S. IH 35 Frontage Road
Austin, TX 78741
512-477-6000
<https://www.tlsc.org>

JUSTIA Lawyers
<https://www.justia.com/lawyers>

Job Training

Employment and Job Training Services:
<https://twc.texas.gov/>

Child Care Services:
<https://twc.texas.gov/students/child-care-program>

Mental/General Health Services

Medicaid & Children's Health Insurance Program
<https://www.healthcare.gov/blog/medicaid-chip/>

The Special Supplemental Nutrition Program for Women, Infants, and Children
<https://texaswic.org>
1-800-942-3678

211 Texas
2-1-1 or (877) 541-7905
211texas.org

SNAP Program:
<https://yourtexasbenefits.hhsc.texas.gov/programs/snap>

Department of Aging and Disability Services
<https://www.healthcare.gov/blog/medicaid-chip/>
701 W. 51st Street, Austin, TX 78751
512-438-3011

Section 3 – Other Homeowner Assistance Program (HAP) Services and Activities

A. Temporary Relocation

Temporary relocation assistance may be made available to homeowners if the inability to relocate during construction is a barrier to participation in the program. Due to limited fund availability relocation assistance requests from homeowners will be submitted by the Vendor to GLO only where the homeowner has no other sources of funds or economical methods of relocation available, such as staying with a friend or relative. Relocation assistance will be limited to households with incomes below 80% AMFI.

In no case shall relocation assistance be provided:

- To homeowners with a combined household adjusted gross income that is greater than 80% AMFI;
- In excess of \$5000 or 3 months of documented expenses; or
- For costs other than rent/housing costs, utilities and/or storage fees during construction
 - Relocation assistance will NOT be provided for moving, travel or other expenses related to relocation

Relocation assistance will be provided on a reimbursement basis and only for actual costs. Payments will be processed only after verified receipts and/or proof of payment for services have been submitted. Fees must be reasonable for the region and charged by an unrelated/uninterested third-party (e.g. payments may not be made to relatives as “rent” unless the rental unit is a verifiable rental unit and a loss of other income would occur by allowing the applicant to temporarily use the unit).

Temporary relocation assistance will be limited to low- to moderate-income households (0-80% AMFI). Receipt of relocation assistance will not count toward homeowner income for purposes of calculating combined household AGI. This limitation will take effect for applications submitted to the Texas General Land Office by applicants on or after May 1, 2019.

Relocation assistance will be submitted to GLO for approval with property eligibility documents and will be approved subject to availability of HAP funds.

B. Additional Soft Costs

To the extent that additional soft costs are not already included in the cost write-up, a \$10,000 maximum soft cost allowance may be included for reconstruction and \$7,000 for rehabilitation activities. These other soft costs may include items such as site-specific utility disconnect or reconnect fees, permits, elevation certificate work, green building certificate work, topographic survey costs and/or insurance assistance.

Additional soft costs will be paid only on a reimbursement basis, for actual costs. Receipts and/or proof of payment must be included with any request for reimbursement. Costs that are not

pre-approved (i.e. included on the household budget) will be reviewed on a case-by-case basis and will only be added to the budget through a change order or amendment with well documented need.

Soft costs for items required to make an applicant eligible are not permissible. For example, if a survey of the property is required to determine whether assistance can be approved, that cost would not be an eligible soft cost item.

Insurance Assistance

One year of insurance (hazard, flood and/or windstorm, as required) may be paid on behalf of the homeowner if the inability to pay for insurance is a barrier to participation in the program.

NOTE: The affordability period for a home that participated in HAP is 3 years, and verification that property taxes and insurance are maintained and timely paid during the entire affordability period will be made on an annual basis. Failure to maintain and timely pay for taxes and insurance may trigger repayment clauses.

Insurance assistance will be limited to low- to moderate-income households (0-80% AMFI). This limitation will take effect for applications submitted to the Texas General Land Office by applicants on or after May 1, 2019.

In order for a home to closeout and enter the affordability period, homeowners will be required to provide proof of insurance with the Texas General Land Office as a named insured for each of the three years in the affordability period. Insurance purchases will be coordinated through the building contractor for those homeowners who have indicated the need and who have been approved for assistance.

Insurance assistance will be provided on a reimbursement basis to building contractors and only for actual costs. Payments will be processed only once verified receipts and/or proof of payment have been submitted. Fees must be reasonable for the region and charged by an unrelated/uninterested third-party. The term of the policy shall be no less than 1 year, and payment must cover the entire 12-month policy.

Receipt of insurance assistance will not count toward homeowner income for purposes of calculating combined household AGI. Insurance assistance must be submitted to GLO for approval with property eligibility documents. The building contractor must provide an insurance estimate at the time of completion of the work write-up, based on the estimated post-construction value of the home at close-out of HAP award. This quote will be used to determine the amount to include in the household budget and may be adjusted at close-out. Total Other Soft Costs, inclusive of all necessary insurance premiums, shall not exceed \$10,000 for reconstruction and \$7,000 for rehabilitation activities.

Insurance assistance payments will be submitted to GLO for approval with property eligibility documents and will be approved subject to availability of HAP funds.

C. Rehabilitation of Historic Properties

GLO has been working with the Texas Historical Commission on environmental requirements that must be met in accordance with Section 106 related to historic properties. Some of these requirements add significant costs that, if provided on a HAP assisted unit, will exceed rehabilitation cost caps stated in the guidelines, and reconstruction housing units as approved for use under HAP would not meet Section 106 requirements.

To ensure that disaster assistance funds are available to as many disaster assistance victims as possible within federal requirements and guidelines, this Amendment clarifies that GLO may allow up to \$200,000 to rehabilitate historic properties as identified through the environmental review and approval process.

Section 4 – Applicant Eligibility Requirements

A. Ownership

The applicant must be an individual who owns the property to be repaired, rebuilt, or replaced due to damage from the event. Ownership can be documented as follows:

Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant's name. Liens on Housing Units: subrecipients and the state will coordinate with lienholders to ensure the rehabilitation or reconstruction assessment is approved by the lender.

For manufactured housing units (MHU), a Statement of Ownership from the Texas Department of Housing & Community Affairs, Manufactured Housing Division (TDHCA) must be provided. If the Statement of Ownership cannot be provided, GLO may accept alternate forms of ownership as further defined below. In all cases of assistance to applicants with MHUs, HAP can currently only approve replacement of an existing MHU with a stick-built housing unit, and therefore the applicant must be able to demonstrate ownership of the underlying real property on which the MHU is situated.

Liens on MHU properties: If an applicant owns a mobile home and there is a lien on the property, Vendors must work with applicants to ensure that the lien is transferred properly (if one is in place with the mortgage company). Once this is done, the lender can transfer the lien from the MHU to the new property.

For the purposes of federally funded disaster recovery programs, alternative methods to document ownership of a housing unit may be accepted. Applicants may submit an affidavit that certifies:

- i. No other party has the right to claim ownership or a percentage of ownership;
- ii. Everyone who has the right to claim ownership or a percentage of ownership has agreed to participate in the program; or

- iii. A party who has the right to claim ownership or a percentage of ownership could not be located (after all reasonable attempts have been made).

In cases where an ownership affidavit is submitted, applicants must also submit one of the following supporting documents:

- i. Tax receipts reflecting payment of applicable property taxes on the property for the prior taxable year;
- ii. Home insurance reflecting that a current policy was in place at the time Hurricane Harvey made landfall;
- iii. Utility bills reflecting the address of the property and the name of the applicant and/or co-applicants; or
- iv. Other documentation deemed to be acceptable by the GLO.

All approved households will be required to sign a Promissory Note, indicating their authority and ability to comply with the affordability period and all other requirements for participation, including primary residency for a three-year period and applicable insurance policies.

Public Comment – Homeowner Assistance Program Regional Housing Guidelines Amendment #1

Regional Housing Guidelines

Amendment #1 to six Regional Housing Guidelines were released for public comment on March 1, 2019, commencing the required 30-day public comment period. The Amendments applied to the Central/Golden Crescent, Coastal Bend, South East Texas, HGAC-W/Lower Colorado, Deep East Texas, and HGAC-E/Gulf Coast Regions. The original public comment period ended on March 30, 2019. The GLO distributed a statewide press release announcing the availability of the Regional Housing Guideline Amendments on the GLO website.

The Texas General Land Office received comments from one individual and one organization:

	Name		Individual, County, City or Organization
	Last	First	
1	Jennings	Trevor	Galveston County
2	Zummo	Rachel	Texas RioGrande Legal Aid
3	James	Carolyn	Wharton County

Although the official end of the public comment period was March 30, 2019, the GLO considered all comments received on Amendment # 1 through the effective date of the Amendment, May 1, 2019. Revisions were made to the Temporary Relocation and Ownership sections based on public comment received. A section was also added to Amendment # 1 to clarify exceptions that must be made to rehabilitation caps in the case of assistance on historical properties to ensure maximum participation by disaster victims.

The following is a summary of the comments received as well as the response.

HGAC East/ Gulf Coast Crescent Region (Commenter 1)

Comment 1:

Commenter noted that if they were approved for HAP assistance they would not be eligible for temporary relocation assistance since their combined household income is greater than 30% AMFI. They are a family of four, and their household includes a member with a disability. The commenter noted they would be unable to afford temporary relocation expenses, and that there were likely other households in similar situations.

Staff Response: The GLO recognizes that a revision may be necessary to facilitate the removal of barriers to program participation for low-income households in particular. This section of the Amendments was revised to allow relocation expenses to be approved for low-to-moderate income households.

Coastal Bend and Golden Crescent Regions (Commenter 2)

Comment 1:

Amendment #1 to the Regional Housing Guidelines provides helpful clarifications on some of the GLO's CDBG-DR programs and standards. While these clarifications are useful for understanding the programs, they also work to make the programs less accessible to the low-income individuals and households that TRLA serves.

Staff Response: The purpose of the amendments is to ensure that applicants and organizations assisting disaster victims are aware of services and funding available under HAP that are intended to remove barriers to program entry, particularly for low-to-moderate income beneficiaries.

Comment 2:

The amendment provides necessary clarifications regarding the public services activities intended to prevent homelessness. However, it is concerning that tenant-based rental assistance is only available as part of the Homeowner Assistance Program. HUD's criteria for defining "at risk of homelessness" lists several housing conditions that can make a person at risk of homelessness, including, but not limited to homeownership. Although many displaced renter households are still struggling to recover from Hurricane Harvey, there continues to be no program under the State Action Plan that directly benefits those households.

Staff Response: The GLO did not receive approval of a waiver request from HUD that would be necessary to administer activities as described in the commenter's comments.

Comment 3: While the clarifications on ownership verification for the Homeowner Assistance Program are helpful, it is still unclear whether the alternate methods of proving ownership apply to MHUs. According to the Amendment, MHU owners "must" provide a Statement of Ownership; the next two paragraphs discuss alternate means of proving ownership. Our understanding at this time, based on our clients' experiences, is that MHU owners are required to have a Statement of Ownership even if they can provide adequate alternative documentation. The Amendment should clarify that GLO will accept alternative documentation in place of a Statement of Ownership for MHU owners.

Staff Response: The ownership section of the Amendments was revised to provide clarification on this section in the final Amendment.

Comment 4: It is concerning that participants will be required to sign a Promissory Note in order to receive assistance. The HAP program is a grant, not a loan, and should be treated as such. At the very least, there should be further guidance issued by GLO on the use of Promissory Notes so that individuals and their representation can better understand the consequences of such agreeing to participate in the HAP program.

Staff Response: To receive assistance under HAP, a recipient must execute a three-year forgivable promissory note, under which a portion of the note balance is forgiven annually if the recipient satisfies

the terms of the note. When executing the note, the applicant must certify that they will retain ownership of, and maintain principal residency in, the housing unit receiving the federal assistance, and that they will make timely payment of property taxes throughout the three-year compliance term. These terms are explained to applicants prior to construction commencing, and they are reiterated to the applicant after construction completion.

Comment 5: Amendment #1 is nonresponsive to the comments TRLA filed on the Regional Housing Guidelines for the Coastal Bend and Central/Golden Crescent Regions. Further, the Amendment is dated March 31, 2019. Public comment on the Amendment is due March 30, 2019. This indicates that the Amendment may be adopted without serious consideration of public comments.

Staff Response: Comments received by the Texas General Land Office and staff responses to those comments were incorporated into the Regional Housing Guidelines currently posted and available on GLO's website at www.recovery.texas.gov.

HGAC-W/Lower Colorado (Commenter 3)

Comment 1: Applicant applied for assistance through HAP.

Staff Response: GLO staff are working with the applicant on her HAP application.