

STATE OF TEXAS



AP Photo by Tony Gutierrez

PLAN FOR DISASTER RECOVERY

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009
Public Law 110-329

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State of Texas Plan for Disaster Recovery

U.S. Department of Housing and Urban Development (HUD)

EXECUTIVE SUMMARY

According to Governor Perry's *Texas Rebounds Report November 2008*, the 2008 hurricane season will go down in history as having been particularly unkind to Texas. The State was impacted by Hurricanes Ike, Gustav, and Dolly and a significant tropical storm within a 52 day time frame. Hurricane Ike, the most damaging, was enormous, 900 miles wide, and the size of West Virginia. As it rolled across the Gulf of Mexico, Ike grew from a Category 2 storm to a powerful Category 4 that unleashed a 20-foot storm surge that engulfed Galveston and other coastal areas, proving to be the third-most destructive storm to hit the United States. Hurricane Dolly, although less damaging only in absolute terms, had already struck the south Texas coastline as a Category 2 hurricane. It was the most destructive storm to hit the Rio Grande valley in over four decades.

Preliminary unreimbursed damage estimates for the 2008 hurricane season total more than \$29.4 billion. Of this amount, almost \$22.9 billion in non-housing related damages have been identified as well as \$3.4 billion of housing assistance needs. Homes, businesses, and infrastructure were damaged and destroyed. Physical structures may be replaced and rebuilt, but harder to address are the effects the disasters of 2008 have had on the thousands of Texans whose neighborhoods, communities, places of employment and daily lives have been fundamentally altered. The many facets of what makes a place a community, and not just a geographic location, must be repaired, restored, and rebuilt. This requires not only the strength of these communities as they rebuild individually, but the strength of our State to unify these communities as they rebuild Texas.

The *Texas Rebounds Report* also estimates over \$1.1 billion in losses to the forestry, agricultural, and fishery industries. Over 473,000 acres of timber were affected, agricultural fields were destroyed by salt contamination, and barns and barbed-wire fences were destroyed, thereby affecting the availability and suitability of grazing lands, with an estimated 15,000 head of livestock killed. The report details damages to area crops and recreational and commercial fisheries.

Instances where large-scale damage necessitates a massive or multi-faceted recovery process with a long recovery period, such as the devastation of an entire area, the immediate need of safe and sanitary housing on a significant scale, the decimation of an industry,

medical facilities, or the destruction of a major public infrastructure system, are scenarios in which the urgent need of such a situation shall be considered. The *Texas Rebounds Report* estimates unreimbursed damage to medical facilities and loss of equipment and supplies at \$71.9 million, although that figure may increase as additional information is gathered.

Even though tourism could be characterized by some as less urgent, the reality is that the tourism industry is also a major underpinning of the coastal economy, providing necessary jobs and tax revenues. In disasters of this magnitude and scope, the breadth and range of such urgent needs cannot be overstated.

All resources available to the State are being considered to maximize the recovery effort of the communities affected by Hurricanes Dolly and Ike. Texas is making the most of state and federal funds, and has received notice that the U.S. Department of Housing and Urban Development (HUD) will provide \$1,314,990,193 in disaster recovery supplemental funds from the Community Development Block Grant (CDBG) Program as a primary source of funding that is available for public infrastructure, economic development, and housing. To date HUD has allocated the first third of a \$6.1 billion allocation for emergency funding as a result of natural disasters that occurred in 2008. The \$1.3 billion award represents Texas' portion of the first \$2.1 billion, of the \$6.1 billion authorized to 13 States and Puerto Rico.

Disaster recovery efforts by the Office of the Governor and the State of Texas include the formation of the Texas House Select Committee on Hurricane Ike, and the Commission for Disaster Recovery and Renewal. The new Commission is composed of public and private sector experts who will create a state plan to assist Texas communities with recovery efforts after a natural disaster. The Commission and the House Select Committee are holding hearings throughout Texas to obtain comments.

INTRODUCTION - IMPACT OF THE STORMS AND RECOVERY NEEDS

The State of Texas is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, (Public Law 110-329), enacted on September 30, 2008.

The Action Plan will describe the following activities related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008:

- citizen participation process used to develop the Action Plan;
- eligible affected areas and applicants, and the methodology used to distribute funds to those applicants;
- activities for which funding may be used; and,
- grant procedures that will be applicable to ensure program requirements, including non-duplication of benefits.

This Action Plan will be used by the Texas Office of Rural Community Affairs (ORCA) and the Texas Department of Housing and Community Affairs (TDHCA) to provide the \$1.3 billion in CDBG disaster recovery funds to be used toward meeting unmet housing, non-housing, and other eligible community and economic revitalization needs associated with major disaster declarations in 2008. As additional funding is allocated by HUD, amendments to this Action Plan are expected to incorporate the additional funding allocated to Texas.

The Action Plan for recovery encourages a *triangular approach to disaster recovery - public infrastructure, economic development, and housing* - with each piece critical to the recovery effort. In addition, ORCA and TDHCA will be working with the Federal Emergency Management Agency's (FEMA's) Emergency Support Function #14 (ESF-14). The ESF-14 Long-Term Recovery is responsible for coordination and technical assistance to support the State and local communities in the recovery efforts. The development of the Action Plan includes considerable input from the affected regions, and it will allow local officials and experts to determine those priorities that most need to be addressed in their community.

RESPONSIBLE ENTITY

The Office of Rural Community Affairs is designated by Governor Rick Perry as the entity responsible to the U.S. Department of Housing and Urban Development for the grant administration of the CDBG disaster recovery funding.

In this capacity, ORCA will be responsible for execution of the CDBG grant award, development of the Action Plan, completion of quarterly reports, the associated letter of credit, and the end of the award report. ORCA will also oversee the distribution of CDBG funds for public infrastructure and economic revitalization projects. The Texas Department of Housing and Community Affairs (TDHCA) is a major partner with ORCA and will help to develop the Action Plan and administer the disaster recovery funding associated with housing.

PUBLIC INPUT AND PARTICIPATION

In preparation of this Action Plan, the Office of the Governor, local communities, Councils of Governments (COGs) and the general public were consulted. Simultaneous with the public participation requirements for this plan, the FEMA ESF-14 focus groups have been meeting and providing feedback related to long-term recovery. The House Select Committee for Hurricane Ike has held several public hearings to receive testimony and listen to concerns from federal, state, and local officials. In addition, the Governor's Commission for Disaster Recovery and Renewal has been charged with recommending approaches that will help Texas recover from future storms by proactively strengthening areas such as critical infrastructure.

ELIGIBLE GRANTEES

Eligible grantees will consist of entities located within, or performing activities within the counties declared disaster areas with major disaster declarations in 2008 as of December 1, 2008. (FEMA-1780-DR and FEMA-1791-DR). Eligible entities include city and county governments and other entities such as non-profit and for-profit organizations, individuals and municipal utility districts that are identified in the Method of Distribution process established by the COGs (see the section regarding Method of Distribution and Regional Allocation) and those identified in the Housing section.

ELIGIBLE COUNTIES: Hurricane Dolly (FEMA-1780-DR) and Hurricane Ike (FEMA-1791-DR)

Anderson	Hidalgo	Polk
Angelina	Houston	Refugio
Aransas	Jasper	Robertson
Austin	Jefferson	Rusk
Bowie	Jim Hogg	Sabine
Brazoria	Jim Wells	San Augustine
Brazos	Kenedy	San Jacinto
Brooks	Kleberg	San Patricio
Burleson	Leon	Shelby
Calhoun	Liberty	Smith
Cameron	Madison	Starr
Cass	Marion	Trinity
Chambers	Matagorda	Tyler
Cherokee	Milam	Upshur
Fort Bend	Montgomery	Victoria
Galveston	Morris	Walker
Gregg	Nacogdoches	Waller
Grimes	Newton	Washington
Hardin	Nueces	Wharton
Harris	Orange	Willacy
Harrison	Panola	

NATIONAL OBJECTIVES

The primary objective of Title I of the Housing and Community Development Act, and of the funding program of each grantee under the Community Development Block Grant program, is the “development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.” While preference is given to persons of low- and moderate-income, the statute also allows all activities to meet at least one of the three national objectives.

All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community.

This statute goes on to set the standard of performance for the primary benefit to low- and moderate-income persons objective by requiring that 70 percent of the aggregate of funds under the annual State CDBG program be used for support of activities producing benefit to low- and moderate-income persons.

The CDBG disaster recovery funding described by this Action Plan must also be used to meet one of the three National Program Objectives. *However*, since extensive damage to community infrastructure and housing affected those with varying incomes, and income-producing jobs are often lost for a period of time following a disaster, HUD is waiving the 70 percent overall benefit requirement for low- and moderate-income persons, and replacing it with a 50 percent requirement to give grantees greater flexibility to carry out recovery activities within the confines of the CDBG program national objectives. Pursuant to explicit authority in the appropriations act, HUD is *also* granting an overall benefit waiver that allows for up to 50 percent of the grant to assist activities under the urgent need or elimination of slums and blight national objectives, rather than the 30 percent allowed under the annual State CDBG program.

FEDERAL APPROPRIATION

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. Law 110-329), enacted on September 30, 2008, appropriates \$6.5 billion through the Community Development Block Grant (CDBG) program for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic

revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008 for which the President declared a major disaster...”.

The U. S. Department of Housing and Urban Development (HUD) was designated by Congress as the administering agency. In October 2008, HUD reduced the amount of funding to \$6.1 billion in response to a budget rescission requirement from Congress. On November 28, 2008, HUD made an initial one-third allocation to Texas for \$1,314,990,193. A second allocation for the remaining two-thirds is anticipated in the first quarter of 2009.

The legislation specifically prohibits the use of funds for activities reimbursable by, or for which funds are made available by, the Federal Emergency Management Agency or the Army Corps of Engineers” and “none of the funds...may be used...as a matching requirement, share, or contribution for any other Federal program.” It also states that, “not less than \$650,000,000 from funds made available on a pro rata basis according the allocation made to each State” shall be used for affordable rental housing. Thus, Texas must ensure that 10.6 percent of its entire allocation, or \$139,743,911, is allocated to this purpose in accordance with the legislation.

PROGRAM OBJECTIVES

The objective of this Action Plan is the long-term recovery and restoration of infrastructure, housing and economic revitalization in areas of Texas affected by Hurricanes Dolly and Ike during 2008.

PROPOSED USE OF DISASTER RECOVERY FUNDS

HOW FUNDS WILL ADDRESS TEXAS’ GREATEST UNMET NEEDS

Federal requirements state that the funding can be used only for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in the areas affected by the consequences of natural disasters that occurred in 2008.

Damage assessment reports provided by FEMA indicate that there is widespread unmet need in both housing and non-housing activities. The primary method of allocating funding to affected regions in this Action Plan used damage assessment data provided by FEMA. Acknowledging the limitations inherent in this incomplete dataset, it still provided the best

universal data on categories of damage across the respective counties. The regional allocation process is described in greater detail in the Method of Distribution section. As other data become available, future allocations will reflect such data.

ANTICIPATED ACCOMPLISHMENTS

The anticipated accomplishments will include repairs and improvements to public infrastructure; assistance with reversing the negative economic impact caused by the disasters; and long term recovery and restoration of housing in the affected areas.

Applicants for the funds will be required to specify activities, proposed units of accomplishment, and proposed beneficiaries in applications that will be submitted to ORCA and TDHCA. These anticipated accomplishments will be reported to HUD during the first quarter of reporting using the on-line Disaster Recovery Grant Reporting System (DRGR).

ACTIVITIES

The activities to be undertaken with this Action Plan may include:

Housing Activities: Housing activities allowed under CDBG, (Rental and Non-Rental) including but not limited to:

- single-family and multifamily repair; rehabilitation; and / or new construction;
- repair and replacement of manufactured housing units;
- hazard mitigation;
- elevation;
- direct compensation or incentive programs; and
- other activities associated with the recovery of housing stock in the regions impacted by Hurricanes Dolly and Ike.

Non-Housing Activities: All activities allowed under CDBG, including but not limited to:

- restoration of infrastructure (such as water and sewer facilities, streets, provision of generators, removal of debris, drainage, bridges, etc.);
- real property activities (such as buy-out of properties in the flood zone, clearance and demolition, rehabilitation of publicly or privately owned commercial or industrial buildings, and code enforcement);
- economic development (such as microenterprise and small business assistance, commercial rehabilitation, and special economic development activities);

- and public services (such as job training and employment services, health care, child care and crime prevention); and
- public facilities (includes neighborhood/community and medical facilities/shelters, and facilities for persons with special needs).

All activities must have documented proof of an impact by a major natural disaster declaration in 2008. (FEMA-1780-DR and FEMA-1791-DR).

PRIMARY BENEFICIARIES

The primary beneficiaries of the Supplemental Disaster Recovery Funding are low- and moderate-income persons as defined under program requirements. Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family income can be based on a metropolitan statistical area or a non-metropolitan county median family income figure.

THRESHOLDS

Thresholds related to other CDBG programs and not mandated by law or regulation will not apply to applicants seeking disaster recovery funds. The following thresholds will be applicable to entities applying for these funds:

There must be a clear and compelling need related directly to a major natural disaster declaration, hurricane disaster relief, long-term recovery and/or restoration of infrastructure.

No disaster recovery assistance will be considered with respect to any part of a disaster loss that is reimbursable by, or as match for the Federal Emergency Management Agency (FEMA), the Army Corps of Engineers, insurance, or other source (restriction against duplication of benefits).

An activity underway prior to a Presidential disaster declaration will not qualify unless the disaster directly impacted the project.

REQUIRED CERTIFICATIONS

The state will provide a fully executed copy of HUD required certifications for state governments. (See Appendix A. REQUIRED CERTIFICATIONS).

PUBLIC PARTICIPATION AND PUBLIC COMMENT

Since Hurricanes Dolly and Ike made landfall, federal, state, and local governments and agencies have worked continuously with citizens regarding damage and loss in local communities. Applications for FEMA assistance, homeowner insurance claims, visits to local disaster recovery centers, and requests for emergency shelter, food, and financial assistance confirm that the public has played a role in communicating needs to federal, state, and local agencies.

State staff consulted with local government leaders, tribal leaders, and state and federal legislators of those areas that were hit hardest by the storms. Various forums were provided for the sharing of information concerning financial assistance that is needed. Many of the visits were followed up by telephone calls to the state with questions about possible funding sources that could be used to address unmet needs.

The Action Plan was drafted and made available to the public for comment. Invitations to public hearings were mailed to all mayors, county judges, and tribal leaders in the declared areas. TDHCA through its list serve notified over 3,000 parties that the Draft Action Plan was available for public comment. Recipients included low income housing advocates and community organizations representing homeless and special needs populations. The Action Plan was also translated into Spanish and Vietnamese, and it was available from the state and the COGs and placed on the ORCA and TDHCA websites for public review and comment. Public hearings were held at five locations throughout the affected regions to obtain local input regarding the overall revitalization needs of the impacted communities. Written public comments were also encouraged and were accepted by mail, fax and e-mail. Comments were received at ORCA, Disaster Recovery Division, P.O. Box 12877, Austin, Texas 78711, fax at (512) 936-6776, and via e-mail. The public comment period was open through January 5, 2009.

In addition to the outreach provided at the state level the eleven COGs were also required to invite all eligible applicants (mayors, judges, and tribal leaders) to 2 local public hearings to discuss regional methods of distribution. The one eligible Indian Tribe, the Alabama Coushatta, was contacted by ORCA staff to review the Action Plan, the Deep East Texas Council of Government staff discussed the recovery needs of the Tribe, and were included in all the invitations to all the public hearings.

The state received comments on the distribution of funding for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas of Texas affected by Hurricanes Dolly and Ike occurring in 2008.

The state has complied with the necessary public participation and public comment requirements as stated in the Federal Register.

PUBLIC HEARINGS WERE HELD AS FOLLOWS:

Location:	Livingston	Galveston	Houston	Harlingen	Beaumont
Address:	Alabama-Coushatta Indian Reservation Special Events Center	Jury Assembly Room Galveston County Justice Center -	City Hall Annex Public Level Chamber	Harlingen Cultural Arts Center	Southeast Texas RPC
Date & Time:	December 5, 2008 10:00-12:00 pm	December 8, 2008 2:00 – 4:00 pm	December 9, 2008 3:00-5:00 pm	December 15, 2008 9:00 – 11:00 am	December 16, 2008 5:30 – 7:30 pm

A summary of the comments received during the public comment period and the reasoned responses and actions is provided in Appendix B.

In addition to complying with the public participation and comment requirements of the Federal Register, the state consulted with interested parties, such as local elected officials and Councils of Governments to aid in establishing regional prioritization of available funding that is consistent with locally identified needs.

ELIGIBLE AND INELIGIBLE ACTIVITIES

All CDBG eligible activities will be allowable so long as the activity is directly related to a major natural disaster declaration in 2008 through actual damage or a failure to function and is allowed under the applicable regulations, unless expressly waived by HUD in the Federal Register. Ineligible activities will include any activity not directly impacted by a major natural disaster declaration in 2008 and those prohibited, unless expressly waived by the Federal Register, under the applicable regulations. Eligible and ineligible activities will be further defined in Application guidelines.

METHOD OF DISTRIBUTION

STATE PROCESS

Using preliminary input from FEMA, advisory groups, the Office of the Governor, state and local government officials, COGs, and other parties, the Action Plan was developed to ensure that through the regional allocation and prioritization process the funding received has the greatest impact on those most impacted by the storm events.

Allocation amounts were provided to 11 COGs that received damage under FEMA-1780 or FEMA-1791 using preliminary FEMA damage assessments as of December 1, 2008, for both individual assistance and public assistance. These allocations were published in a Draft Action Plan on December 4, 2008. In response to public comment, consultation with local officials, COGs, and other parties gained through the citizen participation process, adjustments were made to the draft allocation amounts at the state level, and for several regions. Table 1 shows the initial and revised allocations available for distribution amongst the 11 COG regions, as well as state set-asides.

As reflected in Table 1, out of the initial **\$1,314,990,193** allocation to Texas (State Allocation), the state has set-aside 5 percent (approximately \$65,749,510) for State-Administrative expenses, including contract administration, compliance monitoring, and the provision of technical assistance to Applicants and Subrecipients. The state has also set-aside 2.78 percent (approximately \$36,559,240) for Planning activities and 4.47 percent (approximately \$58,834,914) for the state administered TDHCA Affordable Rental Housing Stock Restoration Program.

The remaining 87.75 percent (\$1,153,846,529) will be distributed to the 11 regions, as further described in the Method of Distribution section.

At least 10.6 percent (\$139,743,911) of the State Allocation total funds awarded must be used for affordable rental housing programs, as required by the federal statute. The state will meet part of this requirement with the 4.47 percent set-aside (\$58,834,914) for the TDHCA Affordable Rental Housing Stock Restoration Program mentioned above. The remaining 6.15 percent (\$80,908,997) will be met at the regional level through allocation, as determined by the COG allocations. If the combined COG allocations for qualifying affordable rental housing programs do not meet or exceed the 6.13 percent remainder necessary to meet the federally required rental minimum, then the state may require the regions to adjust their allocations to include rental programs on a *pro rata* basis by the

minimum amount necessary. Should any COG have funds that are unallocated to eligible entities, those funds will be returned to the state for reallocation at the state's discretion. (Detailed regional allocation information may also be found in Appendix D).

REGIONAL PROCESS

Each impacted region will be required to define its method of funds distribution in a uniform format provided by ORCA. The COGs must determine the Method of Distribution (MOD) for the region, including specifying what portion of the regional allocation will be used for housing and non-housing activities. COGs are encouraged to provide additional detail as to the dollar amount that will be used for affordable rental housing. This Action Plan embraces the belief that the COGs are best equipped to make distribution decisions in impacted portions of their regions that consider and balance these needs in a comprehensive, locally-driven decision making process that is tailored to their specific regional needs and priorities.

ORCA will provide the COGs with a Method of Distribution Form, Method of Distribution Form Guidelines, Method of Distribution Detail Worksheet, and a Worksheet Sample. The MOD forms will be posted on the ORCA and TDHCA websites. The MOD form and worksheet request information such as a citizen participation narrative, long-term planning and recovery elements, method of distribution between housing and non-housing funds, and method of distribution factors and detail. The MOD Form detail requires information regarding whether the COG distribution was through a direct allocation to eligible entities, a competitive process, or a combination of direct allocation and competitive process.

The MOD Form Guidelines require that each COG follow a citizen participation process and hold at least two public hearings prior to the completion of the MOD Form. COGs are required to publish notice of the public hearing in a local newspaper, post the notice on the COG website, and provide individual notice to eligible cities and counties in the region. Hearings are required to be accessible and to comply with the Texas Open Meetings Act.

The key components of the COG's role in the disaster recovery process include:

- Facilitating the Method of Distribution process,
- Ensuring consideration of greatest need by facilitating a local prioritization process through the MOD and citizen participation plan,
- Determining the allotment between housing and non-housing funds in the allocation for the region, and

- Establishing parameters for additional eligible activities, such as economic revitalization, public services, and others if available.

Based on a review of initial method of distribution submissions by COGs and from staff attendance at required regional method of distribution public hearings, the COGs are developing MODs that weigh factors such as FEMA damage assessments for Individual Assistance and Public Assistance, population, self declared assessments, and distress factors. All MODs are being fully reviewed by ORCA and TDHCA staff to assure that each COG provides a detailed description of the methodology used to allocate and prioritize funds within their regions. COGS were allowed, but not required, to set funding maximums per applicant. For those COGs not choosing a local funding maximum, the maximum amount will not exceed the total allocated to the region.

TABLE 1: REGIONAL ALLOCATIONS

Region	Percent of Total Damage	Initial Allocation Amount	Additional Allocation Amount	Total Allocation to Regions
ATCOG	0.11 %	\$ 1,164,673	\$ -	\$ 1,164,673
BVCOG	0.85 %	\$ 8,952,164	\$ -	\$ 8,952,164
CBCOG	0.30 %	\$ 3,121,376	\$ -	\$ 3,121,376
CTCOG	0.01 %	\$ 86,207	\$ 163,793	\$ 250,000
DETCOG	5.64 %	\$ 59,310,711	\$ 10,689,289	\$ 70,000,000
ETCOG	0.88 %	\$ 9,224,823	\$ -	\$ 9,224,823
GCRPC	0.03 %	\$ 327,612	\$ 672,388	\$ 1,000,000
H-GAC	77.39 %	\$ 814,133,493	\$ -	\$ 814,133,493
SETRPC	13.30 %	\$ 139,940,688	\$ 50,059,312	\$ 190,000,000
LRGVDC	1.46 %	\$ 15,347,037	\$ 39,652,963	\$ 55,000,000
STDC	0.04 %	\$ 383,370	\$ 616,630	\$ 1,000,000
Subtotals		\$1,051,992,154	\$ 101,854,375	\$1,153,846,529

Total Allocation	\$ 1,314,990,193
Program (Total Regional Allocations) (87.75%)	\$ 1,153,846,529
Administration (5.00 %)	\$ 65,749,510
State Planning/ Project Delivery (2.78 %)	\$ 36,559,240
TDHCA Affordable Rental Set Aside (4.47%)	\$ 58,834,914

NOTE: Allocations have been rounded to the nearest whole dollar. See Appendix D for full detail.

GENERAL INFORMATION

APPLICATION AND ALLOCATION AWARD TIMELINE

Once the Method of Distribution is established by the COG and approved by the state, the regional funding parameters set in the MOD, such as geographic or project type priorities, will guide the use of the regional allocation. Applications will then be developed accordingly, based on the eligible activities selected by the region, and each eligible entity seeking funding will submit an application to the state in accordance with application guidelines.

APPLICATION REQUIREMENTS

1. Eligible applicants will include cities, counties, and other eligible entities located in the FEMA DR 1780 and FEMA DR 1791 that are specifically identified in each COG MOD, subject each COGs method of distribution.
2. ORCA and TDHCA will utilize similar applications for eligible applicants to complete. A minimum of 2 applications will be available for completion; housing and non-housing. The application guides will describe the financial and program requirements necessary to receive funding.
3. Each application for completion at a minimum will require applicant name, amount of supplemental funding requested, proposed project activities, relation to Hurricanes Dolly or Ike, projected number of beneficiaries, evidence of local need, national objective, and applicant certifications.
4. Applicants will be allowed to submit to ORCA or TDHCA multifaceted requests for public service, public, facility, infrastructure, and economic development or housing activities up to the amount of the established allocation set by the COGs MOD.
5. After all applications are determined to be in compliance with the disaster recovery program requirements ORCA and TDHCA will from their processes announce grant awards and will execute contracts as appropriate for each agency.
6. ORCA and TDHCA will continue oversight of all contract and program requirements and ensure that the parameters of the Action Plan and COG MOD are followed.

MATCH REQUIREMENT

There will be no match required on the part of the applicant. The federal appropriation specifically prohibits the use of funds for activities reimbursable by, or for which funds are made available by, the Federal Emergency Management Agency or the Army Corps of

Engineers,” and “none of the funds... may be used... as a matching requirement, share, or contribution for any other Federal program.”

OVERVIEW OF ELIGIBLE PROGRAM ACTIVITIES

NON-HOUSING

Non-housing activities will include but are not limited to restoration and repair of infrastructure facilities and economic revitalization activities impacted by a major natural disaster declaration in 2008.

ECONOMIC REVITALIZATION

Economic revitalization and new opportunities for affected businesses and industries must be addressed to provide for the losses caused by Hurricanes Dolly and Ike. Many businesses along the Texas coastal regions were damaged and/or lost income due to the physical damages to buildings and inventory, as well as a drastic reduction in customer base. The agricultural, forestry and fishing industries, too, were devastated by losses of natural resources and damage to fields, forests, docks, boats and processing equipment. Funds are eligible to provide economic revitalization activities to businesses and support economic recovery. This assistance will ensure that these businesses can recover quickly and continue to generate economic wealth, retain existing jobs, and create new jobs for residents of the state.

Economic revitalization activities, if selected by the COGs, will be provided as direct grants or deferred forgivable loans and will be further defined in application guides and implementation materials.

HOUSING (REGIONALLY ALLOCATED AND ADMINISTERED)

A. ELIGIBLE REGIONALLY ALLOCATED HOUSING PROGRAMS

Eligible entities may administer CDBG housing programs allowable under local, state, and federal regulations, based on regional need, as determined by the COGs' approved MOD. Examples of eligible housing programs that may be developed include, but are not limited to:

- Compensation and Incentive Programs
- Emergency Short Term Weatherproofing and Quick Repair Programs
- Comprehensive Homeowners Rehabilitation and Reconstruction Programs
- Housing Relocation Programs
- Nonprofit/Faith-based Compensation Grant Programs

- Homelessness Prevention Programs
- Community Economic Revitalization and Blight Reduction Housing Programs
- Affordable Rental Programs (Single Family or Multifamily)
- Temporary Housing Solutions Programs

B. ELIGIBLE SUBRECIPIENT GRANTEEES FOR REGIONALLY ALLOCATED HOUSING PROGRAMS

Regional allocations for housing will be awarded to eligible Subrecipients for their use in directly carrying out agreed-upon housing program activities in their prospective regions. Pursuant to CDBG regulations and as authorized by HUD, eligible Subrecipients may include cities, counties, Indian tribes, local governmental agencies (including COGs), and private non-profits (including faith-based organizations). For purposes of this section relating to housing, Subrecipients do not include private, for-profit organizations.

C. SUBRECIPIENT GRANTEE MINIMUM HOUSING CAPACITY CRITERIA

Housing funds will only be granted to eligible Subrecipients with the capacity to carry out the housing activities elected in the Application, in accordance with their contract with TDHCA. Applications must demonstrate to the reasonable satisfaction of TDHCA that the regionally selected grantees will have the capacity to administer program funds efficiently as a Subrecipient of the state, for each of the elected housing programs, in a manner which complies with this Action Plan and all applicable local, state, and federal legal and regulatory requirements.

This required demonstration of capacity may be addressed in one or more of the following ways, in accordance with the Application Guidelines:

- By demonstrating the local entity's proven capacity to administer program funds efficiently as a Subrecipient of the state to the satisfaction of TDHCA; or,
- By the local entity partnering with one or more other local governments with capacity to administer program funds efficiently as a Subrecipient of the State; or,
- By the local entity electing to procure an eligible subcontractor with proven capacity directly, or if available, elect to subcontract with one or more contractors procured by TDHCA for administration of housing programs.

HOUSING (STATE ALLOCATED AND ADMINISTERED)

A. TDHCA ADMINISTERED AFFORDABLE RENTAL HOUSING STOCK RESTORATION PROGRAM

The State has established a 4.47 percent set-aside of the total state allocation (\$58,834,914) for the *TDHCA Affordable Rental Housing Stock Restoration Program*.

B. NOTICE OF FUNDING AVAILABILITY (NOFA)

Funds under this 4.47 percent set-aside will be awarded in accordance with a final Notice of Funding Availability (NOFA) for the Rental Housing Stock Restoration Program. The NOFA will clearly establish the eligible applicants for this state administered program, as well as the application process and acceptance period, threshold criteria (including applicable building codes), selection criteria and the award process. The public will be provided an opportunity to comment on a Draft NOFA, in accordance with TDHCA approved policy and any applicable regulations.

GRANT ADMINISTRATION

ADMINISTRATION AND STAFFING

The delivery of Hurricane Dolly and Ike program activities will require additional staff for both agencies at the state headquarters and in the regional field offices to promote efficient use of resources and funds, to maximize a local presence to serve impacted populations, and to assist and leverage local capacity. ORCA also anticipates expanding field office operations within the affected area to provide direct disaster recovery technical assistance where needed.

ADMINISTRATIVE COSTS

Administrative costs will not exceed 5% for state administrative costs or overall limit of 20% for planning and administrative costs. The provisions at 42 U.S.C. 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap state administration expenditures and require a dollar for dollar match of state funds for administrative costs exceeding \$100,000. Pursuant to 24 CFR 58.34(a)(3), except for applicable requirements of 24 CFR 58.6, administrative and management activities are exempt activities under this Action Plan.

ACTION PLAN AMENDMENTS

If a substantial amendment to the Action Plan is considered, then reasonable notice will be given to citizens and units of general local government to comment on the proposed changes. Consistent with the desire to allocate these funds as quickly as possible, the public comment period will be established as needed. The state's public comment notification, receipt, and response processes will be established as needed to comply with applicable requirements, and may include notice posted on ORCA and TDHCA's websites. Action Plan amendments that are technical in nature will not require public comment and the Action Plan as revised will be posted on the ORCA and TDHCA websites.

The following events would require a substantial amendment to the plan:

- addition or deletion of any allowable activity described in the plan;
- change in the allowable beneficiaries; or

CONTRACT TERM AND AMENDMENTS

In the interest of expediting the expenditure, utilization, and, where provided for, recovery of program funds, contract terms with entities receiving grant awards will generally be two years or less. Understanding that events beyond the control of the contractor may occur throughout the term of the contract, ORCA and TDHCA will have the ability to grant contract term extensions when a specific circumstance warrants and the applicable program requirements can still be met. Contract amendments within other contract terms and conditions will be considered on a case-by-case basis with consideration of all relevant factors, including the original eligibility requirements of the award and the stated goals and timelines.

In instances where large-scale damage necessitates a massive or multi-faceted recovery process with a long recovery period, such as the devastation of an identified area, the immediate need of safe and sanitary housing on a significant scale, the decimation of an industry, medical facilities, or the destruction of a major public infrastructure system, the urgent need of such a scenario shall be considered in the contract term and/or amendment process requested by the grantee.

ANTI-DISPLACEMENT AND RELOCATION

Grantees must certify that they will minimize displacement of persons or entities and assist any persons or entities displaced in accordance with the Uniform Anti-Displacement and Relocation Act as amended for this appropriation and consistent with law and local policy.

CITIZEN COMPLAINTS

All grantees must have adopted procedures for dealing with citizen complaints under the Texas Small Cities Non-entitlement CDBG Program or Entitlement programs. Grantees will be required to provide a written response to every citizen complaint within 15 working days of the complaint, subject to extension for good cause, any such request to be made in writing within such 15 day period.

DEFINITIONS

The definitions set forth in applicable federal law and previously published regulations associated with the CDBG program apply to this funding, except as specifically detailed in a waiver published in the Federal Register. A glossary of key terms and acronyms is included in Appendix E.

REGULATORY REQUIREMENTS

Grantees must comply with fair housing, nondiscrimination, labor standards, and environmental requirements applicable to the CDBG Program.

Fair Housing: Each Grantee will be required to take steps to affirmatively further fair housing; and when gathering public input, planning, and implementing housing related activities, will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, and members of each distinct affected community or neighborhood which might fall into the assistance category of low and moderate income communities. ORCA and TDHCA will require that special emphasis be placed on those communities who both geographically and categorically consist of individuals who comprise “protected classes” under the Civil Rights Act of 1964 and the Fair Housing Act of 1978 as amended. The efforts will be recorded in an “Affirmative Marketing Plan”. At all times, “Housing Choice” will be an emphasis of program implementation and outreach will be conducted in the predominate language of the region where funds will be spent.

Nondiscrimination: Each Grantee will be required to adhere to established policies which ensure that no person be excluded, denied benefits or subjected to discrimination on the basis race, color, national origin, religion, sex, familial status, and/or physical and mental handicap under any program funded in whole or in part by Federal CDBG funds. Grantees will

be required to document compliance with all nondiscrimination laws, executive orders, and regulations.

Labor Standards: Each Grantee will be required to oversee compliance with Davis-Bacon Labor Standards and related laws and regulations. Regulations require all laborers and mechanics employed by contractors or subcontractors on CDBG funded or CDBG assisted public works construction contracts in excess of \$2,000, or residential construction or rehabilitation projects involving eight or more units be paid wages no less than those prescribed by the Department of Labor and in accordance with Davis Bacon Related Acts.

ENVIRONMENTAL REVIEW

Grantees must comply with the 24 CFR Part 58. Specific instructions concerning this process will be made available to all grantees. Some projects may be exempt from the environmental assessment process, but all grantees will be required to submit the Request for Release of Funds and Certification in the appropriate format. Funds will not be released for expenditure until the state is satisfied that the appropriate environmental review has been conducted and acceptable provision has been made for the mitigation of all identified environmental risks.

FLOOD BUYOUTS

Disaster recovery grantees have the discretion to pay pre-flood or post-flood values for the acquisition of properties located in a flood way or floodplain. In using CDBG disaster recovery funds for such acquisitions, the grantee must uniformly apply the valuation method it chooses.

Flood insurance is mandated for any assistance involving repair or construction within a floodplain. The federal requirements set out for this funding provide further guidance on activities that are to be conducted in a floodplain. The state will provide further guidance regarding work in the floodplain upon request. Funds cannot be used as match for any FEMA funded projects.

MONITORING

The state follows monitoring and audit standards set forth by the CDBG program that will be used for monitoring and oversight of the disaster recovery funds. The state will provide technical assistance to recipients from the application stage through the completion of the

projects to ensure that funds are appropriately used for the intended eligible activities and meet the national objectives.

ORCA and TDHCA will monitor all contract expenditures for quality assurance and to prevent, detect, and eliminate fraud, waste and abuse as mandated by Executive Order RP 36, signed July 12, 2004, by the Governor. ORCA and TDHCA will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement, and accountability which may also be investigated by the State Auditor's Office. In addition, ORCA and TDHCA and the Grantees are subject to the Single Audit Act. A "Single Audit" encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant or by the State Auditor's Office. Reports from the State Auditor's Office will be sent to the Office of the Governor, the Legislative Audit Committee and to the respective boards of ORCA and TDHCA.

ORCA and TDHCA have Internal Audit staff that perform independent internal audits of programs and can perform such audits on these programs and Grantees. The TDHCA Internal Auditor reports directly to the TDHCA Governing Board. Similarly, the ORCA Internal Auditor reports directly to the ORCA Governing Board.

ORCA and TDHCA will use an established monitoring process. ORCA and TDHCA are currently in the process of modifying current monitoring procedures to specifically address the requirements of this Action Plan and to ensure that all contracts funded under this disaster recovery allocation are carried out in accordance with federal and state laws, rules, and regulations, and the requirements set out in the Federal Register notice. The procedures will ensure that there is no duplication of benefits according to the Stafford Act.

ORCA and TDHCA will monitor the compliance of Awardees, and HUD will monitor ORCA and TDHCA compliance with this requirement. Expenditures may be disallowed if the use of the funds is not an eligible CDBG activity, does not address disaster-related needs directly related Hurricanes Dolly or Ike, or does not meet at least one of the three national CDBG objectives. In such case, the Grantee would be required to refund the amount of the grant that was disallowed. In addition and in order to ensure that funds are spent promptly, contracts may be terminated if identified timetables/milestones are not met.

These monitoring efforts include:

- Identifying and tracking program and project activities and ensure the activities were as the result of damage from Hurricanes Dolly and Ike;

- Identifying technical assistance needs of Grantees;
- Ensuring timely expenditure of CDBG funds;
- Documenting compliance with Program rules;
- Preventing fraud and abuse;
- Identifying innovative tools and techniques that help satisfy established goals;
- Ensuring quality workmanship in CDBG funded projects.

In determining appropriate monitoring of the grant, ORCA and TDHCA will consider prior CDBG grant administration, audit findings, as well as factors such as complexity of the project. ORCA and TDHCA will determine the areas to be monitored, the number of monitoring visits, and their frequency. All grants will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the requirements of 24 CFR Part 58 (“Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities”) or 50 (“Protection and Enforcement of Environmental Quality.”) ORCA and TDHCA will utilize the checklists similar to those used in monitoring regular CDBG program activities.

ORCA or TDHCA as applicable will contract with the each Grantee as independent contractors who will be required to hold ORCA and TDHCA harmless and indemnify them from any acts of omissions of the contractor. Section 321.022(a) of the Texas Government Code requires that If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. ORCA and TDHCA are responsible for referring suspected fraudulent activities to the State Auditor’s Office as soon as is administratively feasible. The State Auditor reports directly to the Texas Legislature.

PROCUREMENT

The state will follow applicable state and federal statutes and regulations for the procurement of goods and services. Any deviations from normal procurement practices will be in compliance with state and federal policies and procedures and will be appropriately documented.

PROGRAM INCOME

Any program income earned as a result of activities funded under this grant will be subject to 24 CFR 570.489(e), which defines program income. For all activities, program income generated under individual contracts will be returned to ORCA.

TIMEFRAME FOR COMPLETION

TDHCA and ORCA will follow the requirements established by HUD regarding timelines for expenditure of funds. All grants will be in the form of a contract that adheres to the state program time limitations.

TECHNICAL ASSISTANCE AND CAPACITY BUILDING

The state will provide technical assistance to grantees requesting assistance in developing applications for funding under this Action Plan. At a minimum, this technical assistance will provide information on: the eligible uses of funds, the application or method of fund distribution, and an explanation of rules and regulations governing the grants funded under the Disaster Recovery Initiative. Technical assistance may take the form of workshops, telecommunication, on-site assistance, written correspondence, or manuals and guidebooks.

As it deems necessary, the state may provide for increasing the capacity for implementation and compliance of local governments, Subrecipients, contractors and any other entity responsible for administering activities under this grant by providing resources for training in specific skills needed for the program.

APPENDIX A: REQUIRED CERTIFICATIONS

Certifications for state governments, waiver, and alternative requirement. Section 91.325 of title 24 of the Code of Federal Regulations is waived. Each state must make the following certifications prior to receiving a CDBG disaster recovery grant:

a. The state certifies that it will affirmatively further fair housing, which means that it has or will conduct an analysis to identify impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b)(2).)

b. The state certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.

c. The state certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.

d. The state certifies that the Action Plan for Disaster Recovery is authorized under state law and that the state, and any entity or entities designated by the state, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice.

e. The state certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for this grant.

f. The state certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

g. The state certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 (except as provided for in notices providing waivers and alternative requirements for this grant), and that each unit of general local government that is receiving assistance from the state is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).

h. The state certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the nonentitlement, entitlement, and tribal areas of the state in determining the method of distribution of funding.

i. The state certifies that it is complying with each of the following criteria:

(1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in areas covered by a declaration of major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) as a result of natural disasters that occurred and were declared in 2008.

(2) With respect to activities expected to be assisted with CDBG disaster recovery funds, the Action Plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

(3) The aggregate use of CDBG disaster recovery funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent of the amount is expended for activities that benefit such persons during the designated period.

(4) The state will not attempt to recover any capital costs of public improvements assisted with CDBG disaster recovery grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (A) disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (A).

j. The state certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

k. The state certifies that it has and that it will require units of general local government that receive grant funds to certify that they have adopted and are enforcing:

(1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

(2) A policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

l. The state certifies that each state grant recipient or administering entity has the capacity to carry out disaster recovery activities in a timely manner, or the state has a plan to increase the capacity of any state grant recipient or administering entity who lacks such capacity.

m. The state certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55.

n. The state certifies that it will comply with applicable laws.

APPENDIX B: RESPONSE TO PUBLIC COMMENT

The *State of Texas Plan for Disaster Recovery* was released on December 4, 2008. The public comment period for the document ran from December 4, 2008 through January 5, 2009. The agency distributed a public service announcement during the first week of December 2008 regarding the hearings to more than 1,500 news organizations serving the region.

During the period, the Office of Rural Community Affairs (ORCA), in cooperation with the Texas Department of Housing and Community Affairs (TDHCA), held five public hearings to accept comment on the administration of \$1.3 billion in Community Development Block Grant Program Disaster Recovery supplemental funds, which come to Texas from the U.S. Department of Housing and Urban Development (HUD). Comments on the distribution of funding for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008” were requested. This included communities impacted by Hurricanes Dolly and Ike.

In addition, the public hearings provided an opportunity to obtain local input regarding the overall revitalization needs of impacted areas from a broad perspective, including needs such as public facilities and infrastructure, housing, and economic development. To help establish a priority framework from a regional and state perspective, the Agencies sought comments regarding the highest priorities of critical importance to the revitalization efforts for the affected communities. Comments and participation were encouraged either through attendance at one of the public hearings or in writing. Hearing notices, in English, Spanish and Vietnamese were published on the Agencies’ websites.

On December 2, 2008, an announcement in English and Spanish that described the public comment period and public hearings schedule was mailed to 790 addresses on ORCA’s notification list, which included County Commissioners, County Judges, Mayors, City Managers, City Council members, Council of Government Directors, consultants and engineers from the affected areas.

The locations, addresses, dates, and number of attendees are listed below:

Location:	Livingston	Galveston	Houston	Harlingen	Beaumont
Address:	Alabama-Coushatta Indian Reservation Special Events Center U.S. Hwy 190E Livingston, TX 77351 (between Woodville & Livingston)	Jury Assembly Room: Galveston County Justice Center-Administration Building 600 59 th Street Galveston, TX 77551	City Hall Annex Public Level Chamber 900 Bagby Houston, TX 77002	Harlingen Cultural Arts Center 576 "76" Drive Harlingen, TX 78551	Southeast Texas RPC 2210 Eastex Freeway Beaumont, TX 77703
Date & Time:	5-Dec-08 10:00-12:00 am	8-Dec-08 2:00 – 4:00 pm	9-Dec-08 3:00-5:00 pm	15-Dec-08 9:00 – 11:00 am	16-Dec-08 5:30 – 7:30 pm
Number of Attendees:	32	64	54	49	95

All hearing locations were fully accessible to persons with disabilities. The hearing announcements included information on accessibility requests for individuals requiring an interpreter, auxiliary aids, or other services. Additionally, staff attending the hearings spoke both English and Spanish.

The following is a summary of the comments received as well as the Agencies' response. Comments are arranged and answered by subject, and each comment is individually numbered. At the end of this section, there is a table that includes information for each individual making comment. In general, housing-related comments were addressed by TDHCA and non-housing comments were addressed by ORCA. The primary responding Agency is also listed with the comment responses.

For more information on the public comment received on this document, or for copies of the original comment, please contact Jerry Walker, ORCA Deputy Executive Director, at (512) 936-6711.

Comment #1: Use of HNTB Engineering services

Commenter requested clarification of how the HNTB assessments will be used in the project selection process.

Staff Response:***ORCA***

HNTB is an engineering firm ORCA has contracted with to prepare damage assessments for non-housing activities in the most impacted non-entitlement communities in the Hurricane Ike affected area. Damage assessments prepared will help communities prioritize their projects and become a part of the application that will be submitted to ORCA for consideration. The HNTB information will limit the time needed in completing the non-housing application. Ultimately, how the communities use the HNTB information is up to them.

Comment #2: COG housing assessments

Commenter asked what kind of assessment the COGs will use to make the distribution for housing.

Staff Response:***TDHCA***

Each COG will be establishing its own region's Method of Distribution (MOD) for allocation recommendations, within impacted counties, of both housing and non-housing needs. For housing needs, the MOD can include direct allocations, competitive process, or a combination. The distribution process must be done in an objective manner using verifiable data which could include such factors as FEMA damage estimates, local distress factors, economic impacts, storm surge, and wind speed.

Comment #3: Local control

Comments were made stressing local control over funding decisions related to activities and the contractors completing those activities. Comments indicated that the current system in the regular CDBG program works. Removing local control reduces the effectiveness of the program.

Staff Response:

ORCA

ORCA is using a process very similar to the process used to manage the regular annual non-entitlement allocation. In compliance with the COG allocation recommendation and prioritization, the local community will select the project it wishes to have completed, the community will select the grant administrative consultant, design engineer, and construction contractor to complete the selected project; the only difference is that the contract for services with the grant administrative consultant and design engineer will be with ORCA instead of with the communities. ORCA feels that this additional oversight will allow the projects to progress more efficiently.

TDHCA

In compliance with the COG allocation recommendation and prioritization, Subrecipients will select those housing programs they wish to administer in the Application and may procure their own eligible grant administrative consultants as needed, pursuant to regulations and program guidance. Subrecipients must have the demonstrated capacity to administer housing activities, and the activities they elect must be eligible pursuant to 24 CFR Part 570 and the Federal Register notice released by HUD which govern the use of these funds. Capacity may, as described in the Plan, be established in several ways. Smaller subrecipients are strongly encouraged to utilize consortiums, especially consortiums with larger subrecipients, to minimize expense and delay in arranging for capacity and to reduce the administrative burden on TDHCA, thereby enhancing its ability to approve and monitor processes efficiently.

Comment #4: Administrative services

Comments were made indicating that local communities have built working relationships with local administrative services/consulting firms that are familiar with federal rules and regulations. Comments suggested that access to those firms would be beneficial to those communities who have a need for those services.

Staff Response:

ORCA

Each community will be allowed to select its own grant administrative consultant for completion of their individual projects. The only difference is that the contract for services with the grant administrative consultant will be with ORCA instead of with

the communities. ORCA feels that this additional oversight will allow the projects to progress more efficiently.

TDHCA

Subrecipients may procure their own eligible grant administrative consultants pursuant to regulations and program guidance. TDHCA is also exploring the possibility of procuring one or more grant administrative consultants that would be available to contract directly with Subrecipients, should they so elect.

Comment #5: Engineering design services

Comments were made indicating that local communities have built working relationships with local engineering design firms that are familiar with federal rules and regulations as well as local government needs. Comments suggest that access to those firms would be beneficial to those communities who have a need for those services.

Staff Response:

ORCA

Each community will be allowed to select its own design engineer for completion of their individual projects. The only difference is that the contract for services with the design engineer will be with ORCA instead of with the communities. ORCA feels that this additional oversight will allow the projects to progress more efficiently.

Comment #6: Concern for inland communities

A comment was made indicating that citizens further inland were concerned that their priorities would be lessened compared to the devastation that occurred in the coastal regions.

Staff Response:

ORCA and TDHCA

Funding for disaster recovery is available to all areas included in Federal Disaster Declarations 1780 and 1791. The Methods of Distribution will be determined by the COGs in the affected areas, and the funding will be disbursed accordingly.

Comment #7: Capacity issues in smaller communities

A comment was made stating that many smaller communities do not have the capacity for grant writing and will require assistance. The commenter suggested that these communities

be allowed to use the consultants that they have already developed relationships with for these purposes.

Staff Response:

ORCA

Those communities requiring assistance will receive guidance and technical assistance from ORCA staff and will also have access to grant administrative consultants selected from a list compiled by ORCA. Each community will be allowed to select its own grant administrative consultant for completion of their individual projects; the only difference is that the contract for services with the grant administrative consultant will be with ORCA instead of with the communities.

TDHCA

Applicants requiring assistance relating to housing applications will receive guidance and technical assistance from TDHCA staff. Applicants may select grant administrative consultants, should they so elect. TDHCA may provide access to grant administrative consultants selected from a list compiled by TDHCA; however the administrative contract will be between the applicant and the selected consultant.

Comment #8: Sheltering Facilities

Commenter observed that his community served as a destination for evacuees during both Hurricanes Rita and Ike and that he did not see anything in the Action Plan that addresses sheltering communities. He indicated that much could be done to assist voluntary organizations that provide shelter, particularly during the loss of power. Expansion of public facilities could also serve dual roles for the community and for sheltering purposes.

Staff Response:

ORCA

Provision for sheltering activities is an eligible activity under this Action Plan and can be awarded based on the local priorities set in each region by the COGs.

Comment #9: Environmental Review

Comment inquired if ORCA will be doing the Environmental review process. And, if so, shouldn't ORCA already be starting those reviews.

Staff Response:

ORCA

ORCA will be providing the Environmental review through staff or contracted services for the non-housing awards. Environmental reviews will begin once projects have been identified and contracts have been awarded.

TDHCA

Because the type of environmental review required for housing activities depends on whom the funding recipient is and what type of activity they are doing, environmental reviews cannot begin until contracts have been awarded and specific sites and projects have been identified.

Comment #10: Application Process

Comments inquired if ORCA will be completing the application process for projects and requested support in application completion.

Staff Response:

ORCA

Communities requiring assistance for non-housing applications will receive guidance and technical assistance from ORCA staff and will also have access to grant administrative consultants selected from a list compiled by and contracted through ORCA.

TDHCA

For housing activities, the applicants will be completing the housing application for the programs they wish to administer. Applicants requiring assistance relating to housing applications will receive guidance and technical assistance from TDHCA staff. Applicants may select grant administrative consultants, should they so elect. TDHCA may provide access to grant administrative consultants selected from a list compiled by TDHCA; however the administrative contract will be between the applicant and the selected consultant.

Comment #11: Economic Development

Comments expressed need for economic development activities throughout the impacted area. Suggestions included creation of RLFs, low interest loans and Main Street programs.

Staff Response:

ORCA

Economic Development activities, if selected by the COGs, will be provided as direct grants, loans, or deferred forgivable loans and will be further defined in application guides and implementation materials.

Comment #12: ORCA staff

Commenter inquired about the number of staff members ORCA intends to hire in response to the allocations.

Staff Response:

ORCA

ORCA estimates that it will initially utilize 41 extra temporary employees in the agency to assist communities with their projects and contracts and to ensure that funds are utilized with maximum benefit and efficiency. At the time when all funds have been expended and contracts have been brought to completion ORCA staff size will return to pre-funding levels.

Comment #13: Triangular approach

Comments indicated that the triangular approach of public infrastructure, economic development and housing is the focus that communities need.

Staff Response:

ORCA and TDHCA

The goal is to create a framework that can work with the other initiatives taking place at the federal and state levels and considers a locally driven process with priorities established in conjunction with the Office of the Governor, community leaders, advisory groups, Councils of Governments (COGs), and others to maximize the funds and place funding where the highest needs exist.

Comment #14: Infrastructure

Comments were made detailing needs for restoration, improvement and replacement of various critical infrastructure projects across the impacted areas.

Staff Response:

ORCA

All eligible infrastructure projects will be allowable so long as the activity is directly related to a major natural disaster declaration in 2008 through actual damage or a failure to function and complies with COG allocation recommendations and prioritizations.

Comment #15: Other Sources of Housing Funds

Comments were made suggesting that the neighborhood stabilization fund and tax credit programs might be made available for housing projects in the Rio Grande Valley area.

Staff Response:

TDHCA

TDHCA does not anticipate restricting non-CDBG affordable rental program funds specifically to the regions, but to the extent that impacted areas are able to participate in these statewide programs, TDHCA encourages pursuing them to enhance local recovery and renewal. The 11 COGs will be responsible for setting regional level rental priorities; leveraging of other affordable housing programs is allowed as part of the financing structure of an eligible housing activity. The eligibility requirements and priorities for the state administered \$58M TDHCA Rental set-aside will be determined in the final CDBG Rental NOFA. In general, Staff agrees that leveraging of the funding available under this Action Plan should be encouraged wherever possible.

Comment #16: Entitlements

Comments were made establishing the capacity and experience of some entitlement communities to administer CDBG funds. Comments suggested that a COG role similar to that used in the Rita program would be fair and equitable.

Staff Response:

ORCA and TDHCA

Entitlement communities and COGs receiving funding will be responsible for adhering to all federal and state regulations required of these contracts. Previous CDBG experience, particularly related to disaster funding, and sufficient capacity will prove valuable to those entities able to utilize such skills.

Comment #17: Use of FEMA assessments

Comments indicated that FEMA assessments for housing and non-housing needs, particularly in the Hurricane Dolly affected areas, are coming in very low with many individuals' claims being denied or severely underestimated.

Staff Response:

ORCA and TDHCA

The Agencies acknowledge that FEMA data as an estimate may not fully and accurately reflect actual need. However FEMA damage assessments are the only objective assessments available. Recognizing the incomplete nature of the FEMA data and based on feedback received, ORCA has redistributed funds initially set aside for the Agencies' planning to allocate additional project dollars to help address such concerns about the FEMA data.

Comment #18: Eligible and Ineligible activities

Comments inquired if facilities that did not fail during the hurricane would be eligible for hardening in order to improve future preparedness.

Staff Response:

ORCA

Facilities that were not physically damaged by Hurricane Dolly or Ike or that did not fail to function in some way are not eligible for upgrades from these supplemental funds.

TDHCA

Pursuant to a HUD waiver allowing new construction, the replacement of housing stock in the region that was lost during the hurricanes is an eligible activity. This would include the new construction of housing to replace housing lost on other project sites in the affected area.

Comment #19: Administrative and Planning Funds

Comments were made inquiring about the need for and uses of the 5 percent state administration and 15 percent planning funds provided for in the allocation.

Staff Response:

ORCA and TDHCA

Five percent is allowable for state administration to provide oversight and regulation of the contracts funded. The 15 percent initially set aside for planning activities has been reduced to 2.78 percent in response to public comment received and has been reallocated to additional project dollars.

Comment #20: Flood Buyouts

Comments were made encouraging flexibility in any potential buyout programs, allowing reconstruction instead of returning to green space.

Staff Response:

ORCA and TDHCA

Flood buyouts are an eligible activity under this Action Plan, and conversion to green space is not a requirement. However, flood insurance and compliance with federal floodplain requirements are mandated for any assistance involving repair or construction within a floodplain. Funds from this Action Plan cannot be used as the match for FEMA Hazard Mitigation Grant Program (HMGP) awards.

Comment #21: The needs of the City of Bayou Vista

Comments requested that the public information sign be replaced, a reliable communication system needs to be installed, a high-water vehicle needs to be furnished to replace a lost fire truck and the staging area for the Red Cross and the Salvation Army needs to be resurfaced.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #22: The needs of the City of Santa Fe

Comment stated that the storm exposed critical infrastructure, communications and information needs in the City of Santa Fe, specifically wastewater treatment facility repairs, generator needs and drainage studies.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #23: Low-to-Moderate Income requirements

Comment supported a waiver of the 51 percent low-to-moderate income requirement being requested in order to serve a wider population. Other comment requested that the agencies not request such a waiver because it would encourage local regions to not serve the low-income populations with the greatest needs.

Staff Response:

ORCA

Since extensive damage to community infrastructure and housing affected those with varying incomes, and income-producing jobs are often lost for a period of time following a disaster, HUD is waiving the 70 percent overall benefit requirement for low- and moderate-income persons, and replacing it with a 50 percent requirement to give grantees even greater flexibility to carry out recovery activities within the confines of the CDBG program national objectives. At this time the State is not considering a waiver request beyond the waiver being granted by HUD.

Comment #24: Future allocations

Commenter referred to an additional \$4.4 billion to be allocated. The commenter inquired when HUD anticipates making that allocation.

Staff Response:

ORCA and TDHCA

The Agencies' have no indication of that date, but monitor the situation constantly.

Comment #25: Action Plan suggestions

Comments recommended that guidance should be provided to the regions in assessing their needs and that as many waivers as possible be requested in order to streamline the process and get projects completed sooner.

Staff Response:

ORCA and TDHCA

Both agencies are available to provide any guidance required by the COGs to help in the development of the regional Methods of Distribution. HUD has already granted several waivers related to the supplemental funding in the Federal Register publication that will streamline funding. Immediately following Action Plan approval the agencies will submit additional waivers to expedite the use of the funding or to meet the areas of greatest unmet need with the exception of fair housing, nondiscrimination, labor standards, and environmental assessments as appropriate.

Comment #26: The needs of the City of San Augustine

Comments indicated that an additional generator for wastewater and another for water distribution are needed in order to avoid TCEQ violations.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #27: Debris removal

Comments suggested that the Governor issue an executive order that would allow entry onto private property for the purposes of debris removal.

Staff Response:

ORCA

Eligible debris removal activities will have to follow HUD guidelines and specifications.

Comment #28: Shoreline protection

Comments urged that various types of shore protection projects and beach enrichment projects are very important and could lessen the impacts from storms in the future.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #29: Need for quick disbursement of funds

Comments indicated that every day's delay in funding makes funds less effective in meeting the needs they were designed to meet.

Staff Response:

ORCA and TDHCA

It is the goal of ORCA and TDHCA to ensure that funds reach the communities in need and fulfill the goals of those communities in the most timely and efficient manner possible. That is why ORCA and TDHCA have, prior to HUD's release of program rules, prepared the Action Plan and initiated MOD activity at the COG level, proceeding in good faith on the belief that these steps will comport with the rules ultimately issued and thereby expedite the process.

Comment #30: Healthcare issues

Comments suggested that plans be implemented that address the number of uninsured and various healthcare issues.

Staff Response:

ORCA

The funds outlined in this Action Plan are provided to the State of Texas for recovery from Hurricanes Dolly and Ike. As such, healthcare and insurance are not included in the list of eligible CDBG activities. ORCA recommends seeking assistance from other agencies.

Comment #31: CDBG experience

Comments urged that communities with previous CDBG experience be provided with funding immediately in order to expedite projects that are ready to go.

Staff Response:

ORCA and TDHCA

Once the Methods of Distribution are determined at the COG level, the Action Plan is approved by HUD, and individual applications are filed, the legally required processes that will lead to funding can commence. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #32: Allocation distribution

Comments suggested that allocations to Deep East Texas and the Lower Rio Grande Valley are not fair and equitable and urged that the distribution to the Lower Rio Grande Valley be re-evaluated.

Staff Response:

ORCA

Based on feedback received, ORCA has allocated funds initially set aside for planning to additional project dollars in these and other regions.

Comment #33: The needs of Hidalgo County

Comments detailed a variety of projects needed in Hidalgo County that include flooding mitigation, drainage needs and levy repair.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #34: The needs of the City of Escobares

Comments detailed specific needs in the city of Escobares to include drainage projects, street repairs and replacement, a police facility, a medical clinic, a community center, a city hall facility, playgrounds and the rebuilding of U.S. Hwy 83.

Staff Response:

ORCA

While only eligible projects will be accepted for funding, Methods of Distribution are being determined at the COG level and funding will be disbursed according to those

recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #35: The needs of the City of Roma

Comments stated that the City of Roma received severe damage from heavy rains that happened after Hurricane Dolly, and no Federal declaration was made for those floods. The commenter requested that the timeframe be altered to include those floods in this disaster response.

Staff Response:

ORCA and TDHCA

Only activities directly related to the effects of Hurricane Ike and Dolly are eligible for this disaster recovery funding.

Comment #36: Federal match

Comments urged that disaster recovery funding be made available for use as Federal match, stressing that a great financial burden would be put upon counties and small coastal communities in meeting the required 25% match on FEMA PA and HMGP projects.

Staff Response:

ORCA and TDHCA

At this time, the legislation governing these funds stipulates that this disaster recovery funding may not be used as Federal match.

Comment #37: The needs of the City of Houston

Comments indicated that, as a CDBG entitlement community, the City of Houston has professional staff that operates under CDBG regulations daily and can ensure compliance with all federal regulations. Further comments urged that funds be provided for immediate use.

Staff Response:

ORCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

TDHCA

Entitlement communities receiving funding, particularly those with previous experience in CDBG disaster funding and sufficient capacity, will prove valuable in expediting assistance in the region.

Comment #38: The needs of the City of Galveston

Comments noted Galveston's proud historical record of national security and coastal defense and stressed Galveston's invaluable contribution to the nation's petrochemical and refining industries. The commenter detailed the needs of the City of Galveston.

Staff Response:

ORCA and TDHCA

Once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #39: Urgency in Housing Delivery

Comments encouraged the need for urgency in getting people back in their homes.

Staff Response:

TDHCA

It is the goal of TDHCA to ensure that funds reach the communities in need and fulfill the goals of those communities in the most timely and efficient manner possible.

Comment #40: Title Requirement

Comment suggesting clear title be established through State law and from affidavits of heirship for proof of ownership.

Staff Response:

TDHCA

TDHCA is constrained to comply with applicable state and federal law.

Comment #41: Emergency Home Repairs

Comments related to need for the provision of emergency home repairs to prevent continued damage.

Staff Response:***TDHCA***

Eligible entities may administer CDBG housing programs allowable under local, state, and federal regulations, based on regional need. Examples of eligible housing programs that may be developed include emergency home repair programs.

Comment #42: Housing Income Limits

Comments urged consideration for the need for higher income limits because people with higher income limits were also impacted by the hurricanes.

Staff Response:***TDHCA***

CDBG regulations do not specifically prohibit serving people with higher incomes who were impacted by the hurricanes. For activities that meet the national objective of LMI benefit, at least 51% of the persons being served must be low to moderate income. Since extensive damage to community development and housing affected those with varying incomes, it is anticipated that not all beneficiaries will be low to moderate income.

Comment #43: Faith Based Support

Comment related to the great work faith based organizations provide to those who have lost homes. Suggestion to support their efforts.

Staff Response:***TDHCA***

This Action Plan is designed to provide the regions with great flexibility in designing programs and activities that meet local needs. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #44: Rental Housing

Comments were provided pertaining to the need for restoration and repair of available rental stock.

Staff Response:

TDHCA

Each COG will be establishing its own region's Method of Distribution (MOD) for allocation recommendations of housing and non-housing needs. Additionally, the Agencies have established a TDHCA Affordable Rental Housing set aside and local areas and interests are encouraged to participate in the public comment process relating to the corresponding rental NOFA.

Comment #45: Prioritization of Housing

Comments were provided expressing the need to prioritize housing from funds available. Suggestion made to consider 58% housing and also to allocate to housing based on the Governor's *Rebounds Report*.

Staff Response:

TDHCA

Each COG will be establishing its own region's Method of Distribution (MOD) for allocation recommendations of housing and non-housing needs. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #46: Green Building & High Efficiency

Comment related to the incorporation of green building and high efficiency technologies in the housing activities.

Staff Response:

TDHCA

TDHCA encourages construction methods that emphasize green building, high quality, durability, energy efficiency, and mold resistance. COGs opting to use a competitive process as part of the method of distribution were encouraged to incorporate smart growth and green building incentives as part of the process. Additionally, TDHCA anticipates including green building and high efficiency technology incentives in the TDHCA Affordable Rental Housing NOFA.

Comment #47: Workforce Housing

Suggestion for the immediate provision of workforce housing that could later be converted to long term housing for the disadvantaged, the elderly, or the disabled.

Staff Response:

TDHCA

Eligible entities may administer CDBG housing programs allowable under local, state, and federal regulations, based on regional need. Examples of eligible housing programs that may be developed include the provision of workforce housing. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs. Additionally, local areas are encouraged to participate in the public comment process relating to the TDHCA Rental NOFA.

Comment #48: Construction Quality

Comment emphasized the need to include requirements for construction integrity in housing repairs and restoration. Had homes been built stronger so many would not have been damaged.

Staff Response:

TDHCA

TDHCA encourages construction methods that emphasize green building, high quality, durability, energy efficiency, and mold resistance. Stringent construction requirements are made part of housing contracts with TDHCA, however, once the Methods of Distribution are determined at the COG level, funding will be disbursed according to those recommendations. Communities are encouraged to maintain communication with the appropriate COG in order to address their specific needs.

Comment #49: City of Houston Housing Recovery Plan

Commenter detailed the housing recovery plan for long term disaster recovery for the City of Houston.

Staff Response:

TDHCA

Eligible entities may administer CDBG housing programs allowable under local, state, and federal regulations, based on regional need. Subrecipients must have the demonstrated capacity to administer housing activities and the activities they elect must be eligible pursuant to 24 CFR Part 570 and the Federal Register notice released by HUD which govern the use of these funds

Comment #50: Greater Role of State in Directing Use of Funds and Program Design

Substantial comment was received that recommended the State stipulate required percentages between housing, non-housing, and economic recovery, in accordance with the *Texas Rebounds Report*. Comment suggested that while allowing the Councils of Governments (COGs) to have some discretion to prioritize a portion of the funding within the three major recovery funding areas of public infrastructure, economic development, and housing should be commended, allowing COGs to have full discretion over the use of all funds should not be allowed. Further, comment suggests that the State should provide the directive to the local governments to make homeownership a priority in the response process, and to make housing rebuilding the top priority in the allocation of disaster rebuilding funds. Comment also requests that the State target the funds to serve the lowest income groups possible as their needs surpass the needs of higher income families, and establish a simple structure of five housing assistance programs to rebuild homes. Comment also suggests that the State provide uniform state program and benefit levels in post-disaster housing rebuilding programs. Further, comment recommends that the State should:

- Build on existing investments in housing programs to ensure funds are available as quickly and efficiently as possible.
- Put in place effective consumer protections for homeowners dealing with contractors to rebuild their homes.
- Design protections into loans, deeds and covenants associated with state funded housing programs to protect low-income consumers from losing their homes.
- Establish a program to provide emergency repairs in order to minimize additional costs occasioned by further weather damage.
- Maximize the contributions of faith-based groups to rebuild and repair houses.
- Provide for access to affordable homeowner's insurance for low-income homeowners.
- Design housing programs in a manner that breaks down housing segregation and concentrations of poverty.
- Design new houses and rehabilitation work to produce homes that are truly affordable to maintain and are highly energy efficient.
- Adequately fund the repair and reconstruction of affordable rental housing.
- Develop models to combine temporary housing and permanent housing and ensure that assisted homes will survive future hurricanes and flooding. Use

Hurricane Ike disaster programs to develop and test models for better housing solutions for the next disaster.

Further comment suggests that TDHCA require local areas to use State Policies and Procedures, which would be designed to make the programs accessible to the populations they are designed to assist. Among the policies and practices that have been adopted by TDHCA's Hurricane Rita CDBG grant program that should be incorporated in future programs are:

- Defining eligibility in accordance with the income requirements of the CDBG program and ensuring that all Texans have access to the same benefits under the same requirements.
- Allocating resources for intensive casework with special needs populations including the elderly, disabled, and very low-income.
- Allowing applicants to demonstrate an ownership interest in property by providing an Affidavit of Heirship or other documentation rather than requiring applicants to go through a title clearing process that averages about two years.
- Working closely with local faith-based and advocacy groups to do outreach and education in affected communities, and working with local legal services programs to refer applicants who needed legal assistance with property ownership or tax issues.
- Streamlining applications in length, complexity, and reading level to make the process more accessible to applicants.
- Ensuring that entities have the capacity to effectively administer programs; as was demonstrated after Hurricane Rita, housing programs providing assistance to individual homeowners require a high level of administrative capacity and require a large investment of resources.

Comment asserted that building these best practices into Hurricane Dolly and Ike recovery programs from the beginning will allow Texas to take advantage of the lessons learned in the wake of Katrina and Rita and deliver help to affected families and communities more quickly and effectively.

Staff Response:

TDHCA

The majority of public comment supports the current model outlined in the Action Plan, which empowers the regions by allowing decisions to be made at the local level.

The goal is to create a framework that can work with the other initiatives taking place at the federal and state levels and considers a locally driven process with priorities established in conjunction with the Office of the Governor, community leaders, advisory groups, Councils of Governments (COGs), and others to maximize the funds and place funding where the highest needs exist.

As it relates to the TDHCA Affordable Rental Restoration Program, these determinations will be made in the CDBG Rental NOFA public comment process. TDHCA encourages the public to participate in this process.

Comment #51: Elaboration and Clarity in the Draft Action Plan

Comment suggested the failure of the State to provide adequate detail in the draft Action Plan, and suggested ORCA and TDHCA give structure and guidelines for communities to follow to ensure that priority is given to rebuilding affordable housing, and assisting low-income and moderate-income persons in the recovery process.

Staff Response:

TDHCA

The final Action Plan, as proposed, was revised to include more detail, as suggested by commenter.

TOPICS

1	Use of HNTB Engineering services
2	COG housing assessments
3	Local control, administrative responsibilities and engineering design
4	Administrative services
5	Engineering design services
6	Concern for inland communities
7	Capacity issues in smaller communities
8	Sheltering Facilities
9	Environmental Review
10	Application Process
11	Economic Development
12	ORCA staff
13	Triangular approach
14	Infrastructure
15	Other Sources of Housing Funds
16	Entitlements
17	Use of FEMA assessments
18	Eligible and Ineligible activities
19	Administrative and Planning Funds
20	Flood buyouts
21	The needs of the City of Bayou Vista
22	The needs of the City of Santa Fe
23	Low-to-Moderate Income requirements
24	Future allocations
25	Action Plan suggestions
26	The needs of the City of San Augustine
27	Debris removal
28	Shoreline protection
29	Need for quick disbursement of funds
30	Healthcare issues
31	CDBG experience
32	Allocation distribution
33	The needs of Hidalgo County
34	The needs of the City of Escobares
35	The needs of the City of Roma
36	Federal match
37	The needs of the City of Houston
38	The needs of the City of Galveston
39	Urgency in Housing Delivery
40	Title Requirement
41	Emergency Home Repairs
42	Housing Income Limits
43	Faith Based Support
44	Rental Housing
45	Prioritization of Housing
46	Green Building and High Efficiency
47	Workforce Housing
48	Construction Quality
49	City of Houston Recovery Plan
50	Greater Role of State Directing Use of Funds
51	Elaboration and Clarity in the Draft Action Plan

Public Comment by Commenter

Commenter	Commenter Information	Source
Jay Rice	President, Public Management	Livingston Hearing Testimony
Jacques Blanchette	County Judge, Tyler County	Livingston Hearing Testimony
Keith Wright	Assistant City Manager, City of Lufkin	Livingston Hearing Testimony
Susan Sowards	Representative from State Representative Jim McReynolds' office	Livingston Hearing Testimony
Billy Ted Smith	Emergency Management for Jasper, Newton and Sabine County	Livingston Hearing Testimony
Willie Stark	County Commissioner Precinct 3, Jasper County and Judge Pro-Tem for Jasper County	Livingston Hearing Testimony
Tommy Wheeler	Emergency Management Coordinator, City of Nacogdoches and Nacogdoches County	Livingston Hearing Testimony
Philip Goodwin	Goodwin-Lasiter, Inc.	Livingston Hearing Testimony
David Waxman	Waxman and Associates	Livingston Hearing Testimony
Ben Bythewood	Mayor, City of Woodville	Livingston Hearing Testimony
Tommy Overstreet	County Commissioner Precinct 4, Polk County and Third Vice-President of the Deep East Texas Council of Governments	Livingston Hearing Testimony
Randy Blanks	Waxman and Associates	Livingston Hearing Testimony
Martin Nash	County Commissioner, Tyler County	Livingston Hearing Testimony
Lyda Ann Thomas	Mayor, City of Galveston	Galveston Hearing Testimony and Written Testimony
Steve LeBlanc	City Manager, City of Galveston	Galveston Hearing Testimony
Brandon Wade	Deputy City Manager, City of Galveston	Galveston Hearing Testimony
Harish Krishnarao	Public Housing Director, City of Galveston	Galveston Hearing Testimony
Jeff Sjostrom	Economic Development, City of Galveston	Galveston Hearing Testimony
Sterling Patrick	Grants and Housing Director, City of Galveston	Galveston Hearing Testimony
Ed Flanagan	Mayor, City of Bayou Vista	Galveston Hearing Testimony
Ralph Stenzel	Mayor, City of Santa Fe	Galveston Hearing Testimony
Joe Dixon	City Manager, City of Santa Fe	Galveston Hearing Testimony
David Baker	Public Management	Galveston Hearing Testimony
Bruce Spitzengel	Grant Works, Inc.	Galveston Hearing Testimony
Madison Sloan	Attorney with Texas Appleseed	Galveston Hearing Testimony and Written Testimony
Barbara Crews	Co-Chair of Galveston County Restore and Rebuild	Galveston Hearing Testimony
Joe Champion	Galveston County Restore and Rebuild	Galveston Hearing Testimony
Erin Toberman	Co-Chair of Unmet Need Committee	Galveston Hearing Testimony
Bernard Scroggin	Lutheran Social Service Disaster Response	Galveston Hearing Testimony
Wendy Gorie	Executive Director, Bay Area Habitat for Humanity	Galveston Hearing Testimony

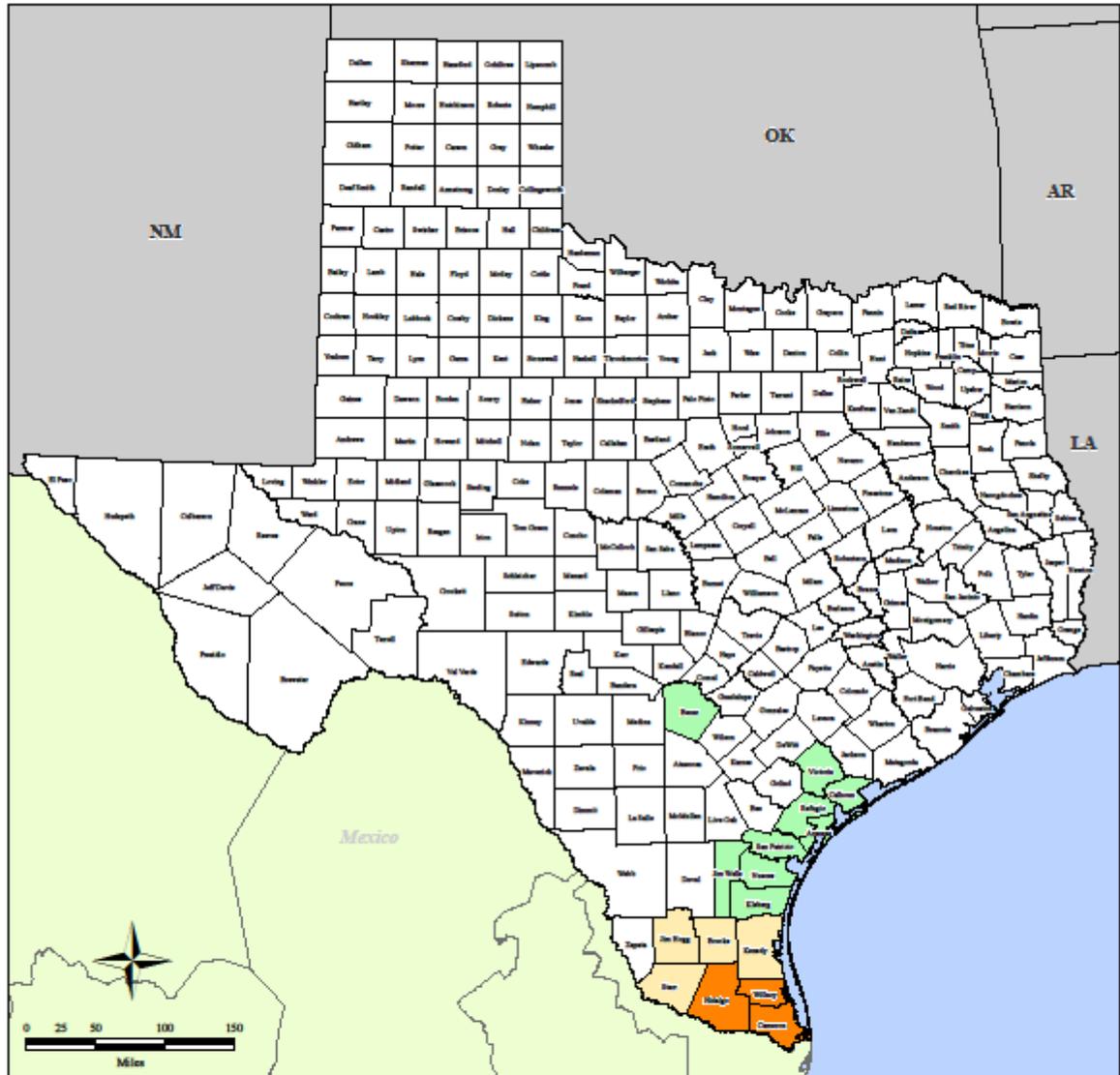
Commenter	Commenter Information	Source
Chuck Wemple	Economic Development Program Manager, Houston-Galveston Area Council	Galveston Hearing Testimony
Duke Lyons	City Manager, City of San Augustine	Galveston Hearing Testimony
John Lee	Emergency Management Office, Galveston County	Galveston Hearing Testimony
Carlos Simonson Orellana	Executive Director, Galveston Institute	Galveston Hearing Testimony
Bill White	Mayor, City of Houston	Houston Hearing Testimony and Written Testimony
Jolanda Jones	City Council, City of Houston	Houston Hearing Testimony
Richard Celli	Director of Housing, City of Houston	Houston Hearing Testimony
Michael Marcotte	Public Infrastructure, City of Houston	Houston Hearing Testimony
Gabriel Vasquez	Director of Economic Development, Harris County	Houston Hearing Testimony
Karen Love	Regional Healthcare Alliance	Houston Hearing Testimony
Thomas Miller	Owner, Hollyview Apartments	Houston Hearing Testimony
Barry Kahn	Apartment complex owner	Houston Hearing Testimony
Sarah Cerrone	Director of Economic Development and Special Projects, Chambers County	Houston Hearing Testimony
Peter Carson	Greater Houston Long Term Recovery Committee	Houston Hearing Testimony
Jeff Day	Pastor, Church in Liberty County	Houston Hearing Testimony
Jennifer Postan	Greater Houston Long Term Recovery Committee	Houston Hearing Testimony
Mark Leonard	Program Officer, Initiative Support Corporation	Houston Hearing Testimony
Susan Stubblefield	Owner, Linda Vista Apartments	Houston Hearing Testimony
Tim Tietjens	Director of Planning, City of La Porte	Houston Hearing Testimony
Donald Sampley	Assistant Director for Housing and Community Development, City of Houston	Houston Hearing Testimony
Arnold Padilla	Executive Director, San Benito Housing Authority	Harlingen Hearing Testimony
J.D. Salinas	County Judge, Hidalgo County	Harlingen Hearing Testimony
Carlos Cascos	County Judge, Cameron County	Harlingen Hearing Testimony
Johnny Cavazos	Emergency Management Coordinator, Cameron County	Harlingen Hearing Testimony
Tracy Figuerea	Attorney with Texas Rio Grande Legal Aid	Harlingen Hearing Testimony
Janet Hubbard	Director of Development, Loaves and Fishes	Harlingen Hearing Testimony
Noel Escobar	Mayor, City of Escobares	Harlingen Hearing Testimony and Written Testimony
Raul Garcia	Community Development Coordinator, Cameron County	Harlingen Hearing Testimony
Chris Salinas	City Manager, City of Roma	Harlingen Hearing Testimony
Sunny Philip	City Manager, City of La Feria	Harlingen Hearing Testimony

Commenter	Commenter Information	Source
Ken Jones	Executive Director, Lower Rio Grande Valley Development Council	Harlingen Hearing Testimony
Gloria Alvarez	Alderman, City of Escobares	Harlingen Hearing Testimony
Adam Saunders	City of Port Arthur	Beaumont Hearing Testimony
Mark Allen	County Judge, Jasper County	Beaumont Hearing Testimony
Carl Thibodeaux	County Judge, Orange County	Beaumont Hearing Testimony
Charles Shofner	County Commissioner, Jasper County	Beaumont Hearing Testimony
John Dubose	County Commissioner, Orange County	Beaumont Hearing Testimony
Kirk Roccaforte	Mayor, City of Bridge City	Beaumont Hearing Testimony
Suzie Simmons	Councilwoman, City of Sour Lake	Beaumont Hearing Testimony
Jamey Harrison	Superintendent, Bridge City ISD	Beaumont Hearing Testimony
Angela Baker	Director, Disaster Recovery Organization	Beaumont Hearing Testimony and Written Testimony
Gordon Hightower	Executive Director, Nehemiah's Vision	Beaumont Hearing Testimony
Joe Higgs	Gulf Coast Interfaith	Beaumont Hearing Testimony and Written Testimony
Everette "Bo" Alfred	County Commissioner, Jefferson County	Beaumont Hearing Testimony
Patrick Swain	County Auditor, Jefferson County	Beaumont Hearing Testimony
Karen Paup	Co-Director, Texas Low-Income Housing Information Service	Beaumont Hearing Testimony
Kellie Brown	Greater Port Arthur Chamber of Commerce	Beaumont Hearing Testimony
Leslie Waxman	Waxman and Associates	Beaumont Hearing Testimony
Mark Viator	Facilitator, Industrial Alliance	Beaumont Hearing Testimony
Joe Deshotel	State Representative	Beaumont Hearing Testimony
William Larrain	President, d.p. Consulting Engineers, Inc.	Written Testimony
Peter Larocca	Private citizen	Written Testimony
Joyce Williams	Private citizen	Written Testimony
Ken Jones	Executive Director of the Lower Rio Grande Balley Development Council	Written Testimony
Donald "Dude" Payne	Commissioner Precinct 1, Brazoria County	Written Testimony
Angela Baker	Director, Disaster Recovery, Texas Annual Conference, The United Methodist Church	Written Testimony
Lonnie Hunt	County Judge, Houston County	Written Testimony
Charles Shofner, Jr.	County Commissioner, Precinct 1, Jasper County	Written Testimony
Willie Stark	County Commissioner, Precinct 3, Jasper County	Written Testimony
Randy Williams	County Judge, San Augustine County	Written Testimony
Fritz Faulkner	County Judge, San Jacinto County	Written Testimony
Charles E. Watson	County Judge, Sabine County	Written Testimony
Vance Moss	County Commissioner, Jasper County	Written Testimony
Mark W. Allen	County Judge, Jasper County	Written Testimony
Roy Parker	County Commissioner, Precinct 2, Jasper County	Written Testimony
Mark Evans	County Judge, Trinity County	Written Testimony
Arturo Ramirez	President, Lower Rio Grande	Written Testimony

Commenter	Commenter Information	Source
	Development Council and Executive Director of Center for Economic Opportunities, Inc.	
Anne Rubio	Gulf Coast Interfaith	Written Testimony
Gulf Coast Interfaith	Gulf Coast Interfaith	Written Testimony
Camilla T. Ward	Galveston homeowner	Written Testimony
Bernardo Sanchez	Ike victim	Written Testimony
Kathleen B. Hill	Episcopal Disaster Recovery	Written Testimony
Marianne Kondo	Individual	Written Testimony
Pat Oates	Goodwin Lasiter Engineering	Written Testimony
Steve Brewer	Mayor, City of La Feria	Written Testimony
Ruby Nelson	Pastor, St. Paul's United Methodist Church	Written Testimony
Jill Kirkonis	Mayor, City of Cleveland	Written Testimony
John White	Mayor, City of Ames	Written Testimony
Leonard Reed	Mayor, City of Willis	Written Testimony
Phil Fitzgerald	County Judge, Liberty County	Written Testimony
Steve Stephens	Mayor, City of Dayton	Written Testimony
Samuel L. Neal, Jr.	County Judge, Nueces County	Written Testimony
Ann Williams Cass	Executive Director, Proyecto Azteca	Written Testimony
Shirley Fanuiel	Southeast Regional Coordinator, National Association for the Advancement of Colored People	Written Testimony
Carol E. Moore	Chair, National Association for the Advancement of Colored People	Written Testimony
Matt Hull	Executive Director, Habitat for Humanity	Written Testimony
Jack Steele	Executive Director, Houston-Galveston Area Council	Written Testimony
Cathryn Andrews	Individual	Written Testimony
Robert M. Worley	President and CEO of the Economic Development Corporation for Brazoria County	Written Testimony
Bernard Scorgin	Lutheran Social Services/Luther Disaster Response	Written Testimony
Kristi Browning	League City United Methodist Church volunteer	Written Testimony
Thomas M. Verkin	Individual	Written Testimony
Joseph and Jennifer Belanger	Individuals	Written Testimony
Ed L. Lopez	Individual	Written Testimony
David B. Turkel	Director, Community Services Department of Harris County	Written Testimony
Jane Taylor	Individual	Written Testimony
Andy Stern	Individual	Written Testimony
Eddie Lucio, Jr.	Senator, State of Texas	Written Testimony
Veronica Gonzales	State Representative, District 41	Written Testimony
Johnny M. Tabor, P.E.	Tabor & Associates, Inc.	Written Testimony
John Henneberger	Co-Director, Texas Low Income Housing Information Service	Written Testimony

APPENDIX C: MAPS OF TEXAS COMMUNITIES IMPACTED BY HURRICANES DOLLY AND IKE

**FEMA-1780-DR, Texas
Disaster Declaration as of 08/13/2008**



Location Map

Legend

Designated Counties	
	No Designation
	Public Assistance
	Public Assistance (Categories A and R)
	Individual Assistance and Public Assistance

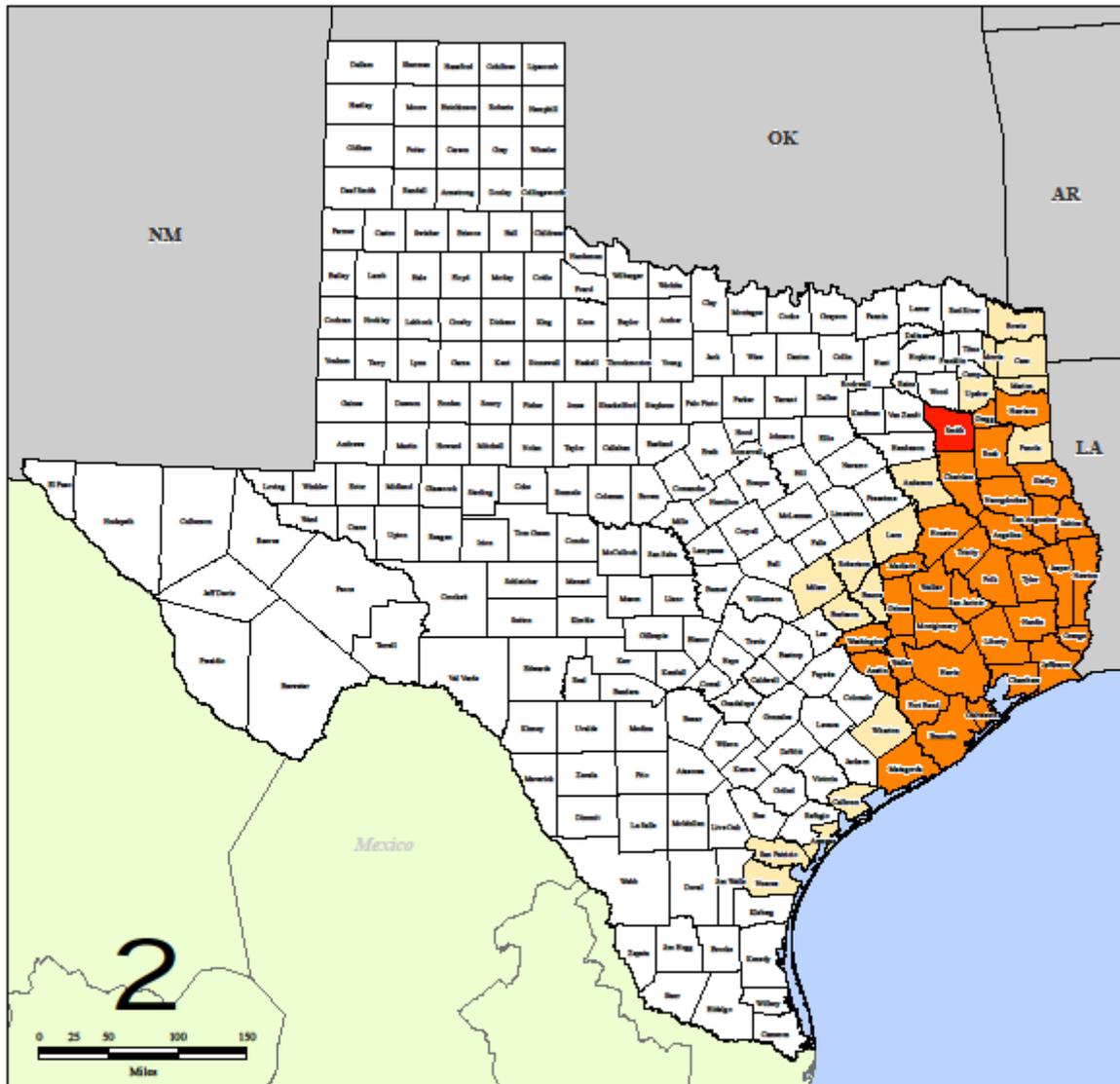
All counties are eligible for Hazard Mitigation



FEMA
 ITS Mapping & Analysis Center
 Washington, DC
 08/13/08 -- 09:17 AM EDT
 Source: Disaster Federal Registry Notice
 Amendment No. 4 - 08/13/2008

MapID 30ce069a2fd0813080910hgpro

FEMA-1791-DR, Texas Disaster Declaration as of 11/21/2008



Location Map

Legend

Designated Counties

- No Designation
- Public Assistance
- Individual Assistance
- Individual Assistance and Public Assistance

All counties are eligible for Hazard Mitigation



FEMA

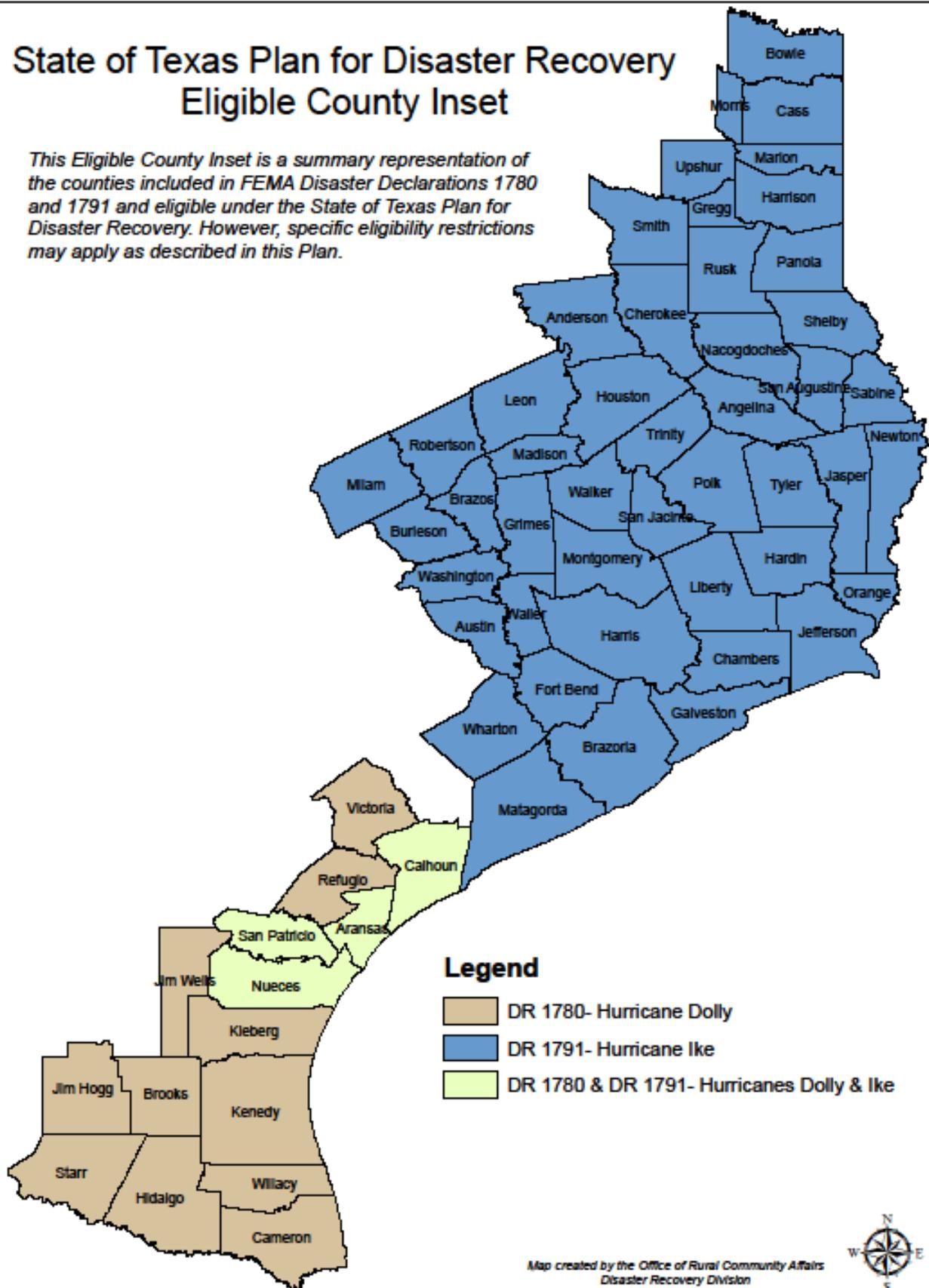
*ITS Mapping & Analysis Center
Washington, DC
11/21/08 - 04:19 PM EST*

*Source: Disaster Federal Registry Notice
Amendment No. 13 - 11/21/2008*

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State of Texas Plan for Disaster Recovery Eligible County Inset

This Eligible County Inset is a summary representation of the counties included in FEMA Disaster Declarations 1780 and 1791 and eligible under the State of Texas Plan for Disaster Recovery. However, specific eligibility restrictions may apply as described in this Plan.



Legend

- DR 1780- Hurricane Dolly
- DR 1791- Hurricane Ike
- DR 1780 & DR 1791- Hurricanes Dolly & Ike

Map created by the Office of Rural Community Affairs
Disaster Recovery Division
February 3, 2009



APPENDIX D: METHOD OF DISTRIBUTION – REGIONAL ALLOCATIONS

Region	Total Damage Assessment	Percent of Total Damage	Initial Allocation Amount	Additional Allocation Amount	Total Allocation
ATCOG	\$ 1,432,680.04	0.110711190%	\$ 1,164,673.03	\$ -	\$ 1,164,673.03
BVCOG	\$ 11,012,178.34	0.850972535%	\$ 8,952,164.30	\$ -	\$ 8,952,164.30
CBCOG	\$ 3,839,646.70	0.296710949%	\$ 3,121,375.90	\$ -	\$ 3,121,375.90
CTCOG	\$ 106,044.00	0.008194812%	\$ 86,206.68	\$ 163,793.32	\$ 250,000.00
DETCOG	\$ 72,958,907.44	5.637942331%	\$ 59,310,710.99	\$ 10,689,289.01	\$ 70,000,000.00
ETCOG	\$ 11,347,579.80	0.876890879%	\$ 9,224,823.25	\$ -	\$ 9,224,823.25
GCRPC	\$ 403,000.00	0.031142061%	\$ 327,612.04	\$ 672,387.96	\$ 1,000,000.00
H-GAC	\$ 1,001,476,616.01	77.389692425%	\$ 814,133,492.62	\$ -	\$ 814,133,492.62
SETRPC	\$ 172,142,932.85	13.302446022%	\$ 139,940,688.49	\$ 50,059,311.51	\$ 190,000,000.00
LRGVDC	\$ 18,878,598.15	1.458854736%	\$ 15,347,037.37	\$ 39,652,962.63	\$ 55,000,000.00
STDC	\$ 471,588.28	0.036442261%	\$ 383,369.72	\$ 616,630.28	\$ 1,000,000.00
	\$ 1,294,069,771.61		\$ 1,051,992,154.39	\$ 101,854,374.71	\$ 1,153,846,529.10
<u>Total Allocation</u>			\$ 1,314,990,193.00		
Administration		5.0%	\$ 65,749,509.65		
Original Planning		15.0%	\$ 197,248,528.95		
<u>Updated</u>					
Transfer of Planning Funds		12.22%	\$ 160,689,289.01	\$ 190,000,000	
Amended Planning / Project Delivery		2.78%	\$ 36,559,239.94	\$ 70,000,000	
TDHCA Affordable Rental Set Aside		4.47%	\$ 58,834,914.30	\$ 55,000,000	
				\$ 1,000,000	
				\$ 250,000	

Additional funds to be awarded based on the following tiered structure:

- greater than or equal to \$170,000,000 in total damage minimum award: \$ 190,000,000
- greater than or equal to \$70,000,000 in total damage minimum award: \$ 70,000,000
- greater than or equal to \$15,000,000 in total damage minimum award: \$ 55,000,000
- greater than or equal to \$400,000 in total damage minimum award: \$ 1,000,000
- greater than or equal to \$100,000 in total damage minimum award: \$ 250,000

APPENDIX E: GLOSSARY of Terms and Key Definitions

Annual State CDBG Program

Direct allocation of CDBG funds to the State of Texas for use in non-entitlement communities statewide. The State of Texas' annual CDBG program is administered by the Office of Rural Community Affairs.

CDBG Community Development Block Grant program: A flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The use of supplemental CDBG funds under this Texas Plan for Disaster Recovery is limited to the counties included in the federal Disaster Declarations (FEMA-1780-DR and FEMA-1791-DR).

CFR Code of Federal Regulations: The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. It is divided into 50 titles that represent broad areas subject of Federal regulations. Each volume of the CFR is updated once each calendar year and is issued on a quarterly basis.

COG Council of Government: Texas has 24 designated regional councils of governments (i.e. state planning regions). The regional councils of governments join local governments, as well as state, federal, and private partners to provide cost-effective, better planned, and more accountable public services in each region of Texas.

DRGR Disaster Recovery Grant Reporting System: DRGR is a web-based system that is maintained by the HUD Office of Community Planning and Development. DRGR is used by the states to manage and report on Grant, Grantee and Disaster information.

Entitlement Communities

Central cities of Metropolitan Statistical Areas (MSAs) with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement communities) that receive an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program.

ESF Emergency Support Functions: Coordinated by FEMA; under the National Response Framework (NRF), Federal departments and agencies and the American Red Cross are grouped by capabilities and types of expertise, into Emergency Support Functions (ESF) to provide the planning, support, resources, program implementation, and emergency management services that are most likely to be needed during a disaster.

ESF -14 Emergency Support Function #14 Long-term Community Recovery (LTCR): One of the 15 emergency support functions under the National Response Framework (NRF). Responsible for providing interagency coordination and technical assistance support to States and local communities in long-term recovery efforts following large-scale disasters

FEMA Federal Emergency Management Agency: Agency of the U.S. government tasked with Disaster Mitigation, Preparedness, Response and Recovery planning.

Grantee An eligible community (entitlement or non-entitlement) or entity that is approved to receive and/or administer an allocation of CDBG funds, pursuant to this Action Plan.

HUD U.S. Department of Housing and Urban Development: Established the regulations and requirements for the CDBG program and has oversight responsibilities for the use of CDBG funds.

LMI	Low- and Moderate-Income: Family or household earning less than 80 percent of the area median family income. The area median family income can be based on a metropolitan statistical area or a non-metropolitan county median family income figure.
MOD	Method of Distribution: A description of the process used in determining the distribution of funds between activities to ensure that the needs to principal recovery activities have been fully considered.
NOFA	Notice of Funding Availability: Notices published by TDHCA that include important information on program priorities, general requirements including eligible applicants, funding levels, and contacts for each federal program.
Non-Entitlement Communities	Small, rural cities with populations generally less than 50,000, and counties that have a non-metropolitan population under 200,000 and are not eligible for direct funding from HUD. Non-entitlement communities apply for CDBG funds from the State CDBG program.
ORCA	Office of Rural Community Affairs: Texas State agency created in 2001 by the 77 th Legislature to ensure a continuing focus on rural issues, monitor governmental actions affecting rural Texas, research problems and recommend solutions, and to coordinate rural programs among state agencies. ORCA is the agency responsible for disaster recovery program administration and non-housing disaster recovery activities.
Subrecipient	Cities, Counties, Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under Second. 570.201(o). The definition of Subrecipient does not include procured contractors providing supplies, equipment, construction, or services, and may be further restricted by program rules.
TDHCA	Texas Department of Housing and Community Affairs: Texas state agency acts as a conduit for federal grant funds for housing and community services, ensures compliance with laws that govern housing programs, and a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans. TDHCA is the agency responsible for housing disaster recovery activities.
Urgent Need	Every CDBG-funded activity must qualify as <i>meeting one of three national objectives</i> . "Urgent Need" is a national objective wherein an activity must be designed to alleviate existing conditions which the local government certifies and state determines: 1) Poses a serious and immediate threat to the health or welfare of the community; 2) Is of recent origin or recently became urgent; 3) The state grant recipient is unable to finance the activity on its own; 4) Other sources of funding are not available to carry out.
U.S.C.	United States Code: A compilation and codification of the general and permanent federal law of the United States.