HURRICANE HARVEY

DISASTER RECOVERY

CITY OF HOUSTON

HOUSING GUIDELINES

March 15, 2021

Texas General Land Office
Community Development and Revitalization

EQUAL HOUSING OPPORTUNITY

Record of Changes

This section describes changes made to this document.

Number	Date	Description	Initials
1	11/3/2020	Initial Draft	GLO
2	03/15/2021	Incorporated various edits to reflect program updates relating to elevation, construction, and warranty procedures.	GLO
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The GLO City of Houston Housing Guidelines provide guidance on how to design, implement, and close a CDBG-DR Housing Program, and should not be construed as exhaustive instructions.

Introduction

The Texas General Land Office (GLO) is working alongside the City of Houston to oversee the administration of Community Development Block Grant Disaster Recovery (CDBG-DR) funds allocated to City of Houston following Hurricane Harvey for the rehabilitation and reconstruction of Harvey storm damaged homes.

Beginning March 17, 2020, the GLO started working alongside the City of Houston to expedite the implementation of the Homeowners Assistance Program (HoAP). The GLO administered the HoAP program in accordance with the City of Houston's Housing Guidelines and policies and procedures to the greatest extent feasible, to expedite assistance to those impacted and still awaiting assistance. The GLO adopted certain simplified policies from GLO's Homeowner Assistance Program (HAP) and Harvey Housing Guidelines, identified in a series of program wide memos and waivers.

On October 6, 2020 the U.S. Department of Housing and Urban development approved Amendment No. 7 to the State of Texas Plan for Disaster Recovery: Hurricane Harvey (APA7). This substantial amendment specifies the reallocation and/or elimination of funds for programs administered by the City of Houston through subrecipient agreements executed with the GLO. The amendment also outlines the creation of State-administered programs designed to replace or otherwise support those programs previously administered by the City of Houston. With the Approval of APA7, the GLO will administer the GLO HAP program utilizing the Hurricane Harvey Disaster Recovery City of Houston Housing Guidelines.

CDBG-DR funds are a special appropriation from Congress associated with a Presidentially declared disaster. These Guidelines address the Hurricane Harvey and subsequent flooding declared disaster events associated with the following CDBG-DR funds:

Table 1: Applicability

Federal Register	Date of Publication	Public Law(s)	Located at:
82 FR 61320, Vol. 82, No. 247	12/27/2017	P.L. 115- 31	https://www.gpo.gov/fdsys/pkg/FR-2017-12- 27/pdf/2017-27960.pdf
83 FR 5844, Vol. 83, No. 28	02/09/2018	P.L. 115- 56	https://www.gpo.gov/fdsys/pkg/FR-2018-02- 09/pdf/2018-02693.pdf
83 FR 40314, Vol. 83, No. 157	08/14/2018	P.L. 115-123	https://www.gpo.gov/fdsys/pkg/FR-2018-08- 14/pdf/2018-17365.pdf

Recovery projects using CDBG-DR funds must meet one of the following HUD-designated National Objectives to be an eligible housing activity:

- Benefiting Low- to Moderate-Income Persons (LMI)
    - Low- and Moderate-Income Housing (LMH) provides that any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be

considered to benefit persons of low- to moderate-income only to the extent such housing will, upon completion, be occupied by such persons (see Table 2);

- Meeting an Urgent Need (UN) by providing housing assistance to applicants making more than 80 percent of the area median income (AMI).

The purpose of these Regional Guidelines is to aid in the long-term recovery efforts following Hurricane Harvey; specifically, to facilitate the replenishment of housing stock lost during the hurricane and subsequent flooding. Table 2 outlines the funding targets of this support, per the GLO's Needs Assessment in the City of Houston. Table 3 identifies the specific housing program available to City of Houston, under these Guidelines.

Table 2. GLO City of Houston HAP Funding Target ($) by Income Category

Income Category	Count	Percent of Count	Minimum Target	Maximum
Extremely Low-Income (30% AMI and Below)	36,752	17.62%	17.62%	
Low-Income (31% to 50% AMI)	30,353	14.56%	14.56%	
Moderate-Income (51% to 80% AMI)	36,346	17.43%	17.43%	
0-80% AMI (Non-Targeted)			20.39%	
Middle/Upper Income (Above 80% AMI)	105,080	50.39%		30.00%
Total	**208,531**	**100.00%**	**70.00%**	**30.00%**
Total LMI	**103,451**	**49.61%**	**70.00%**	**100.00%**

Table 3. Hurricane Harvey CDBG-DR Housing Program

Programs and Eligible Activities	**National Objective**	**Program Administrator**	**Tenure** *"Start date" is date of HUD's approval of Action Plan*
Single Family/Homeowner			
Homeowner Assistance Program (HAP): • Rehabilitation • Reconstruction • New construction • Repair/ MHUs with stick-built homes • Hazard Mitigation • Elevation • Temporary Relocation Assistance • Accessibility Features	Low- and moderate-income and urgent need	GLO	3 years from start date

The Hurricane Harvey CDBG-DR Homeowner Assistance Program (HAP) (the Program) will be administered by GLO-CDR (or "the State") through its Vendor. The GLO has partnered with HORNE as a Vendor to assist in the administration of the Program. Questions regarding these Guidelines or requests for more information should be directed to GLO.

1. PROGRAM OBJECTIVES

The primary focus of the housing recovery program is to provide relief for survivors affected by an event while complying with all CDBG-DR requirements and addressing recognized impediments to fair housing choice as required under the Fair Housing Act. Assistance may be provided to survivors in the form of rehabilitation and reconstruction, as allowable by GLO's approved Action Plan. All housing activities should consider the following objective:

- Provide high quality, durable, resilient, mold resistant, energy efficient, decent, safe, and sanitary housing that meet Green Building Standards, and mitigates impact from future disasters. Resilient measures may include elevating the first floor of habitable area; breakaway ground floor walls; reinforced roofs; and storm shutters, etc.

2. DEFINITIONS

Adjusted Gross Income (AGI): AGI is an individual's total gross income minus specific deductions. The GLO Adjusted Gross Income Methodology may be found at: http://recovery.texas.gov/.

Affirmative Fair Housing Marketing Plan (AFHMP): A document used to help vendors offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability[1] (24 CFR Part 200, Subpart M). Implementing Affirmative Fair Housing Marketing Requirements Handbook (8025.1) can be obtained from HUD's website https://www.hud.gov/program_offices/administration/hudclips/handbooks/fheo/80251.

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

Affordability Period: The period of time during which a property must comply with CDBG-DR program rules and regulations, including primary residency, income, and rent restrictions as applicable.

Applicant/Homeowner/Survivor: (Used interchangeably) Individuals whose homes or housing units were destroyed, made uninhabitable, needed repairs, or who suffered disaster-related displacement from their primary residences and/or loss of property.

Area Median Income (AMI): Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the programs. May also be referred to Area Median Family Income (AMFI) in other program documents.

Beneficiary: The recipient deriving advantage from CDBG-DR funding.

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

Builder Assignments: A qualified pool of builders developed by vendors or the GLO. They must also meet state and federal procurement requirements and possess controls that will ensure quality construction that meets the standards of the CDBG-DR Housing Program.

[1] 24 CFR 200.625

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

Damage Assessment: An inspection of the housing unit to document damage from the event. The assessment by a certified or licensed inspector (HQS, TREC, or similar license) is required to specifically and clearly document storm-related property damage via photographic evidence and detailed narratives (see the GLO's Damage Assessment Guidelines, found at: http://recovery.texas.gov/). Damage assessments must include final cost of repair estimates according to local code, an assessment of the cost- effectiveness of each recommended activity (rehabilitation, reconstruction, or new construction), mold remediation, and assistance needed to bring the home up to code at completion.

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts: All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property only if such property contains not less than 8 units.[2]

Demolition: The clearance and proper disposal of dilapidated buildings and improvements.

Duplication of Benefits: The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source.

Elevation Standards: Standards that apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1).

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Event: The Presidentially declared Hurricane Harvey, and subsequent flooding, disaster event.

Family: The term family means all persons living together in the same housing unit, as further defined under 24 CFR 570.3.

[2] https://www.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf

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

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

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994: Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

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

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

Floodplain: FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- "100-year floodplain" — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- "500-year floodplain" — the geographical area defined by FEMA as having a 0.2 percent change of being inundated by a flooding event in any given year.

General Land Office (GLO): The Texas General Land Office is the lead state agency for managing the state's Community Development Block Grant - Disaster Recovery grants through the U.S. Department of Housing and Urban Development.

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

Green Building Standards: All rehabilitation (meets the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes or Multifamily High-Rise), (2) EPA Indoor Air Plus (Energy Star a prerequisite), (3) LEED (New

Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC–700 National Green Building Standard.

Home/Housing Unit: (used interchangeably) a house, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

Homeowner Assistance Activity: The utilization of CDBG-DR funding to rehabilitate or reconstruct damaged homes for the applicant to remain in the original home at the original home site. The home to be assisted must have been owner-occupied at the time of the event.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the household.

Housing and Community Development Act of 1974, as amended by the Supplemental Appropriations Act of 1984: Established the program of Community Development Block Grants to finance the acquisition and rehabilitation of real property and which defined the recipients and uses of such grants, with the primary goal of benefitting LMI persons.

Housing and Urban Development Act of 1968, Section 3: Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32.

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

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

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

- Very low: Household's annual income is up to 30 percent of AMI, as determined by HUD, adjusted for family size;

- Low: Household's annual income is between 31 percent and 50 percent of AMI, as determined by HUD, adjusted for family size; and
- Moderate: Household's annual income is between 51 percent and 80 percent of AMI, as determined by HUD, adjusted for family size.

Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

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

Modular Housing: A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

Needs Assessment: A needs assessment is a critical component in the allocation of funding across and within National Objectives for CDBG-DR funds. A given needs assessment will recommend the proportions of funding that should be set aside to benefit each LMI and non-LMI economic group. The needs assessment will determine the activities to be offered, the demographics to receive concentrated attention, the disabled, "special needs," vulnerable populations, and target areas to be served. The needs assessment will also include an assessment of the types of public services activities that may be needed to complement the program. The needs assessment should set goals within the income brackets similar to the housing damage sustained within the impacted areas. Deviations from goals must be approved by the GLO before the Program may move forward. The GLO worked with vendors to develop regional local needs assessments. Each needs assessment will be posted for a 30-day public comment period and approved by the GLO before implementation.

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

Overall Benefit: The state must certify that, in the aggregate, not less than 70 percent of the CDBG-DR funds received by the state during a period specified by the state will be used for activities that benefit LMI households.

Program: The GLO's plan, process, and procedures to assist communities and distribute CDBG-DR funds to rebuild disaster affected areas and provide a broad range of housing recovery activities as provided in the GLO's approved Action Plan and subsequent amendments.

Program Design: The selection and development of programs and activities based on a needs assessment. The Program Design must include the type of housing activities that will be offered by the vendor or the state; how the program will be marketed; how Fair Housing Objectives will be achieved, as described in the AFHMP; and how funding will be prioritized as determined through a needs assessment.

Program Income: Net income derived from the sale of program assets that exceeds $35,000 in the aggregate, in a single fiscal year, received by the vendor and directly generated from the use of housing CDBG-DR funds.

Reconstruction: Demolition and rebuilding of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. This activity also includes replacing an existing substandard manufactured housing unit (MHU) with a stick-built/modular housing unit. The number of units on the lot may not increase, and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased based on the applicant's current household size.

Rehabilitation: Repair or restoration of storm-damaged housing units in the impacted areas to applicable construction codes and standards.

Single Family Home: A single-unit family residence detached or attached to other housing structures.

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

Substantial Damage: Damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR 59.1).

Substantial Improvement: Any reconstruction, rehabilitation, addition, or other improvement of a structure which the cost equals or exceeds 50 percent of the fair market value of the structure before the ''start of construction'' of the improvement. This term includes structures which have incurred ''substantial damage,'' regardless of the actual repair work performed. The term does not, however, include either: (1) any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions, or (2) any alteration of a ''historic structure,'' provided that the alteration will not preclude the structure's continued designation as a ''historic structure''(44 CFR 59.1).

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose

real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months, as waived by the FR.

Unsecured Forgivable Promissory Note: If the applicant qualifies for disaster recovery assistance and has been awarded funding, there are conditions placed on the applicant receiving the assistance. The conditions are outlined in an Unsecured Forgivable Promissory Note (the Note) between the assisted beneficiary and the vendor or the state that requires applicants to comply with several terms during a set affordability period. Once the homeowner complies with all the terms of the Note and the affordability period ends, the terms are forgiven.

Urgent Need National Objective: An urgent need that exists because conditions pose serious and immediate threat to the health or welfare of the community; the existing conditions are recent or recently became urgent; and the vendor cannot finance the activities on its own because other funding sources are not available. Vendors or the state must document how each program and/or activity funded under this category responds to a disaster-related impact. See 24 CFR 570.208(c).

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

3. PROGRAM DESIGN

To develop the Program Design for all activities offered through this funding, City of Houston HAP used qualified data (HUD/FEMA/SBA, insurance data) to develop a needs assessment. Section 3.A.2 of the guidelines explain an unmet needs assessment. GLO implemented an unmet needs assessment developed by the City of Houston to determine the total scale of unmet needs for housing.

- Qualified data will be used to document the impact of the relevant storm on the LMI subcategories which will aid in the development of a goal for targeting the use of housing funds in the appropriate levels and to the appropriate economic categories.

- The method of data evaluation utilized by GLO (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar amounts impacting communities, etc.) is accessible in the GLO's needs assessment, which is located in section 3.3. Needs Assessment – City of Houston Local Action Plan in the State of Texas Plan for Disaster Recovery: Amendment 7, located on the GLO's website at https://recovery.texas.gov.

A. Program Design Requirements

(1) National Objectives

All housing activities must meet one of the two National Objectives required under the authorizing statute of the CDBG-DR Program:

- **LMI** — Benefitting Low- to Moderate- Income persons:
  - **LMH** — Benefitting Low and Moderate-Income Housing (LMH) where any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons;
- **Urgent Need** — Meet a need having a particular urgency.

(2) Unmet Needs Analysis

An Unmet Needs Analysis of HUD/FEMA or other housing demographic disaster victim data may be considered when determining the proportions of funding awarded that must be set aside to benefit each LMI and non-LMI economic group. The use of FEMA claims data (when available) and other applicant demographic data allows for goals to be established to fairly allocate funds across jurisdictions and neighborhoods to serve survivors in proportion to need. The Needs Assessment will determine the activities to be offered, the demographics to receive concentrated attention, and any target areas that will serve persons with disabilities and "special needs," as well as vulnerable populations.

Applicants applying for disaster assistance must meet certain eligibility standards to qualify for assistance. Eligibility standards are further discussed in the activity-specific Guidelines.

The Needs Assessment will document goals within the following income brackets in proportion to the damaged units in the impacted area:

- 0% - 30% AMI
- 31% - 50% AMI
- 51% - 80% AMI

(3) Other Goals/Targets

Through the Federal Register, HUD defined the Most Impacted and Distressed (MID) areas impacted by Hurricane Harvey. Per the federal requirement and the State of Texas's Action Plan, at least 80 percent of allocation must address unmet needs within these areas.

City of Houston was identified as a Most Impacted and Distressed (MID) area, which qualifies the entire jurisdiction as eligible for funding under the allocated CDBG-DR funding.

(4) Environmental Review

All sites must undergo a complete environmental review prior to any commitment of funds. The environmental review shall document compliance with 24 CFR Part 58 and all related laws and authorities. Properties with adverse environmental conditions will not be permitted to proceed under housing activities unless the adverse conditions are corrected. No work can start on a site until the environmental review is complete

(5) Proof of Event Damage

For assistance activities, the unit must demonstrate that the damage or destruction to unit occurred by the event. Proof of event damage can be supported through the following documentation:

- Receipt of Homeowners Insurance Structural Loss Benefits for a loss that occurred between August 25, 2017, and August 29, 2017;
- Receipt of Texas Windstorm Insurance Structural Loss Benefits for a loss that occurred between August 25, 2017, and August 29, 2017;
- Receipt of Flood Insurance (NFIP) Building Loss Benefits for a loss that occurred between August 25, 2017, and August 29, 2017;
- Receipt of NFIP Increased Cost of Compliance (ICC) Benefits for a loss that occurred between August 25, 2017, and August 29, 2017;
- FEMA Individual Assistance Repair Benefits for Hurricane Harvey;
- FEMA Individual Assistance Replacement Benefits for Hurricane Harvey;

- Receipt of Assistance from the FEMA-funded Direct Assistance for Limited Home Repair (DALHR) Program;
- Receipt of Assistance from the FEMA-funded Partial Repair and Essential Power for Sheltering (PREPS) Program;
- SBA Personal Disaster Loan Benefits for Hurricane Harvey Real Estate Property Damage;
- SBA Personal Disaster Loan Benefits for Mitigation Activities Related to Hurricane Harvey; or
- Third-party site assessments performed by FEMA, independent insurance adjusters or other parties that clearly state that the property was damaged by Hurricane Harvey supported by copy of photos showing damage to the home as a result of Hurricane Harvey; or
- If the above-referenced documentation is not available, an inspection report/Damage Assessment (complete with photos of the damage and a written assessment of the damage with each photo taken) conducted by a certified, licensed, or experienced inspector (HQS, TREC license, or similar experience) must be supplied by the vendor that certifies the damage occurred as a result of the event (refer to the GLO's Damage Assessment Guidelines found at : http://recovery.texas.gov/).

If an applicant was denied assistance by FEMA, assistance through the CDBG-DR Program may still be available. Applicants are not solely ineligible based on a denial by FEMA.

A Damage Assessment must be performed by a certified, licensed or experienced inspector (HQS, TREC license or similar experience) to specifically and clearly document Harvey storm related damage via photographic evidence and detailed narratives if the survivor did not receive FEMA or SBA funds for the repair or replacement of a home. The Damage Assessment may also include a final cost of repair estimate. Damage to homes will be repaired according to local code and HUD's Housing Quality Standards.

(6) Size of Unit

HUD guidelines provide minimum size of unit based on anticipated household size and occupancy policies that allow for two persons per bedroom as reasonable. The GLO administered HAP amended the previous City administration's procedures to determine unit size, as outlined in a Unit Size Memorandum. The GLO City of Houston HAP now follows the HUD HOME Program in determining household size.[3]

Exceptions to this standard are based on the following factors:

- No more than two persons are required to occupy a bedroom.

[3] Issuance size exceptions may be granted by the State.

- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom. Note: All persons over the age of 18 are considered adults.
- Couples living as spouses (whether or not legally married) must share the same bedroom for issuance size purposes.
- A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full-time live-in aide must be documented.
- Individual medical problems (e.g., chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger-sized unit and related subsidy must be provided and verified as valid.
- In most instances, a bedroom is not provided for a family member who will be absent most of the time. If individual circumstances warrant special consideration, a waiver request may be approved. To comply with the standard, the vendor must follow and document the reason for a requested exception as noted in the issuance size exception section below.

When determining family issuance size, include all children expected to reside in the unit in the next year as members of the household. Examples include, but are not limited to, the following:

- Pregnant women: Children expected to be born to pregnant women are included as members of the household.
- Adoption: Children who are in the process of being adopted are included as members of the household.
- Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.
- Joint/Shared Custody Arrangements: In most instances, children in joint/shared custody arrangements should occupy the unit at least 50 percent of the time. However, if individual circumstances merit special consideration, a waiver request may be approved as outlined in the section on Issuance Size Exceptions. The custody arrangement may be verified by the divorce decree/legal documents or by self-certification.
- Custody of Children in Process: Children whose custody is in the process of being obtained by an adult household member may be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (e.g., within 3 months) must be provided for such child to be included.
- Children Temporarily Absent from Household:
    - Children temporarily absent from the home due to placement in foster care may be included as members of the household. Evidence that there is a

reasonable likelihood that the child will return to the household (e.g., within 3 months) must be provided for such child to be included.
    - Children who are away at school but live with the family during school recesses are included as members of the household.
- Chronic Illness: An individual with an ongoing health problem who requires at least part-time assistance on a regular basis;
- Pending Child Custody: Includes, but is not limited to, children in foster care who may be returning home, foster children, pending adoptions, etc.; and
- Parental Custody Situations: Children physically occupy the unit less than 50 percent of the time as documented by a divorce decree and/or self-certification.

Waivers for other individual circumstances may be granted with pre-approval by the GLO. The family must request a waiver in writing and explain the need and justification.

(7) Timeliness of Application Status

The State and vendor will ensure timely communication of application status to applicants who have applied for disaster recovery assistance. Timeliness means multiple methods of communication, such as websites, toll-free numbers, or other means that provide applicants for recovery assistance with timely information to determine the status of their application for recovery assistance at all phases. Procedures must indicate methods for communication (e.g., website telephone, case managers, letters, etc.). GLO must ensure the accessibility and privacy of individualized information for all applicants, frequency of applicant status updates, and personnel or unit responsible for applicant's information on the status of recovery applications. Methods for communication include GLO's website (https://recovery.texas.gov/individuals/programs/homeowner-assistance/houston/index.html), telephone number 1-866-317-1998, case managers, email at Houston.GLO@recovery.texas.gov, and letters.

(8) Cost Effectiveness Verification

GLO must establish policies and the vendor must establish procedures to assess the cost-effectiveness of each proposed residential rehabilitation or reconstruction project compared to other mitigation measures to determine cost effectiveness of residential rehabilitation and reconstruction relative to other means of assisting the property owner.

B. Housing Assistance Caps

Unit Costs must be necessary, reasonable, allowable, and allocable. Refer to 2 CFR Part 200 Subpart E. The following table (Table 4) charts monetary caps for assistance apply to applicants based on project type.

Table 4. Housing Assistance Caps

Project Type	Recon/New Construction	Rehabilitation
Base Unit	*Local Composite Bid	*Local Composite Bid *max* $65,000 (except historic homes)
Manufactured Housing Units (MHUs)	*MHUs can be demolished and replaced with stick-built a home on the same lot.	MHUs are eligible for rehabilitation at the discretion of GLO. The unit must be no more than 5 years old at the time of assistance. • No more than $10,000 in hard and soft construction costs can be used to rehabilitate an MHU. • The MHU must pass an HQS inspection. • MHU rehabilitation costs that exceed $10,000 will require replacement with a stick-built home.
Demolition	$15,000	N/A
Elevation	$60,000	N/A
Water Well	$30,000	$30,000
Septic System	$25,000	$25,000
Accessibility	$20,000	$20,000
Abatement	$20,000	$20,000

***Project Soft Costs	***Actual and max $10,000	***Actual and max $7,000
Relocation Assistance	Up to $6,000 and/or up to 120 days for temporary housing and relocation costs*****	Up to $6,000 and/or up to120 days for temporary housing and relocation costs*****

***Local Composite Bid:** All program units will require a local composite bid which will be performed by the state. Composite bid costs are set costs resulting from procured builders and include the builder's house plans to be used in the program. Builders will have their architect and engineering firm design or modify the plans as necessary for the program. This is included in the architecture costs of a unit. Note: if floor plans are re-used, there shall be a one-time fee for the original production of the blueprints. That fee cannot be charged for every house built from that floor plan going forward. Only a nominal fee for producing copies of the floor plan will be allowed. Builder plans will be provided to GLO for review and approval. See 4.H.(1)(b) Building Specifications for Reconstruction/New Construction of the Guidelines for further information. Note that the local composite bid cap for historic homes, which includes homes designated as historic on an individual basis as well as those contributing to historic districts, being assisted by HAP may be up to $200,000, and GLO may also establish the amount of funds for local code requirements to up to $100,000.

****Project Soft Costs:** Project soft costs are direct costs specifically related to the replacement of an MHU with a stick-built home, rehabilitation, reconstruction, or new construction. These costs include site-specific utility disconnect or reconnect fees, permits, elevation certificate work, topographic survey costs, damage assessments/inspections, and code inspections. Additionally, one year of homeowner insurance(s) may be purchased for each unit. GLO may grant an exception to increase the unit soft cost for unexpected or unforeseen costs during construction, using the GLO's Form 11.17, Work Write-Up/Cost Estimate Form.

Additionally, a change order request must be submitted with the necessary support documentation to warrant an exception. All change order requests must follow federal and state procurement requirements to obtain reasonable costs.

*****Temporary Relocation:** Made available to LMI applicants as a last resort when the applicant confirms via a homeowner written statement or in a communication log that they do not have financial means to temporarily relocate while their home is under construction. Temporary relocation costs may include moving expenses and storage fees.

C. Affirmative Fair Housing Marketing Outreach Plan

GLO is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the disaster funding will include the following:

- An Affirmative Fair Housing Marketing Plan, based on HUD regulations, is to be followed by the state. The plan must include items on the GLO's checklist to

affirmatively market units financed through the Program. The procedures cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.

- The goal is to ensure that outreach and communication efforts reach eligible survivors from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," and gender groups. For each project or program, notification to these populations should:
    - Identify all vacant units available for sale and/or rent;
    - Encourage eligible survivors to apply for purchase, rehabilitation, and/or rent;
    - Provide the opportunity to buy and/or rent the unit of their choice; and
    - Provide the opportunity to rehabilitate their primary residence that sustained damages due to the event and/or its after-effects.
- Emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster. Outreach efforts may include door- to-door canvassing and special outreach efforts to hard-to-reach populations (e.g., seniors, and persons with severe disabilities who either do not have information about the resources available or are unable to apply for resources).
- In addition to marketing through widely available media outlets, efforts may be taken to affirmatively market the CDBG-DR Program as follows:
    - Advertise with the local media outlets, including newspapers and broadcast media, that provide unique access for persons who are considered members of a protected class under the Fair Housing Act;
    - Include flyers in utility and tax bills advertising the Program;
    - Reach out to public or non-profit organizations and hold/attend community meetings; and
    - Implement other forms of outreach tailored to reaching the eligible population, including door-to- door outreach and outreach on the weekends, if necessary.
- Measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
- Applications and forms will be offered in English and other languages prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 8.6), Limited English Proficiency (LEP), and other fair housing and civil rights requirements such as the effective communication requirements under the Americans with Disabilities Act. Every effort will be made to assist such applicants in the application process.
- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.
- The state will be required to use the Fair Housing logo in Program advertising, post Fair Housing posters and related information and, in general, inform the public of its rights under Fair Housing regulations law.
- Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the

socioeconomic and other forms of demographic diversity. Evaluation should be an ongoing process.

- GLO will coordinate with HUD-certified housing counseling organizations to ensure that information and services are made available to both renters and homeowners. Additional information for each grantee is available here: https://apps.hud.gov/offices/hsg/sfh/hcc /hcs.cfm?weblistaction=summary.

D. Reporting Requirements

Compliance will be maintained in accordance with the reporting requirements under the GLO City of Houston HAP CDBG-DR Program. This includes providing all demographic data and other information acquired from the applicants, as well as project documentation from awarded applicants.

(1) Section 3

Compliance with Section 3 is required by 24 CFR Part 135.

(2) Applicant Data

GLO will use established procedures to collect and report data relevant to HUD. The reporting requirements will include, but not be limited, to the following for each program activity requiring a direct application by an individual or non-institutional entity:

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

(3) Records Retention

All official records on programs and individual activities shall be maintained for a 3-year period beyond the closing of the Program. Applicant records must be maintained electronically. All projects, program activity files, and applicant information received must be maintained within GLO's system of record.

E. Procurement Requirements

GLO shall provide adequate documentation to show that the selection process was carried out in an open, fair, uniform, and thorough manner to ensure that federal (2 CFR 200.318–200.326) and state procurement requirements were met.

It's important to note that failure to maintain proper documentation may result in disallowed costs. These records must include, but are not limited to, the following information:

- Rationale for the method of procurement;
- Evaluation and selection criteria;
- Contractor selection or rejection; and
- The basis for the cost or price.

GLO must procure goods and services using the federal procurement and contract requirements outlined in 2 CFR 200.318 – 200.326. These procurement requirements must be followed for reimbursement from grant allocations of CDBG-DR funds provided by HUD. GLO is also required to follow state and local procurement law and policies, as well as the additional requirements stated in 2 CFR Part 200.

Composite pricing will be utilized for new construction and reconstruction. This pricing will be developed utilizing the RFP process and average costing and shall be verified as reasonable and customary by utilizing an industry standard independent pricing product. Pricing for rehabilitation shall be developed via an independent cost estimate and use of averaged historic pricing, which provides a baseline for cost reasonableness.

This becomes the scope of work and will be priced in conjunction with a line-item price list that will be produced out of the original RFP with appropriate reasonable and customary verification. GLO uses the Xactimate Pick List, which is updated once per year to reflect item pricing updates. The calculation for the cost estimate is (Xactimate Base Labor x 1.25) + (Xactimate Base Materials x 1.25) = Final Line-Item Cost.

GLO will update their procurement policies and procedures to comply with the procurement and contract requirements of 2 CFR 200.318 – 200.326 for CDBG-DR funding.

Additionally, GLO will review draft solicitations or responses prior to award for compliance. Builders are awarded HAP projects in accordance with the Builder Assignment Method for reconstruction and rehabilitation of affected projects. GLO should clearly identify during the procurement process any items included in the bid/purchase that are not included in the CDBG-DR contract.

Regardless of the type of procurement used, GLO must execute a contract to document the period of performance, the work to be completed, the agreed price, and contractor or provider's required compliance with all applicable federal, state, and local requirements that the state must follow. If there is a conflict between federal, state, and local laws and regulations regarding procurement, the more stringent law or regulation will apply.

Additionally, GLO is required to achieve compliance with Section 3 (24 CFR Part 135). It is strongly suggested that HUD's best practices be utilized to help achieve compliance (HUD Model Section 3 Plan), including creating a Section 3 plan. GLO is also required to "take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible." (HUD CFR 200.321).

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

- Procurement policies and procedures;
- Description of services or goods currently being procured;
- Administrative contracts;
- Summary of all procured contracts (as defined in 2 CFR 200.22), including those procured by the state (e.g., a summary list of procurements, the phase of the procurement, details of ongoing procurement processes, requirements for proposals, and any liquidation of damages associated with a contractor's failure or inability to implement the contract, etc.); and
- Updated summaries, to be posted monthly.

HUD will post guidance related to this requirement on the HUD Exchange website.

F. Site and Development Restrictions

Housing that is reconstructed, rehabilitated, or newly constructed with CDBG-DR funds must meet all applicable local codes, rehabilitation standards, ordinances, Green Building Standards, and zoning ordinances at the time of project completion.

(1) General Standards

All housing units participating in the Program will be required to meet Housing Quality Standards detailed under 24 CFR 982.401, Fair Housing Accessibility Standards, and Section 504 of the Rehabilitation Act of 1973. Housing activities must also meet all local building codes or standards that may apply. All single-family homes should also incorporate resiliency solutions which may include elevating the first floor of the habitable area; breakaway ground floor walls; reinforced roofs; storm shutters; use of ENERGY STAR appliances and fixtures; and mold and mildew resistant products. Multifamily resiliency solutions include retention basins, fire-safe landscaping, firewalls, and landscaped floodwalls. All new construction projects may be eligible for elevation and must also meet Green Building Standards. GLO uses Housing Quality Assurance steps to monitor the inspection and construction process in order to maintain a quality product.

(2) Lead-Based Paint

All projects must comply with the lead-based paint requirements of 24 CFR Part 35, Subparts A, B, J, K, and R. See additional information regarding lead-based paint abatement in Sections 4.E.(1) and 4.H.(1)(f) of these guidelines.

(3) Construction Standards

(a) Constructed or Substantial Improvements

International Residential Code 2012 or higher (IRC) (with windstorm provisions) must be met where they apply. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a CDBG- DR assisted property, an inspection must be performed by a qualified person. All rehabilitation, reconstruction, and new construction should be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Whenever feasible, the state should follow best practices, such as Professional Certifications and Standard Work Specifications provided in the U.S. Department of Energy's Guidelines for Home Energy Professionals.

(b) Green Building Standards

New housing construction, reconstruction or substantially rehabilitated housing must comply with ONE or more of the following Green Standards:

I. ENERGY STAR (Certified Homes or Multifamily High-Rise);
II. EPA Indoor Air Plus (Energy Star a prerequisite);
III. LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development); or
IV. ICC–700 National Green Building Standard.

GLO must identify which Green Building Standard will be used in the program's policies and procedures for replacement and new construction of residential housing.

A certificate of compliance issued as part of the chosen standard's compliance process will be required to be submitted as proof of compliance. Homes and multifamily homes in high wind and hurricane areas must also be built in compliance with the Texas Windstorm Insurance Association and will need to obtain a Windstorm Certificate of Compliance, WPI-8 Certification. GLO will ensure that a policy is in place for rehabilitation projects. These standards also apply to rehabilitation projects that fall within the HUD definition of substantial rehabilitation.

Additionally, the implementation of Green Building Standards will apply for construction projects completed, underway, or under contract prior to the date that assistance is approved for the project. GLO will apply the applicable standards to the extent feasible. For specific required equipment or materials for which an ENERGY STAR-labeled, Water Sense-labeled, or FEMP-designated product does not exist, the requirement to use such products does not apply.

(c) Elevation

GLO will apply the following elevation standards to new construction in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, as defined under 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction must be elevated with the lowest floor, including the basement, at least 2 feet above the annual floodplain elevation or as modified by local code.

Applicable state, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed. The City of Houston has elevation requirements that will require certificates to demonstrate that permit requirements are met, per the following standards:

- Elevation is NOT required for any project activity pertaining to structures that are entirely located within an area of minimal flood hazard.
- Elevation is NOT required for rehabilitation of structures that are within or intersected by the 500-year floodplain (0.2% chance of annual flooding).
- Elevation to the 500-year base flood elevation plus two feet is required for all reconstruction and new construction of structures that are within or intersected by the 500-year floodplain (0.2% chance of annual flooding).
- Elevation to the 500-year base flood elevation plus two feet is required for rehabilitation to structures that were substantially damaged and are located within or intersected by the 100-year floodplain (1% chance of annual flooding).
- Elevation is NOT required for rehabilitation of structures that were not substantially damaged AND have an estimated cost of repair that is less than $20,000 and are located within or intersected by the 100-year floodplain (1% chance of annual flooding).
- Elevation to the 500-year base flood elevation plus two feet is required for reconstruction structures that were not substantially damaged BUT have an estimated cost of repair that is $20,000 or more and are located within or intersected by the 100-year floodplain (1% chance of annual flooding).
- Elevation to the 500-year base flood elevation plus two feet is required for all reconstruction and new construction of structures that are located within or intersected by the 100-year floodplain (1% chance of annual flooding).

As outlined above, if a homeowner resides within a floodplain, damage assessors will assess the home to determine if reconstruction is needed. If the project is located in a 100-year floodplain and the house is not substantially damaged/improved, rehabilitation may be approved if the total hard costs to repair a home does not exceed $20,000.

GLO will follow the established elevation costs caps at $60,000 for single family homes. GLO may re-evaluate its elevation costs caps during the implementation of the Homeowner Assistance Program based on average costs associated with elevating single-family homes and on a case-by-case basis as needed.

Optional elevation for homes deemed a rehabilitation project will automatically be changed to a reconstruction project due to the cost feasibility of elevating an existing structure. Applicant's may choose to appeal this decision, which will result in a full cost feasibility assessment to be completed by the assigned builder.

(4) Standards for Rehabilitation of Non-Substantial Damage Residential

GLO must follow the HUD CPD Green Building Retrofit Checklist available at https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/. GLO must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP) designated products and appliances.

(5) Resilient Home Construction Standards

GLO will incorporate, to the extent feasible, a Resilient Home Construction Standards for substantially damaged residential buildings or new construction that incorporates a recognized Resilient Home Construction Standard recognized such as those set by the FORTIFIED HomeTM Gold Level for new construction or single family, detached homes; and FORTIFIED Home TM Bronze level for repair or reconstruction of the roof; or any other equivalent comprehensive resilient or disaster resistant building program. Resilient standards when incorporated will increase a home's resilience to natural hazards, including high wind, hail, and tropical storms.

(6) Accessibility

Single Family Housing Units must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the GLO's Visibility Standards. Additionally, developments involving new construction where some units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20 percent of each Unit type (e.g., one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the design and construction requirements of the Fair Housing Act Design Manual and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance certification will be required after the development is completed from an inspector, architect, or accessibility specialist.

H. Conflict of Interest

Conflict of interest regulations prohibit local elected officials, employees, contractors, and consultants who exercise functions with respect to CDBG-DR activities or who are in a position to participate in a decision- making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG-DR conflict of interest regulations at 24 CFR Sec. 570.489(h).

GLO will consider granting an exception to the conflict of interest provision should it be determined that all of the concerns generated by the conflict of interest have been adequately addressed and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. For each exception request, evidence of public disclosure of the conflict must be provided. This must include publication of the notice in a local newspaper, and on the State's General Land Office website (http://recovery.texas.gov/). Additionally, the Texas State Attorney General's office attorney must confirm that no state or local law would be violated as a result of the issuance of the exception.

I. Complaint/Appeal Process

(1) General Policy

GLO will be utilizing a vendor that is responsible for responding to complaints and appeals in a timely and professional manner. The vendor will keep a record of each complaint or appeal that it receives to include all communications and their resolutions.

When a complaint or appeal is received, a representative will respond to the complainant or appellant within three (3) to five (5) business days where practicable. For expediency, the state shall utilize telephone communication as the primary method of contact; however, email and postmarked letters will be used as necessary

(2) Responsibilities

GLO will identify Applicant Coordinators within their program that will be tasked with handling all homeowner inquiries.

Applicant Coordinators are responsible for ensuring that a response to all complaints and appeals are within the appropriate time frame (a final response must be provided within three (3) to five (5) business days of receipt), and ushering all complaints and appeals through to a resolution where possible. If additional information is requested from an

outside party, a reasonable deadline must be set (one to five business days, depending on the amount of information requested). If immediate resolution is not achieved, a follow-up email should be sent to the Applicant Coordinator's supervisor with details of the plan for resolution.

GLO's vendor will be the first line of communication for program beneficiaries and will have an internal procedure for handling incoming complaints, including a complaint escalation process to ensure that complaints are handled at the earliest stage in the process.

(3) Documentation

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

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

J. Audit Requirements

Funds allocated to the GLO which exceed the thresholds set in 2 CFR 200.501, Audit Requirements, shall have a single or program specific audit conducted in accordance with the applicable federal requirements.

K. Changes, Waivers, and/or Conflicts

GLO has the right to change, modify, waive, or revoke all or any part of these guidelines.

If these Regional Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state, or federal law.

4. HOMEOWNER ASSISTANCE PROGRAM

Eligible activities under the GLO City of Houston HAP include rehabilitation or reconstruction.

A. Survivor Case Management

Applicants are likely to need support throughout the process. Applicants may have suffered significant losses and emotional hardships. Undertaking the process to claim insurance is often burdensome and confusing. The simple mechanics of applying to the CDBG-DR Program may be complicated by the loss of documents or temporary residence outside the area. The state should work to cultivate partnerships with local and community liaisons such as banks, counseling agencies, legal services, title companies, etc.

Case managers (which may be hired by vendors) will work to assist survivors from inception to close-out of their recovery needs associated with the Program for which they participate. It is recommended that there be a single point of contact for each survivor to ensure that survivors have the immediate contact information and needs to be successful in their long-term recovery efforts. As survivor applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each survivor should be counseled and made aware of their application status.

B. Application Intake and Counseling

A mechanism must be incorporated into Program Design to prevent any pre-screening of applicants without a written application being taken. Anyone who makes an inquiry about the Program will be provided with the GLO City of Houston HAP application package to complete. The GLO requires a standardized application. All such inquiries will be reported in a format to be provided by the GLO.

All documentation submitted by the applicant must include a signed statement verifying that the information provided is true, complete, and accurate. Any false, fictitious, or fraudulent information, or the omission of any material, may subject the applicant to criminal, civil or administrative penalties. Program documents must capture the following statement:

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

Case managers and/or counselors or interpreters must be able to communicate with the applicant in their primary language and should be assigned to the clients as appropriate. Additionally, they must ensure effective communications with persons with disabilities pursuant to 24 CFR 8.6 and other fair housing and civil rights requirements (such as the effective communication requirements under section 504 and the Americans with Disabilities Act). Counselors will be trained to be well-versed in all housing recovery activity requirements.

C. Applicant Eligibility Requirements

The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not guarantee assistance since a prioritization strategy within LMI economic subgroups will be required (consistent with Program Design requirements), and it is expected that there will be more eligible applicants than can be served with available funds.

(1) General Eligibility

(a) Income Determination

The income limits to be utilized for the CDBG-DR Homeowner Assistance Program are area-specific (by county) income limits established yearly by HUD for the Section 8 Housing Program. Income eligibility will be determined and verified in accordance with the GLO's Adjusted Gross Income Methodology or in accordance with another method that is approved by GLO. The most current income limits, published annually by HUD, shall be used by GLO to verify the income eligibility of each household applying for assistance at the time assistance is provided. GLO must always use the most recent income limits and will be monitored to ensure compliance with the income guidance as provided throughout these Guidelines.

(b) National Objective

I. Beneficiaries of the Homeowner Assistance Program must meet the LMI National Objective of supporting housing activities for impacted persons of low- and moderate-income that, upon completion of the housing activity, will be occupied by such person.
II. Assistance to non-LMI applicants may be provided under urgent need (see d. below)

(c) Unmet Needs

Only applicants with an unmet need related to the CDBG-DR funded event will be eligible. Documentation evidencing impact from the event will be required as part of the unmet needs determination. The unmet needs analysis is discussed in Section 3.A.(2) of these Guidelines and will be required by the state.

(d) Applicant with AGI of up to 120 percent of AMI (Down Payment Assistance)

HUD approved a waiver to allow homeownership assistance to be provided to households earning up to 120 percent of the area median income for up to 100 percent of the amount required. While homeownership assistance may be provided to households with up to 120 percent of the area median income, only those funds used to serve households with up to 80 percent of the area median income may

qualify as meeting the low- and moderate-income person benefit National Objective.

(e) Not Eligible

CDBG-DR assistance for rehabilitation/reconstruction of a damaged home is prohibited when:

(1) Combined household income is greater than 120 percent AMI or national median, and;
(2) Property was in a floodplain at the time of the disaster, and;
(3) Property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.

(2) Proof of Ownership

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

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

- For manufactured housing units (MHU), a Statement of Ownership from the Texas Department of Housing & Community Affairs, Manufactured Housing Division (TDHCA) must be provided. If the Statement of Ownership cannot be provided, GLO may accept alternate forms of ownership. The applicant must also provide documentation of the land ownership to be deemed eligible for assistance.

- The applicant can retain a 99-Year Lease Agreement or a Contract for Deed which can be acquired following the event.

- If an applicant owns a mobile home and there is a lien on the property, the state will work to ensure that the lien is transferred properly (if one is in place with the mortgage company). The MHU needs to be "perfected" and made a real property showing that is fixed to the lot. The wheels and axel need to be removed, and a statement of location needs to be in place from Texas Department of Housing & Community Affairs, Manufactured Housing Division (TDHCA). Once this is done, the lender can transfer the lien from the mobile home to the new property.

For the purposes of federally funded disaster recovery programs, alternative methods to document ownership may be proven in the following manner:

a) Applicants may prove ownership by providing documentation and completing a notarized affidavit that certifies one of the following circumstances applies:
    a. No other party has the right to claim ownership;
    b. Everyone who has the right to claim ownership has agreed to participate in the program; or
    c. A party who has the right to claim ownership could not be located (after all reasonable attempts have been made).

b) Subject to approval by the GLO, instead of a copy of the deed, alternative documentation proving ownership may be provided including (in order of preference):
    a. A special deed form in a Life Estate / Trust that allows a property owner to use the property during life and transfer the property automatically at death;
    b. A certificate issued by a court to the legal heirs of a deceased person to establish the legitimacy of the heirs and give them the power to inherit shares, securities, debts and other assets of the deceased;
    c. Affidavit of Heirship;
    d. Applicants that have liens (such as a mortgage) must attempt to obtain, Mortgage Company Consent Notice and Supporting Documentation;
    e. Tax receipts in the name of the applicant reflecting payment of applicable property taxes on the property for the prior taxable year;
    f. Home insurance in the name of the applicant reflecting that a current policy was in place at the time Hurricane Harvey made landfall;
    g. Utility bills reflecting the address of the property and the name of the applicant and/or co-applicants; or
    h. Other documentation deemed to be acceptable by the GLO.

c) The documentation must show that the applicant was the person responsible for paying for these items at the time of the disaster. The required affidavit, form, and instructions may be found on the GLO's website: http://recovery.texas.gov/.

d) The above-referenced alternatives are not optional, must be incorporated into the Program Design, and allowed to prove ownership for all CDBG-DR Programs in the state of Texas.

(3) Principal Residency

The unit to be rehabilitated or reconstructed must have been the applicant's principal residence during the time of the event. Principal residency for applicants can be demonstrated through property tax homestead exemptions. If a homestead exemption was not in place at the time of the disaster, an Affidavit of Principal Residency may be utilized as an alternative method of verification of principal residency. The affidavit must be supported by documentation such as asset verification (income tax returns, credit check, etc.) or utility bills specific to the property address and name of the applicant, which were active as of the date of the event. Vacation homes and rental properties are not eligible for

assistance under the Single-Family Homeowner Program. The Affidavit of Principal Residency Form may be found on the GLO's website: http://recovery.texas.gov/.

Under State of Texas Property Tax Code, a homeowner may only claim one homestead exemption on one property. GLO may request additional documentation or information if GLO identifies that the applicant has more than one property with a homestead exemption. More information can be found at: https://statutes.capitol.texas.gov/Docs/TX/htm/TX.11.htm.

(4) Property Taxes

Applicant must furnish evidence that property taxes are either current, have an approved payment plan, or qualify for an exemption under current laws. Applicant must prove that property taxes have been paid or that one of the following alternatives have been met:

- The property owner qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Property Tax Code;
- The property owner qualified for and received a tax exemption pursuant to Section 11.182 of the Texas Property Tax Code; or
- The applicant entered into a payment plan with the applicable taxing authority and is current on payments.

Support documentation verifying the tax deferral or tax exemption must be provided by the applicant. Any applicant that enters into a payment plan must supply a signed copy of the payment plan from the applicable taxing entity along with documentation that they are current on their payment plan. Additionally, if the household has gone through bankruptcy and the payment of property taxes was a requirement, all documentation associated with the bankruptcy and documentation of the property tax payments must also be supplied.

(5) Duplication of Benefits Review

Each application will be reviewed to determine if previous funding awarded to the applicant was appropriately used on the home and if any funds were received for the same purpose. The applicant must have an unmet need to move forward in the program. GLO must determine the applicant's unmet needs first and then calculate the applicant's DOB. Applicants must provide insurance, FEMA, SBA, and any other type of funding documentation for funds that were received. Additionally, GLO must verify that the submitted data is accurate and current at the time of the award, to the best of their abilities (e.g., validate against FEMA data). Applicants will also be asked to provide receipts and proof of repairs. An inspection will be performed to verify that the repair was made and the quality of the repair (Standard, Average, and High-Grade) to determine total applicant expenditure. GLO will also determine if insurance was required under the terms of the applicant's mortgage as part of the application review. Regardless of unmet needs and prior funds received, applicant awards cannot exceed program limits.

The total DOB (difference between assistance already received minus expenditures) will equal the remaining gap. The DOB Calculation Form will be used to determine the total DOB amount. If the total previously awarded assistance is greater than or equal to the total expenditures, then a positive dollar amount will indicate a DOB. To reconcile the DOB amount owed, the applicant can pay the DOB amount, or the applicant may be offered a reduction in the scope on the repair, a reduction in the floor plan size, or replacement of their home's nonessential components (e.g., laminate for tile floors, etc.). The DOB Calculation Form may be found on the GLO's website: http://recovery.texas.gov/.

(6) Child Support

All adult household members eighteen years of age and older must be current on payments for child support. If the household member is not current on child support, that individual will be required to enter into a payment plan that will be obtained from the Office of Attorney General (OAG). A copy of the payment plan signed by all applicable parties along with documentation demonstrating that they are current on their payment plan must be supplied. An affidavit of no Child Support owed for anyone in the household of over age 18 will be required.

(7) Damage Assessment

Each applicant's home must be assessed to verify that it was damaged from the event. A damage assessment report along with pictures will be required for each applicant. Please refer to the GLO's Damage Assessment Guidelines located at: http://recovery.texas.gov/.

(8) Environmental Review

Compliance with environmental laws and regulations must be documented in a Site-Specific Environmental Review Record (ERR) prior to federal funds being committed by the state (24 CFR Parts 50, 58, 574, 582, 583, and 970). No commitment or disbursement of funds will occur prior to the completion of this review. The environmental review shall document compliance with 24 CFR Part 58 and all related laws, authorities, and executive orders. The CDBG-DR Program will not reconstruct or rehabilitate homes that have been determined to be in a floodway.

(9) Flood Insurance Verification/Requirements

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

and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

D. Property Eligibility Requirements

The following threshold requirements are applicable to the assisted unit and must be met for the applicant to receive assistance. The Homeowner Assistance Program is not limited to these specific requirements.

- Unit Characteristics — Only single-family owner-occupied units within state's jurisdiction will be eligible for the Homeowner Assistance Program.
- Manufactured Housing Units (MHUs or mobile homes) are eligible for rehabilitation at the discretion of the state; however, the MHU to be rehabilitated must be no more than 5 years old at the time of assistance, and no more than $10,000 in hard and soft construction costs can be used to rehabilitate an MHU. The MHU must pass an HQS inspection upon completion. MHU rehabilitation costs that exceed $10,000 will require reconstruction. Reconstruction of MHUs will consist of replacing the MHU with a stick-built home that will meet the current needs of the family or individual.

E. Eligible Improvements

(1) Types of Improvements

- Improvements needed to meet HUD Section 8 existing Housing Quality Standards and Cost-Effective Energy Measures are eligible improvements.
- Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds, where safety or the structural integrity of the house is involved.
- Improvements will include, as necessary, lead-based paint abatement, asbestos abatement, accessibility for families with disabilities or special needs, energy efficiency, or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.
- Ranges, refrigerators, and other necessary appliances are eligible items; however, they will only be considered eligible when they are not present or the repair would not be cost effective. They will be approved on a case-by-case basis.
- Documentation to support non-traditional housing costs, because they are required by local codes or homeowner associations (e.g., garages, fencing, masonry, etc.), must be submitted to GLO for approval. Non-traditional housing costs in excess of $100,000 will not be approved.
- Required permits, if any, will be obtained by the contractor or builder at his/her expense and will be included as part of the bid costs.
- Assistance will not be used for luxury items, including but not limited to, garage door openers, security systems, swimming pools, fences, and television satellite dishes.

- Garages, fences, and brick or masonry are not generally eligible unless required by jurisdictional code set forth by the city, county, and/or a homeowner's association.

(2) Supplemental Improvements

- All debris, abandoned vehicles, and buildings that pose a safety and/or health threat, as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. The applicant will remove derelict personal property.
- All electrical components must be inspected, including service meter, wiring, and fixtures, even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.
- All homes must be equipped with a smoke detector installed in conformance with the one- and two-family dwelling code.
- Rehabilitated homes inhabited by a member with a disability or elderly persons must be analyzed as to the special physical needs of such persons. Improvements, such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas, must be installed, if appropriate.

F. Inspection Requirements

Each project will require an inspection(s) during the lifecycle of the project. The required inspections are dependent on the activity type (e.g., reconstruction, rehabilitation, etc.), which are outlined below. Further details regarding the inspections are included under the specific activity types in Section H, Housing Project Activity Types, of these Guidelines. The program will only pay for one inspection per activity per phase outlined below. Any additional inspection costs will be the responsibility of the designated contractor rehabbing, reconstructing, constructing, or demolishing the home.

Table 5. Inspection Requirements

Housing Program Inspection Requirements					
Application Type	**50%**	**Final Inspection**	**Demolition Confirmation**	**TREC**	**Monitoring Inspections**
Reconstruction	Yes	Yes	Yes	Yes**	%*
Rehabilitation		Yes		Yes**	%*
*Monitoring inspections are performed by GLO representatives. **TREC inspections are performed by licensed TREC inspector. ***Not performed on mobile homes.					

G. Project Closeout/Affordability Requirements

Approved projects will require Affordability Note monitoring. The GLO and or its vendor will work to perform the monitoring requirements for the affordability period on all assisted projects. To ensure compliance with the requirements of the executed Note with the homeowner, the state will perform at a minimum an annual check to confirm all Note commitments are in place through its term. Insurance notices of default should be documented and evaluated as they are received by GLO. GLO will use its standardized Monitoring Process.

H. Rehabilitation, Reconstruction, Elevation

(1) Overview

Benefit for LMI applicants is the principal National Objective approved for the Single-Family Homeowner Program. The use of Urgent Need is eligible and, if requested by the applicant, will be evaluated during application review; however, under the LMI National Objective, only those funds used for households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit National Objective. It is important to note that to carry out this objective, the statute requires that not less than 70 percent of the aggregate of CDBG program funds be used to support activities benefitting low- and moderate-income persons.

GLO is prohibited from providing assistance to homeowners who reside in a floodplain, earn more than 120 percent AMI, and who did not maintain flood insurance at the time of the event, even if it was not a requirement.

Eligible activities are as follows: rehabilitation, reconstruction, new construction, accessibility features, hazard mitigation, and associated elevation and demolition charges. The primary focus of HAP is to provide relief for those people impacted, with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act, in accordance with the approved AFHMP.

GLO's Program Implementation begins with determining the survivor's unmet needs for the rehabilitation, reconstruction, or new construction of the survivor's home. The approved Needs Assessment and Outreach Plan described in these Guidelines will advise on how to offer housing activities to meet the types of housing needs experienced by the affected population and their demographics in order to maximize housing recovery efforts.

Rehabilitation or reconstruction assistance is available to applicants that meet all criteria, for costs not yet incurred, subject to funding availability. Rehabilitation will be provided to homes that have up to $65,000 in estimated damage from the event. All other homes will be reconstructed. Based on the extent of damage, survivors may be eligible for rehabilitation or reconstruction of their homes.

Relocation assistance may be offered at the discretion of GLO. The cap will be set at $6,000 for temporary relocation services for up to 120 days.

After the final inspection, and Form 11.03, Final Housing Inspection has been signed by all required parties, the builder will submit Form 11.04, Building Contractor's Request for Payment which will also require signatures by the builder, homeowner, inspector, and the program representative. A Certificate of Occupancy (if applicable) must be retained in the file.

Programs may fund new construction activities under the LMI National Objective and as defined in 42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3), as HUD has waived this requirement if the new activity clearly addresses a disaster-related impact and is in a disaster-affected area. This impact can be demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock, and the resulting inability of that stock to meet post-disaster needs and population demands.

(2) Building Specifications Requirements for Reconstruction/New Construction

For new and reconstructed homes, construction specifications (for 2, 3, and 4-bedroom homes with total square footage ranges) will be developed by the state. Each home must be constructed in accordance with local codes and should include resilience and mitigation requirements. GLO may engage an architect to allow for local architectural variations; however, basic square footage (within ranges - see Size of Units below), room requirements, building materials, and general specifications must remain standardized for any home newly constructed or reconstructed with CDBG-DR funding. House plans become property of the state to use for possible future federal funding. Plan costs should only occur once and may be used throughout the implementation of the housing recovery program.

(3) Visitability Checklist

Visitability Checklists are required for single-family homes for the first floor only, even if multiple floors exist:

I. At least one 36-inch entrance door (preferably the main entrance) is on an accessible route served by a ramp or no-step entrance.
II. Each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet.
III. Each hallway has a width of at least 36 inches and is level with ramped or beveled changes at each door threshold.
IV. Each bathroom wall is reinforced for potential installation of grab bars.
V. Each electrical panel, light switch, or thermostat is not higher than 48 inches above the floor.
VI. Each electrical plug or other receptacle is at least 15 inches above the floor.
VII. If the applicable building codes do not prescribe another location for the breaker

(4) Size of Units

Guidance for the preferred amount of people per bedroom is discussed in the Program Design section of these Guidelines. The GLO-determined total square footage ranges are as follows:

I. 2 bedroom/1-2 bath home: 1,064-1,237 SF
II. 3 bedroom/2 bath home: 1,353–1,356 SF
III. 4 bedroom/2 bath home: 1,456–1,457 SF
IV. 5 bedroom/2 bath home: 1,636 SF
V. 6 bedroom/2 bath home: 1,736 SF
VI. Larger home sizes to be considered on a case-by-case basis

(5) Rehabilitation Caps

Rehabilitation of existing homes damaged by the event is capped at $65,000. Additional expenses are allowed as limited by the Housing Assistance Caps as described in Section 3.B. of the Program Design section of these Guidelines. Estimated rehabilitation costs exceeding this cap will be recommended for reconstruction. An estimated cost of repair (ECR) using Xactimate will determine if the unit is to be rehabilitated or reconstructed. The state should refer to the definition of "substantial improvement" when determining damage and final unmet need calculations.

GLO must identify homes that are subject to historic preservation reviews under Section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. Section 306108). HUD allows the allocation of administration funds to retain a qualified historic preservation professional.

(6) Construction

i. Housing that is constructed or rehabilitated with CDBG-DR funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. All local permitting and city/county inspections must be completed. International Residential Code 2012 or higher (IRC) (with windstorm provisions). All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. Additional codes and standard requirements are detailed in the Program Design section of these Guidelines.
ii. If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead-based paint and asbestos-containing materials. If present, the removal and abatement of lead-based paint and asbestos-containing materials will be considered in the costs of rehabilitation under the Abatement Cap as described in the Program Design section of these Guidelines. Lead-based paint and asbestos-containing material inspections provide two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation, and (2) the health risks to residents, particularly children

in the case of lead-based paint, may be severe, so any presence of lead-based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.

iii. A pre-construction conference between the assisted homeowner, contractor, and the state, where applicable, will be conducted to ensure all parties (assisted homeowner, contractor, and the state) are in agreement about the work to be completed. The pre-construction conference will consist of two parts:
    a. Part 1: Basic contract and procedural issues to include begin- and end-dates of the contract, terms of the contract, the approved house plan or scope of work as applicable, construction and payment schedules and procedures, inspection procedures and requirements, responsibilities of the contractor and the assisted homeowner, change order procedures, inspection schedule and plan, process for builder draws, program compliance and requirements, payment requests and procedures (escrow account), lead-based paint requirements, role of the state, complaint and conflict resolution procedures, and other programmatic procedures.
    b. Part 2: A walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding clean up by the homeowner prior to the work and the contractor after the work.

(7) Construction Agreement

The construction agreement for stick-built homes will be between the rehabilitation/reconstruction contractor and the assisted homeowner.

(8) Property Inspection and Final Payment

For additional information, refer to section 4.F. Inspections, of these Guidelines.

(a) Preliminary Inspections

A preliminary inspection will be conducted by the state to determine the condition of the unit for each application and to verify damage by the event if FEMA, the Small Business Administration (SBA), or insurance award letters are not available to demonstrate tieback to the applicable event. The initial inspection will be conducted by the state's inspector or another qualified inspector, and a list of the deficiencies will be prepared. The inspection will also provide an estimate of repair costs to determine whether rehabilitation or reconstruction will be offered and must be in sufficient detail to be utilized in the creation of work write-ups and to establish the cost effectiveness of the recommended type of assistance. This process documents the unmet needs for the applicant with respect to rehabilitation or reconstruction of their damaged home.

(b) Progress Inspections

i. Progress inspections (50 percent) performed by the state serve three primary purposes: (1) to evaluate the contractor's progress; (2) to confirm that local building codes or standards have been satisfactorily met; and (3) to confirm that all requirements of the contract have been met to the satisfaction of all parties.
ii. 50% Inspection (reconstruction, new construction)
    a. The building shall be in a "dried in" state, which means that all windows, doors, roof, and siding shall be in place, thus preventing rain penetration into the interior of the house.
    b. The rough-in plumbing shall be complete.
    c. The electrical rough in shall be completed, including (but not limited to) the placement of receptacle boxes, switch boxes and the placement of the circuit breaker box.
    d. The HVAC system mechanical shall be in place, including the units themselves, the ductwork and all drain lines.
    e. The inspection shall take place prior to insulation being installed.
    f. The GLO 50% Checklist must be used to complete the inspection.
iii. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the processing of the contractor's payments. The state will retain 10 percent of all payments. If possible, the same person will conduct both progress and final inspections.

(c) Final Inspections

i. As in all construction projects, a punch list will be developed toward the end of the job. A punch list is a listing of items written as specifications, which constitute the work necessary to complete the contract. GLO can develop the punch list as a result of the final inspection, or the contractor and the assisted homeowner can create the list prior to the final inspection. The punch list will represent work documented on the work write-up that was not completed. The list will not add work that had not already been identified. Once the punch list has been prepared, no other work items are expected of the contractor. If the punch list contains more than ten (10) items, the contractor is not ready for a final inspection.

ii. When work is nearing completion, including any punch list items, the contractor will notify GLO of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. If the 50 percent inspection was conducted thoroughly, the final inspection should only need to catch those items which have been done since the last inspection. The final inspection will be as thorough and deliberate as the initial inspection.

Finished carpentry, painting, backfilling, electrical fixtures, all single-family homeowner activities, and clean-up should be closely checked for completion. The state and the homeowner will sign off on the final inspection report.

iii. 100% (Final) Inspection
   a. All construction shall be complete.
   b. Site shall be free of debris or construction materials.
   c. Interior shall be cleaned.
   d. The punch list shall be created, although minor punch list repairs may be outstanding.
   e. The inspection shall be completed before key hand off to the homeowner.
   f. The GLO 100% Checklist must be used to complete the inspection.

iv. Every attempt will be made to satisfy the homeowner's concerns at final inspection. If the homeowner objects and refuses to sign off on the final inspection, GLO or vendor will move forward with closing and place a note in the file for audit purposes.

v. GLO will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.

vi. After documentation has been submitted to GLO evidencing that the home has passed the final inspection, all punch list items have been satisfactorily completed, and all warranties have been issued, the project can be brought to final resolution. For purposes of accountability, Homeowner Assistance Program administrators must have written documentation that the assisted homeowner and the state have accepted the work (the final inspection requires signatures from the homeowner, contractor, and state).

(d) TREC Inspections

i. All construction projects (reconstruction, new construction, substantial rehabilitation) must pass a TREC inspection after work is complete and the Final (100% inspection) has been passed.

(e) Warranties and Retainage

i. When the results of the final inspection indicate that the work is completed in accordance with the contract, the state will submit the contractor's request for payment and, upon receipt of the funds, disburse the funds to the contractor. The state shall retain 10 percent of the funds for 30 days. During this time any outstanding punch list items must be corrected, and documentation of the corrections must be submitted to GLO or its representative. Following

satisfactory correction of all outstanding items, the retainage will be paid to the contractor upon availability of grant funds following the final 30-day period.

ii. Should the contractor fail to satisfactorily correct any and all outstanding items, (1) the state will not disburse the retainage, (2) the assisted homeowner may take any necessary legal recourse, and (3) the contractor may be removed from performing any more rehabilitation/reconstruction work on the home. GLO will have all necessary work completed at their discretion.

iii. In addition, should the contractor be doing other work under this Single-Family Homeowner Program and fail to correct any warranty problems, no other payments will be made to him/her until such problems are corrected. This will affect a builder's assignment method and these actions should be recorded.

iv. All work performed by the contractor will be guaranteed for a period of 1 year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of 1 year, the assisted homeowner may require the contractor to correct defects or problems arising from his/her work under this contract. Warranty 11.17 Forms must be submitted to the GLO and approved before starting any further construction. GLO encourages a discussion or meeting to take place between the homeowner and builder to outline the scope, complete required documentation, and sign all forms.

v. Should the contractor fail to complete work that is included in the warranty, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation or new construction contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed 2 weeks to respond. Warranty notices must be issued in advance of expiration (e.g., 6 months and 1 month prior to expiration date of the warranty.

vi. In addition to the 1-year warranty referenced above, the contractor shall provide a third-party extended warranty that shall cover, at a minimum, the structural integrity and the foundation for a period of 10 years. GLO must inform the applicants at closing what the home warranty terms are and when they expire. HUD recommends that GLO include a warranty notice on a periodic basis, e.g., six (6) months from expiration.

(9) Program Requirements

(a) Unsecured Forgivable Promissory Note

1) Participants in HAP shall be required to sign an Unsecured Forgivable Promissory Note (GLO Form 13.09) located on the GLO's http://recovery.texas.gov/ website.

2) The State will execute the Unsecured Forgivable Promissory Note (the Note) with assisted homeowners for all rehabilitation or reconstruction homeowner activities under the CDBGDR Program. The Note may be required to be recorded in the county courthouse records during the

affordability monitoring period conducted by the Vendor. The homeowner must comply with the terms of the Note as follows:

a. Rehabilitation or reconstruction assisted homeowners are required to maintain ownership of the assisted property for a minimum affordability period of at least 3 years.

b. Cash out refinancing, home equity loans, or any loans utilizing the assisted residence as collateral are not allowed for the 3-year period. A violation of this policy will activate the repayment terms of the Note.

c. Assisted homeowners are required to maintain principal residency in the assisted property for the required 3 years. A violation of this policy will activate the repayment terms of the Note.

d. Taxes are to be paid and in good standing for the properties assisted. Homeowners may be on a payment plan, but it needs to be submitted to HAP.

e. Insurance must be maintained at the assisted property. Hazard, flood (if applicable), and windstorm (if applicable) will be monitored for the 3-year period. For homes in a Special Flood Hazard Area (SFHA), flood insurance must be maintained in perpetuity.

f. Transfer notice of requirement to obtain and maintain flood insurance for property. Failure to do so shall deem the homeowner liable to reimburse the State for the relief assistance applied to the property. Evidence of this requirement must be maintained in disclosure documents by the homeowner.

3) The Program will monitor assisted households for compliance with the terms of the Note. Homeowners who default on the terms of the Note will repay the prorated amount and any funds remaining on the note. The calculated default amount may be reported to credit bureaus and the Texas Office of the Attorney General.

4) Upon completing construction, the homeowner can make modifications to the home. However, if the homeowner would like to refinance or take a loan out against the property, they must contact GLO for advanced permission. A letter must be sent to GLO to state the reason for the loan/refinance, document that the homeowner is not changing their ownership interests and provide the lending company name along with any other relevant information.

5) If the assisted homeowner continues to occupy the home until the term of the note expires, the loan is forgiven, and conditions are clear on the disposition of the property. If the property is sold, transferred, or vacated by the assisted homeowner for any single period that exceeds thirty (30) days during the 3-year forgivable loan period, the repayment terms of the Note will be enforced.

6) The project must comply with all applicable federal and state requirements.

(10) Files and Reports

The Vendor will maintain accurate HAP files and records for general administration activities, for each applicant, and for each assisted homeowner as required by the GLO in the GLO's system of record. Such files will be open for inspection as to qualifications, bids, and awards. Record keeping procedures must be developed for monitoring/audit by the GLO.

(11) Changes, Waivers, and/or Conflicts

The Vendor may not change, modify, waive, or revoke all or any part of these Regional Guidelines without the written approval of the GLO

Any references contained in these Housing Guidelines may be updated or changed without notice, to reflect the most up to date information available.

The GLO City of Houston Housing Guidelines provide guidance on the design, implementation, and close-out of the GLO City of Houston HAP, and should not be construed as exhaustive instructions.

For questions regarding these guidelines, contact:
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