



**HURRICANE HARVEY**

**DISASTER RECOVERY**

**REGIONAL HOUSING GUIDELINES**

**HGAC-W/ Lower Colorado Region**

*Last Updated November 27, 2018*

**Texas General Land Office  
Community Development and Revitalization**



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***The GLO Regional 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) and Long-Term Recovery**

The GLO’s Community Development and Revitalization division (GLO-CDR) oversees the administration of Community Development Block Grant Disaster Recovery (CDBG-DR) funds allocated to Texas by the U.S. Department of Housing and Urban Development (HUD) following a disaster. These funds support communities working to build back stronger and more resilient.

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

**Table 1: Applicability**

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

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

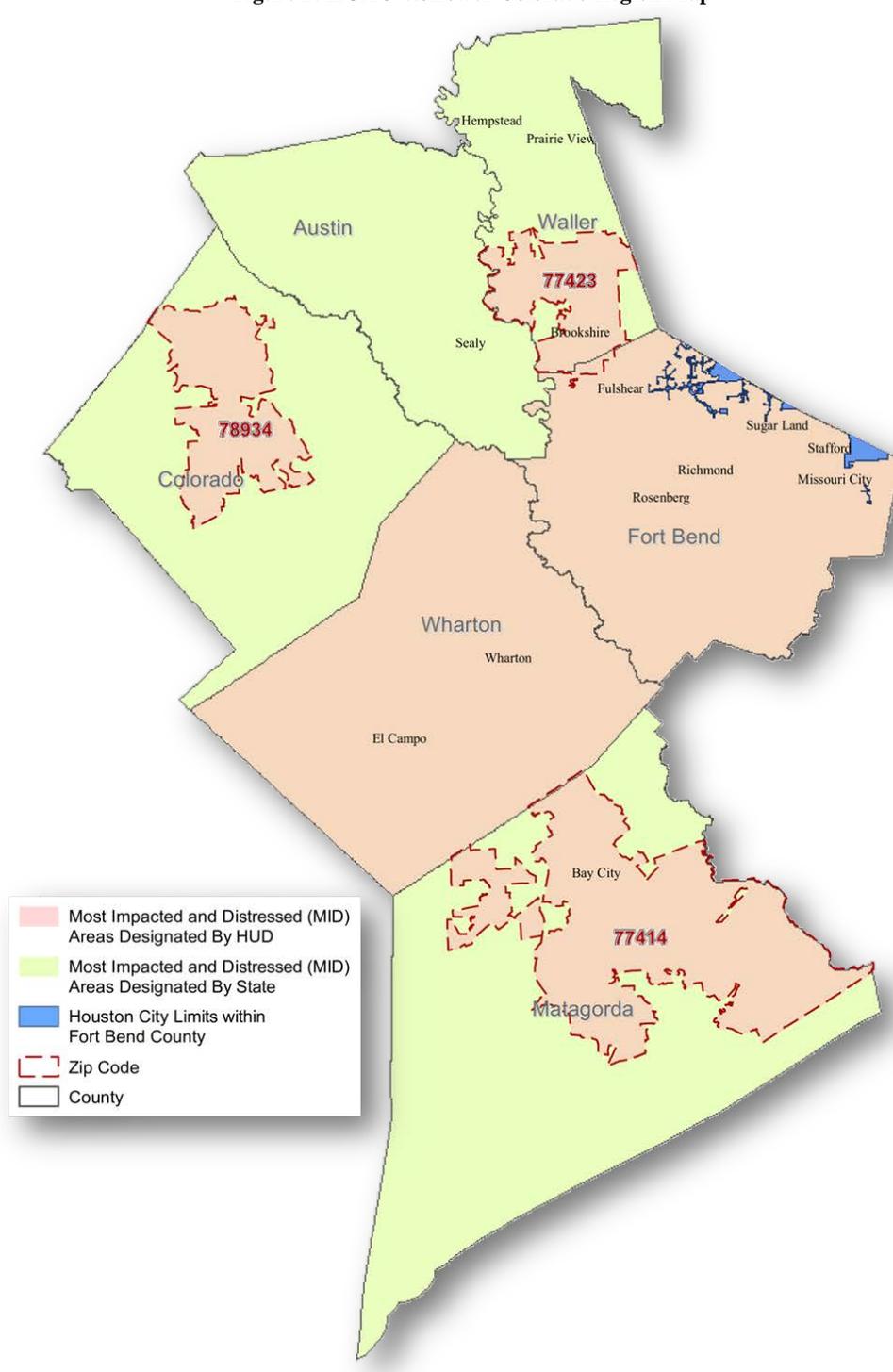
- Benefiting Low- to Moderate-Income Persons (LMI)
  - Low- and Moderate-Income Housing (LMH) provides that any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- to moderate-income only to the extent such housing will, upon completion, be occupied by such persons;
- Meeting an Urgent Need (UN) by providing housing assistance to applicants making in excess of 80 percent of the area median income (AMI)

The GLO Regional Housing Guidelines provide a blueprint for designing, implementing, and closing a CDBG-DR Housing Program.

The purpose of these Regional Guidelines is to aid in the long-term recovery efforts following Hurricane Harvey in the Houston-Galveston Area Council-West (HGAC-W)/Lower Colorado Region; specifically, to facilitate the replenishment of housing stock lost during the hurricane and subsequent flooding in the Region. Questions regarding these Regional Guidelines or requests for more information should be directed to GLO-CDR.

Figure 1 below depicts the HGAC-W/Lower Colorado Region covered by these Regional Guidelines. It should be noted that the Houston city limits that extend into Fort Bend County are not subject to these Regional Guidelines.

**Figure 1: HGAC-W/Lower Colorado Region Map**



The Hurricane Harvey CDBG-DR Homeowner Assistance Program (HAP) (the Program) will be administered by GLO-CDR (or “the State”) through its Vendor, except for Harris County and the City of Houston (Houston) (subrecipients), which will develop their own local housing programs and will be responsible for the implementation of their programs in their jurisdictions. Additionally, the GLO will partner with the impacted Council of Government (COG) and local governments, as they have direct knowledge of the needs in their areas. Given the size of the impacted area and how Hurricane Harvey impacted each region differently, local control through a regional approach is vital to long-term recovery.

The GLO has partnered with AECOM as a Vendor to assist in the administration of the Program.

**Table 2: Hurricane Harvey CDBG-DR Housing Program**

<b>Eligible Activities</b>	<b>National Objective</b>	<b>Program Administrator</b>	<b>Tenure</b> <i>“Start date” is date of HUD’s approval of Action Plan</i>
<ul style="list-style-type: none"> <li>• Rehabilitation</li> <li>• Reconstruction</li> <li>• Replace MHUs</li> <li>• Hazard Mitigation</li> <li>• Elevation</li> <li>• Relocation assistance</li> </ul>	Low- and moderate-income and urgent need	GLO-CDR	3 years from start date

## **1. PROGRAM OBJECTIVES**

The primary focus of HAP 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 under multiple housing option activities including rehabilitation, reconstruction, demolition, elevation, hazard mitigation, and storm hardening of homes, as allowable by GLO's approved Action Plan. All housing activities should consider the following objectives:

- Provide high quality, durable, resilient, mold resistant, energy efficient, decent, safe, and sanitary housing that meets 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.
- Prioritize households in which members are under the age of 18, female heads of household, elderly and disabled households, and/or Veteran populations while affirmatively furthering fair housing.
- Emphasize housing choices and designs to reduce maintenance and insurance costs, as well as provide the provision of independent living options.

The HUD Approved Action Plan for this Program specifies that at least 70% of the funding available for this region must be spent on LMI households.

## 2. DEFINITIONS

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

**Affirmative Fair Housing Marketing Outreach Plan:** A document used to help the Vendors offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability<sup>1</sup> (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](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](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 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.

**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

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<sup>1</sup> 24 CFR 200.625

(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 or reconstruction), mold remediation, and assistance needed to bring the home up to code at completion.

**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 reconstruction, 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.

**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 chance 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.

**Grant Management:** Working with individual survivors and their families to understand the Program's housing options, resulting in clear and transparent determination of eligibility. Applicant Coordinators 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.

**Green Building Standards:** All rehabilitation (meets the definition of substantial improvement), reconstruction 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.<sup>2</sup>

**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 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.

**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 will work with the COGs to develop regional

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<sup>2</sup> <https://www.hudexchange.info>

local needs assessments. Each needs assessment will be posted for a 30-day public comment period and approved by the GLO before implementation.

**Overall Benefit:** The Vendor 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 Program; 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.

**Reconstruction:** Demolition and rebuilding of a stick-built 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 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).

**Texas Integrated Grant Reporting (TIGR):** TIGR is the GLO system of record for all CDBG-DR grant management and reporting.

**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 Regional 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 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 applicant cannot finance the activities on its own because other funding sources are not available. The Vendor will 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, the Vendor used qualified data (HUD/FEMA/SBA, insurance data, or other data as approved by the GLO in advance, to allocate the disaster funding). Section 3.A.2 of these Regional Guidelines explain an unmet needs assessment, which was developed by the Vendor prior to implementing the program.

- 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 the Vendor (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar amounts impacting communities, etc.) will be made available to the public for 30 days on a publicly accessible website. If any public comment is made, the Vendor must address the comment in a public response.

#### A. Program Design Requirements

##### (1) National Objectives

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

- **LMI** — Benefitting Low- to Moderate- Income persons: or
- **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 was 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 determined the activities to be offered, the demographics to receive concentrated attention, and target areas to serve the disabled, "special needs," vulnerable populations, and target areas to be served.

The GLO consulted with the COG on the methodology and data analysis and provided applicable raw data needed to develop and assist in development of their Regional Needs Assessments.

Applicants applying for disaster assistance must meet certain eligibility standards to qualify for assistance. Eligibility standards are further discussed in these Regional Guidelines.

The Regional Needs Assessment documents goals within the income brackets in proportion to the damaged units in the impacted area. The HUD Approved Action Plan for this Program specifies that at least 70% of the funding available for this region must be spent on LMI households. To

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achieve this goal, the Program will target vulnerable populations as identified in the Regional Needs Assessment. Deviations from goals must be approved by the GLO. These goals are listed in Tables 3 and 4 below.

Applications will be processed on a first come, first served basis. Funding is limited; therefore, applicants may be placed on a waiting list until additional funds become available. Applications will be accepted until all project funds are allocated through a Grant Closing. Once an application’s eligibility has been approved, funding priority will be given to those who meet the LMI requirement.

During Intake and Eligibility, the Vendor will frequently review applicant metrics in order to validate that the targeted LMI goals are being met. Using the marketing and outreach activities identified in the Affirmative Fair Marketing and Outreach Plan, the Vendor will conduct targeted outreach events to maintain the minimum targets shown in Table 3.

**Table 3: HAP Funding Targets (%) by Income Category – HGAC-W/Lower Colorado Region**

Income Category	Count*	% of Count	Minimum Target	Maximum
Greater of 0-30% AMFI** or Federal Poverty Level	4,833	30.61%	30.61%	
31-50% AMFI	1,344	8.51%	8.51%	
51-80% AMFI	2,217	14.04%	14.04%	
0-80% AMFI (Non-Targeted)			16.83%	
Above 80% AMFI	7,393	46.83%		30.00%
<b>Total</b>	<b>15,787</b>	<b>100.00%</b>	<b>70.00%</b>	<b>30.00%</b>
Total LMI	8,394	53.17%	70.00%	100.00%

\*FEMA IA Registrants (owners, primary residence) with FEMA Verified Loss >\$0. Data as of June 25, 2018.

**Table 4: HAP Funding Targets (\$) by Income Category – HGAC-W/ Lower Colorado Region**

	Minimum Target	Maximum
<i>Budget</i>	\$218,621,431.00	
Greater of 0-30% AMFI** or Federal Poverty Level	\$66,928,319.25	
31-50% AMFI	\$18,611,972.08	
51-80% AMFI	\$30,701,445.02	
0-80% AMFI (Non-Targeted)	\$36,793,265.35	
Above 80% AMFI	\$0.00	\$65,586,429.30
<b>Total</b>	<b>\$153,035,001.70</b>	<b>\$65,586,429.30</b>
Total LMI	\$153,035,001.70	\$218,621,431.00

**(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.

2 counties within the HGAC-W/Lower Colorado Region were identified as Most Impacted and Distressed (MID) areas. These are Fort Bend and Wharton.

In addition, 3 ZIP codes: 77414, 78934, and 77423 are also flagged as MID areas. These zip codes are in Matagorda, Colorado, and Waller counties, respectively.

**Table 5: HUD and State Identified MID Areas**

Regional Classification	% of Total Funding
<b>HUD Identified MID Areas</b> Fort Bend and Wharton Counties; 77414, 77423, and 78934 ZIP codes <i>The City of Houston will have its own program to include any areas that fall within Fort Bend County</i>	80%
<b>State Identified MID Areas</b> Austin, Colorado, Matagorda, Waller Counties	20%

**(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. Disaster damage can be documented as follows: FEMA, Small Business Administration (SBA) or Insurance Award Letters.

- i. 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) provided by a certified or licensed inspector (HQS, TREC, or similar license) 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/>); or
- ii. If FEMA, SBA, or Insurance Award Letters are not available and an inspection report is inconclusive as to the cause of the damage, the Vendor may obtain alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations. GLO approval is required for this form of proof.

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 or licensed inspector (HQS, TREC or similar license) to specifically and clearly document event 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 follows the HUD HOME Program in determining household size. During the eligibility process, the Vendor will inform the applicant of their approved unit size as determined using the criteria below and based on their Household composition.

#### **Exceptions to this standard are based on the following factors:**

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

Issuance size exceptions may be granted by the State.

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 Vendor will ensure timely communication of application status to applicants who have applied for disaster recovery assistance. Timeliness means utilizing multiple methods of communication, such as websites, toll-free numbers, or other means that provide applicants with timely information to determine the status of their application at all phases.

Once the application is complete, the Applicant Coordinator will provide the applicant with a checklist of the remaining eligibility documents that must be submitted to continue processing the application. The Applicant Coordinator will provide the applicant with instructions on how to submit these documents to the Program. These instructions will include the timeline for submittals and information on the Complaint and Appeals process. The applicant will have 14 days to submit the required documents during which time the Applicant Coordinator will make three attempts to contact the applicant. If the applicant does not respond or submit the required paperwork within that time, the file will be marked inactive in TIGR. Once the applicants have submitted their documentation, the assigned Applicant Coordinator will follow-up via email and/or a phone call within 7 days if additional information is required to conclude the Completeness Review in TIGR. If a paper application is utilized, the application will be entered in TIGR within 3 business days.

The Vendor will 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.

#### **(8) Cost Effectiveness Verification**

The Vendor will conduct Feasibility Reviews to determine the qualifying assistance type (rehabilitation or reconstruction) for damaged dwellings. In some instances where demolition of the structure or the documentation of severe damage make value calculation unreasonable, a Feasibility Review will not be completed, and the project will proceed as a reconstruction.

### **B. Housing Assistance Caps**

Because funding is limited and in order to maximize the applicants served by the Program, GLO has established funding caps for each project type. Table 6 below shows these caps.

**Table 6: Housing Assistance Caps**

Project Type	Reconstruction	Rehabilitation
<b>Base Unit</b>	*Local Composite Bid	*Local Composite Bid <i>max \$65,000</i>
<b>Replacement of Manufactured Housing Unit (MHU) with stick-built home</b>	*Local Composite Bid	
<b>Non-Coastal Elevation</b>	\$35,000	\$35,000
<b>Coastal Elevation</b>	\$60,000	\$60,000
<b>Water Well</b>	\$30,000	\$30,000
<b>Septic System</b>	\$25,000	\$25,000
<b>Accessibility</b>	\$20,000	\$20,000
<b>Abatement</b>	\$20,000	\$20,000
<b>Homeowner’s and Hazard Insurance</b>	**No cap	**No cap
<b>Relocation Assistance</b>	Up to \$5,000 for temporary moving and relocation costs	Up to \$5,000 for temporary moving and relocation costs

**\*Local Composite Bid:** All program units will require a local composite bid which will be provided by the HAP Builder. 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 design 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 the GLO for review and approval. See 4.H.(1)(b) *Building Specifications for Reconstruction/New Construction* of the Regional Guidelines for further information.

**\*\*Homeowner’s and Hazard Insurance:** Builders will pay first year of homeowner’s and hazard insurance, to include flood and wind where applicable, for each unit.

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

### **C. Affirmative Fair Housing Marketing Outreach Plan**

The Vendor administering the Program are committed to affirmatively furthering fair housing through established affirmative marketing policies. The Vendor will draft an Affirmative Fair Housing Marketing Outreach Plan, based on HUD regulations, based on the final outcome of the Regional Needs Assessment. The plan will 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. Affirmative marketing for the disaster funding will include the following:

- The goal is to ensure that outreach and communication efforts reach eligible survivors from all racial, ethnic, national origin, religious, familial status, disabled, “special needs,” and gender groups. The Outreach efforts by the Program will inform these populations about the opportunity to rehabilitate their primary residence that sustained damages due to the event and/or its after-effects.
- Emphasis will be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster. Outreach efforts will 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).

The Vendor will employ strategies to achieve the marketing goals, regardless of the criteria for targeted marketing and outreach, include but are not limited to the following:

- Print Media
  - Newspapers
  - Magazines
- Broadcast Media
  - Radio
  - Television (local and cable access channels)
- Internet/Social Media
  - HAP Website
  - Facebook/Instagram/Twitter
- Print Materials
  - Flyers/Push-Cards
  - Brochures/Pamphlets
  - Press Releases and Public Service Announcements
  - Direct Mailings
- Community Engagement
  - Outreach Events
  - Community-sponsored Events

The print materials will align with GLO’s guidelines for HAP marketing materials 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. These print materials will be available in multiple languages. Every effort will be made to assist such applicants in the application process. In addition, community engagement events will include bilingual staff.

Community engagement will include identifying and establishing relationships with community entities such as human and social service organizations, religious and faith-based organizations, schools and daycare providers, non-profit organizations, medical centers, and businesses.

During the early stages of outreach and program implementation, the Vendor will have weekly internal meetings to review these strategies and their effectiveness toward achieving the general marketing goals. Strategies will be modified promptly and strategically to ensure the general marketing goals are met with the anticipated outcomes.

The Vendor 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's CDBG-DR Program. This includes providing all information and reports as required under the GLO's contract with its Vendors, demographic data and other information acquired from the applicants, and project documentation from awarded applicants.

##### **(1) Section 3**

As a recipient of Section 3-covered funding for HAP, the Vendor and hired Subcontractors will strive to be compliant with the Section 3 requirements, as outlined in 24 CFR 135.32. The Vendor and hired Subcontractors will create a Section 3 Plan. The Plan will continue to be updated as needed to address progress towards the Section 3 goals. The Vendor will monitor Subcontractors according to all regulatory requirements and their submitted Section 3 plan. Any deficiencies revealed during monitoring will be addressed through a corrective action plan and subsequent monitoring.

The Vendor will submit Section 3 reports as requested by GLO. The reports will illuminate the Vendor's (and hired Subcontractors) progress with providing training, employment and other economic opportunities for Section 3 individuals and businesses as outlined in the Section 3 plan. In addition, the Vendor will highlight any obstacles to reaching the goals, results from monitoring of Subcontractors, and success stories.

##### **(2) Applicant Data**

The Vendor will enter all applicant data into TIGR which will generate Vendor-designed monthly reports to be submitted to GLO for review. In addition, GLO and the Vendor will conduct monthly meetings to discuss the advancement of applications, the progress reports obtained from TIGR, and progress toward project closeout. 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 a grant between the GLO and HUD. Applicant records must be maintained electronically. All projects, program activity files, and applicant information received must be maintained within the GLO's system of record.

## **E. 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 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. All reconstruction projects must also meet Green Building Standards.

### **(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 Regional Guidelines.

### **(3) Housing Quality Standards (HQS)**

All CDBG-DR assisted rehabilitation projects must meet HQS (24 CFR 982.401) at completion, at a minimum, as well as all applicable local codes and ordinances.

### **(4) Standards for:**

#### **(a) Constructed or Substantial Improvements**

International Residential Code 2012 or higher (IRC) (with windstorm provisions) and International Building Code (IBC) must be met where they apply. All rehabilitation, and reconstruction will be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters. Whenever feasible, the Builders will 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 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.

Each HAP builder will select the Green Building Standard utilized in their plans and specifications.

The Builder must submit a certificate of compliance issued as part of the chosen standard’s compliance process as proof of compliance. Homes in high wind and hurricane areas will also be built in compliance with FORTIFIED Home© standards or any other equivalent comprehensive resilient or disaster resistant building program. 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, to the extent feasible, for construction projects completed, underway, or under contract prior to the date that assistance is approved for the project. For specific required equipment or materials for which an ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP) designated product does not exist, the requirement to use such products does not apply.

**(c) Elevation**

The GLO will apply the following elevation standards to reconstruction, 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). 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 reconstruction, repair of substantial damage, or substantial improvement, as defined under 24 CFR 55.2(b)(10), 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 GLO has established elevation costs caps at \$60,000 for elevation of single-family homes in coastal counties, and \$35,000 for non-coastal counties. The GLO may re-evaluate its elevation costs caps during the implementation of HAP based on average costs associated with elevating single-family homes and on a case-by-case basis as needed.

**(5) Standards for Rehabilitation of non-substantial damaged residential**

The Builders will follow the HUD CPD Green Building Retrofit Checklist available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. HAP builders 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 FEMP designated products and appliances.

**(6) Resilient Home Construction Standards**

The Vendor encourages HAP Builders to incorporate a Resilient Home Construction Standards for substantially damaged residential buildings or reconstruction that incorporate a Resilient Home Construction Standard recognized such as those set by the FORTIFIED Home™ Gold Level for new construction or single-family, detached homes; and FORTIFIED Home™ 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.

**(7) 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 Visitability Standards.

**F. Conflict of Interest**

The conflict of interest regulations prohibit local elected officials, Vendor 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).

The GLO can consider granting an exception to the conflict of interest provision should it be determined by the GLO that the Vendor has adequately and publicly addressed all of the concerns

generated by the conflict of interest 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. The Vendor should not enter into a conflict of interest until justification has been received and approved by the GLO in accordance with applicable procurement laws.

### **G. Complaint/Appeal Process**

The goal of the Appeal and Complaint process is to provide an opportunity to resolve complaints made by applicants in a timely manner, usually within fifteen (15) days, where practicable.

In addition, applicants are able to file a formal appeal when they believe that a mistake has been made regarding their file. The appeal process allows the applicant a mechanism for requesting further review on a decision made on their file.

Information on how to file a complaint or an appeal will be available at the program offices and included on printed materials as well as be available on websites. All applications, guidelines and websites will include a statement to the applicant about their right to file a complaint or appeal and the process for beginning an appeal. The forms shall be available on the regional website.

### **H. Audit Requirements**

Vendors and contractors employed by the State will be required to comply with the executed contract.

### **I. Changes, Waivers, and/or Conflicts**

GLO has the right to change, modify, waive, or revoke all or any part of these Regional 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 HAP include: rehabilitation, reconstruction; replacement of MHU; hazard mitigation; elevation; and relocation assistance.

##### **A. Survivor Grant 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 Vendor will work to cultivate partnerships with local and community liaisons such as banks, counseling agencies, legal services, title companies, etc.

The Vendor's Applicant Coordinators will work to assist survivors from inception to close-out of their recovery needs associated with the Program. 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 by their assigned Applicant Coordinator. They will also have access to TIGR to view their application status.

##### **B. Application Intake and Counseling**

There will be no pre-screening of applicants. Anyone who makes an inquiry about the Program will be provided with a GLO application to complete. The GLO requires a standardized application. All such inquiries will be reported to the GLO on a monthly basis. Applications will be submitted electronically through the TIGR system. Applications may also be submitted at the Regional HAP Office or one of the Satellite Intake Centers listed below\*:

Regional HAP Office

1 Sugar Creek Center Boulevard, Suite 200 Sugar Land TX 77478

Satellite Intake Centers

Hill W E Community Center - 1000 Main St Sealy, TX 77474

Nesbitt Memorial Library - 529 Washington Street Columbus, TX 78934

Palacios City Hall - 311 Henderson Ave Palacios, TX 77645

Brookshire Convention Center - 4029 5th St Brookshire, TX 77423

Carden-Waller Cooperative Extension Building - Prairie View A& M University - 250 E. M. Norris Street Prairie View, TX 77445

Wharton Recovery Team Offices - 307 W. Milam St, Suite 307 Wharton, TX 77488

First Baptist Church - 1700 Milam St Columbus, TX 78934

\* Hours vary by location. Please refer to the Regional HAP webpage at <http://recovery.texas.gov/programs/homeowner-assistance/individuals/lower-colorado/index.html>

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.”

Applicant Coordinators 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). Applicant Coordinators 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 funding prioritization to the LMI economic subgroups has been established as discussed in the Program Design section**, 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 HAP 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. The most current income limits, published annually by HUD, shall be used by the Vendor to verify the income eligibility of each household applying for assistance at the time assistance is provided. The Vendor must always use the most recent income limits and will be monitored to ensure compliance with the income guidance as provided throughout these Regional Guidelines.

##### **(b) National Objective**

Beneficiaries of HAP must meet one of the following National Objectives:

- i. LMI - 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.

##### **(c) Unmet Meets**

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 Regional Guidelines and will be required by the Vendor.

**(d) Not Eligible**

CDBG-DR assistance for rehabilitation/reconstruction of a damaged home is prohibited when (1) the combined household income is greater than 120 percent AMI or national median, and (2) the property was in a floodplain at the time of the disaster, and (3) the 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, rebuilt, or replaced due to damage from the event. Ownership can be documented as follows:

- Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant’s name. Liens on Housing Units: the Vendor will coordinate with lienholders to ensure the rehabilitation or reconstruction assessment is approved by the lender.
- For MHUs, a Statement of Ownership must be provided. Liens on MHU properties: If an applicant owns a mobile home and there is a lien on the property, the Vendor 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).<sup>3</sup> 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:**

- i. No other party has the right to claim ownership;
- ii. Everyone who has the right to claim ownership has agreed to participate in the program; or
- iii. A party who has the right to claim ownership could not be located (after all reasonable attempts have been made).

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<sup>3</sup> <https://www.tdhca.state.tx.us/mh>

**(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):**

- i. Tax receipts;
- ii. Home insurance;
- iii. Utility bills; or
- iv. Other documentation deemed to be acceptable by the GLO.

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/>.

**(c) The above-referenced alternatives are not optional and must be allowed to prove ownership for all CDBG-DR Programs in the State of Texas.**

**(3) Principal Residency**

The unit to be rehabilitated, reconstructed, or replaced 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 Assistance Program.

The *Affidavit of Principal Residency Form* may be found on the GLO's website: <http://recovery.texas.gov/>.

**(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.

### **(5) Duplication of Benefits (DOB) 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. The Vendor 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, the Vendor 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). The Vendor 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 *GLO's 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 or replacement of their home's nonessential components (e.g., laminate for tile floors, etc.). The Vendor must use the approved DOB forms when determining an applicant's final DOB.

The *DOB Calculation Form* may be found on the GLO's website: <http://recovery.texas.gov/>.

The Vendor has developed policies and procedures to prevent any duplication of benefits when determining an applicant's unmet need. The policies and procedures include recapture instructions (e.g., applicant is currently appealing or suing their insurance company; therefore, recapture of future funds will be completed by the Vendor) and monitoring procedures to include priorities and frequency to comply with an executed Subrogation Agreement.

### **(6) Child Support<sup>4</sup>**

All applicants and co-applicants must be current on payments for child support. If the applicant or co-applicant is not current on child support, that individual will be required to enter into a payment

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<sup>4</sup> Family Code, Title 5, Section 231.006

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.

#### **(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**

An environmental review must be performed on the property prior to federal funds being committed by the Program (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.

- Unit Characteristics — Only single-family owner-occupied units within the State's jurisdiction will be eligible for HAP.
- Manufactured Housing Units (MHUs or mobile homes) are not eligible for rehabilitation. 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 HQS 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 and agreement by the GLO in cases 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, for rehabilitated homes, 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 the GLO for approval.
- Required permits, if any, will be obtained by the 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. Homes with natural gas appliances must also be equipped with a carbon monoxide detector 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 Regional 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 7: HAP Inspection Requirements**

<b>Application Type</b>	<b>50%</b>	<b>Final Inspection</b>	<b>Demolition Confirmation</b>	<b>TREC</b>	<b>Monitoring Inspections</b>
Reconstruction	Yes	Yes	Yes	Yes**	*
Rehabilitation	Yes	Yes***		Yes**	*

\*Monitoring inspections are performed by GLO’s Vendors.  
\*\*TREC inspections are performed by GLO’s Vendors.  
\*\*\*For substantial rehabilitation only.

**G. Project Closeout/Affordability Requirements**

Approved projects will require Affordability Note monitoring.

To ensure compliance with the requirements of the executed Note with the homeowner, the Program 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.

**H. Housing Activity Types and Additional Requirements**

**(1) HAP — Rehabilitation, Reconstruction, or Elevation**

**(a) Overview**

Benefit for LMI applicants is the principal National Objective approved for HAP. The use of Urgent Need is eligible and 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 LMI 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.

The Vendor is prohibited from providing assistance to homeowners who reside in a floodplain, earn more than 120 percent AMI, and 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, 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 Affirmative Fair Housing Marketing Outreach Plan.

Program Implementation begins with determining the survivor's unmet needs for the rehabilitation or reconstruction of the survivor's home. The approved Needs Assessment and Affirmative Fair Housing Marketing Outreach Plan described in these Regional Guidelines will advise the Vendor on how they are 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 the State. The cap will be set at \$5,000 for temporary relocation services for up to 3 months.

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.

#### **(b) Building Specifications Requirements for Reconstruction**

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. The State 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. Elevation options will be developed by the State. The standardized specifications will then be put out for bid locally. 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.

**(c) 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 boxes, each breaker box is located not higher than 48 inches above the floor inside the building.

**(d) Size of Units**

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

- i. 2 bedroom/1-2 bath home: 1,000–1,330 SF
- ii. 3 bedroom/1-2 bath home: 1,331–1,425 SF
- iii. 4 bedroom/2 bath home: 1,426–1,500 SF

**(e) Rehabilitation Caps**

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

The Vendor 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.

**(f) 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. IRC 2012 or higher (with windstorm provisions) and IBC must also be met where they apply. All rehabilitation projects must comply with HQS and all applicable local codes and ordinances. Additional codes and standard requirements are detailed in the Program Design section of these Regional 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 Regional 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. The Vendor will conduct a pre-construction conference with the assisted homeowner and contractor, where applicable, to ensure all parties (assisted homeowner, contractor, and the Vendor) are in agreement about the work to be completed. The pre-construction conference will consist of two parts:
  - Part 1: Basic contract and procedural issues to include begin- and end-dates of the contract, terms of the contract, payment schedules and procedures, inspection procedures and requirements, responsibilities of the contractor and the assisted homeowner, change order procedures, payment requests and procedures (escrow account), lead-based paint requirements, role of the Vendor, complaint and conflict resolution procedures, and other programmatic procedures.
  - 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.

**(g) Construction Agreement**

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

**(h) Property Inspection and Final Payment**

For additional information, refer to section 4.F. Inspections, of these Regional Guidelines and refer to Figure 2 below.

**Figure 2: Inspection and Payment Flowchart**



### **Preliminary Inspections**

A preliminary inspection will be conducted by the Vendor to determine the condition of the unit for each application and to verify damage by the event if FEMA, SBA, or insurance award letters are not available to demonstrate tieback to the applicable event. The preliminary inspection will be conducted by the Vendor’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.

### **Progress Inspections**

- i. Progress inspections performed by the Vendor 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)
  - 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.
  - The rough-in plumbing shall be complete.
  - 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.
  - The HVAC system mechanical shall be in place, including the units themselves, the ductwork and all drain lines.
  - The inspection shall take place prior to insulation being installed.
  - The CDR 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. If possible, the same person will conduct both progress and final inspections.

### **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. The contractor and the Vendor will 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 the Vendor 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 Vendor and the homeowner will sign off on the final inspection report.
- iii. 100% (Final) Inspection
  - All construction shall be complete.
  - Site shall be free of debris or construction materials.
  - Interior shall be cleaned.
  - The punch list shall be created, although minor punch list repairs may be outstanding. The punch list may contain no more than 10 minor items.
  - The inspection shall be completed before key hand off to the homeowner.
  - The CDR 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, the GLO or Vendor will move forward with closing and place a note in the file for audit purposes.
- v. The Vendor will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.
- vi. Final Payment will be made to the contractor, minus 10% of the total contract cost.

### **TREC Inspection**

- Completed once all punch list items identified in the 100% Inspection have been completed.
- Must be performed by a licensed TREC Inspector and may not be completed by the same inspector who completed the progress inspections on that particular home.

After documentation has been submitted to the Vendor evidencing that the home has passed the TREC 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, the Vendor must have written documentation that the assisted homeowner and the Vendor have accepted the work (the final inspection requires signatures from the homeowner, contractor, and the Vendor).

### **Warranties and Retainage**

- i. When the results of the final inspection indicate that the work is completed in accordance with the contract, the Vendor will submit the contractor's request for payment and, upon receipt of the funds, and the State will 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 the GLO or its Vendor. Following satisfactory correction of all outstanding items and passing TREC Inspection, 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 or fail the TREC Inspection, (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. The GLO will have all necessary work completed at the GLO's discretion.
- iii. In addition, should the contractor be doing other work under HAP 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. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation or reconstruction 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).
- v. 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. The Vendor must inform the applicants at closing what the home warranty terms are and when they expire. HUD recommends that the Program include a warranty notice on a periodic basis, e.g., 6 months from expiration.

## I. Program Requirements

### 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 CDBG-DR 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) 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.
- (5) The project must comply with all applicable federal and state requirements.

**J. 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.

**K. 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.

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

***The GLO Regional Housing Guidelines provide guidance on how to design, implement, and close a CDBG-DR Housing Program, and should not be construed as exhaustive instructions.***