



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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November 15, 2010

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Mr. Jack Steele, Executive Director
Houston-Galveston Area Council (H-GAC)
P.O. Box 22777
Houston, Texas 77227-2777

Re: Housing Guideline Approval

Dear Mr. Steele:

The Texas Department of Housing and Community Affairs (TDHCA) received H-GAC's amended Housing Guidelines (Guidelines) related to owner occupied activities for approval on November 10, 2010. TDHCA has reviewed the amended Guidelines and determined that the Community Development Block Grant (CDBG) Disaster Recovery Program requirements have been met and updated. Therefore, the amended Guidelines are approved as of the date of this letter.

H-GAC must continue to administer its housing program according to the approved amended Guidelines. If additional changes become necessary during the administration of the program, H-GAC must submit a revised version of the Guidelines to TDHCA for review and approval.

If you have any questions, please do not hesitate to contact me at (512) 475-4723 or dora.rivera@tdhca.state.tx.us.

Sincerely,

Performance Specialist
Disaster Recovery Division

Enclosure

cc: Program File
Chuck Wemple, Economic Development Program Manager
Jacqueline Smith, Housing Administrator
Miles Arena, Disaster Recovery Coordinator



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Housing Guidelines

**Community Development Block Grant
Hurricane Ike Disaster Recovery Program:
Assistance for Unmet Housing Needs**

October 26, 2010

Program made possible by:

Houston-Galveston Area Council

Texas Department of Housing and Community Affairs

Texas Department of Rural Affairs

and

U.S. Department of Housing and Urban Development



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APPENDIX A

Construction Standards, Specifications and TDHCA Requirements

I. Introduction and Purpose of Program

The purpose of the Houston-Galveston Area Council (H-GAC) CDBG Hurricane Ike Disaster Recovery Program (Disaster Recovery Program) is to provide assistance to eligible households directly affected by Hurricane Ike, which made land fall on September 13, 2008. Assistance will be available in form of an Unsecured Forgivable Promissory Note "Note", Disaster Recovery Program funds may only be used to accommodate unmet housing needs of homeowners who are low to moderate income and homes who are in urgent need of repair where existing conditions pose a serious and immediate threat to the health or welfare of the community. Assistance will be only to those who sustained damage as a result of Hurricane Ike.

H-GAC, the Texas Department of Housing and Community Affairs (TDHCA), and the Texas Department of Rural Affairs (TDRA) have developed an action plan to support Hurricane Ike recovery efforts in Austin, Brazoria, Matagorda, Walker and Waller Counties. The Disaster Recovery Program will make available \$11.07 million in Community Development Block Grant (CDBG) funding from the United States Department of Housing and Urban Development (HUD) for unmet housing needs within affected H-GAC communities listed above.

TDHCA and H-GAC will disallow expenditures if it is determined that funds provided under the CDBG Disaster Recovery Program were not disaster-related, or funds allocated duplicate other benefits. No person, business concern, or other entity may receive CDBG Disaster Recovery funds to assist with any part of a loss resulting from Hurricane Ike if financial assistance has been received under: insurance companies, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), or other local/state/federal organizations. In addition, CDBG Disaster Recovery funds may not be used for activities reimbursable by or for which funds have been made available by insurance companies, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), or other local/state/federal organizations, Army Corps of Engineers.

The CDBG Disaster Recovery Program requires that all housing assistance be provided under the Low/Moderate Income (LMI) national objective, one of three national objectives mandated by the Housing and Community Development Act. \

II. Designated Authority to Administer the CDBG Disaster Recovery Program

Jack Steele, Executive Director, Houston-Galveston Area Council is the designated authority to administer the CDBG Disaster Recovery Program and has authority to sign the contract between the Texas Department of Housing and Community Affairs and the Houston-Galveston Area Council. He is also responsible for the oversight of the program and ensuring completion of the contract in accordance with regulations stipulated within the contract, the Housing Guidelines, the TDHCA guidance, and all state and federal laws. Jeff Taebel has been designated as the Department Director for the CDBG Disaster Recovery Program, with responsibility for oversight of the program, and reports directly to Mr. Steele.

III. Insurance Requirements/Note Agreement

TDHCA requires the initial hazard/flood insurance policy as a prerequisite to occupancy to the assisted property. The cost for the initial hazard and flood insurance premium is an allowable cost under the Flood Disaster Protection act of 1973. H-GAC will utilize CDBG funding to cover hazard, and flood (if applicable-in flood zone) insurance premiums for the initial period (1st year).

A signed "Unsecured Forgivable Promissory Note" will notify homeowners of their responsibility to maintain insurance indefinitely; inform homeowners that failure to maintain hazard insurance coverage (not less than contract amount), inclusive of fire and flood insurance (if applicable); MAY prohibit future assistance and failure to maintain flood insurance WILL prohibit the homeowner from receiving future disaster recovery assistance. And require the homeowner to certify that the assisted property will remain their principal place of residence and they will occupy the property for at least the three (3) year term of the note agreement, as well as require acknowledgement that the agreement contains a due on sale provision that requires the homeowner to pay the balance owed at the time of the sale to TDHCA if the property is sold prior to the expiration of the note period. Included in the Note is the Subrogation Agreement which assigns the Borrower to the Subrecipient all of Borrower's future rights to reimbursement and all payments received under any policy of casualty or replacement to the physical structure that was the basis of the calculation of borrower's award to the program.

TDHCA may forward the issue to the Inspector General's office for collection when TDHCA/H-GAC becomes aware that the homeowner has violated the due on sale

provision of the note.

IV. Eligible Dwellings

Eligible housing types under the CDBG Disaster Recovery Program include: site-built, manufactured housing, modular housing, and 1st floor level (2 to 4-plex units). The rehabilitation of Manufactured Housing Unit's (MHU's) or mobile homes is not allowed under this program. Method for determining size of reconstruction/new construction and replacement housing will be determined based on HUD Section 8 Standards.

V. Assistance Types and Limits

All assistance under the Program will be provided to *program eligible households* which sustained damage as a result of Hurricane Ike in the form of an Unsecured Forgivable Promissory Note. Housing assistance available under the CDBG Disaster Recovery Program are *Repair, Rehabilitation, and Reconstruction*.

Where activities under this category are integral to the construction of a building or improvement on the cleared property which is assisted with CDBG Disaster Recovery Programs, the clearance activities may be treated as part of the construction costs and not need to be qualified separately under the program.

a. Rehabilitation

Rehabilitation as determined by H-GAC is defined as non-emergency repair or renovation of a limited specified area or portion of a housing structure. For the CDBG Disaster Recovery Program, only the rehabilitation performed on eligible participating housing must comply with local building codes standards, ordinances, Texas Windstorm Insurance Association requirements, FEMA and/or county floodplain elevation requirements, local health and safety codes, and the entire structure must comply with The U. S. Department of Housing and Urban Development's Housing Quality Standards (HQS) Inspection criteria. The *Damage Assessment/HQS Inspection Form* must be completed and retained in the Activity File. Rehabilitation shall be limited to stick-built structures that have been deemed feasible for rehabilitation. Maximum note award for rehabilitation: \$85,000 (Max. does not include elevation/insurance/ADA modifications/etc.)

b. Reconstruction

Reconstruction as determined by H-GAC is a structure that is determined to be beyond repair, and defined as the demolition, removal, and disposal of an existing structure; the rebuilding of a structure on the same site in substantially the same manner; in accordance with Texas Government Code, local health and safety codes, Texas Minimum Construction Standards, International Residential Code, Texas Windstorm requirements, FEMA floodplain regulations, and REScheck standards for energy efficiency. Additional city requirements may apply. Reconstruction may be a stick-built structure or an industrialized home, whichever is deemed most economically feasible by the program manager, or conforms to city/county requirements. A reconstructed unit need not contain the same number of rooms as the unit it replaces. The size of the new home will be determined utilizing HUD Occupancy Standard Guidelines and homeowner/renter's family composition. Reconstruction would also permit replacing an existing substandard unit of manufactured housing with a new manufactured housing unit. "The homeowner may request the housing type of their choice (manufactured, modular, or stick built) subject to funding limitation, however the final offer of housing type is at H-GAC's discretion." Maximum award for reconstruction: **\$125,000** (Max. does not include elevation/insurance/ADA modifications/etc.)

c. Minor Repair

Minor repair as determined by H-GAC is defined as limited, necessary repairs completed to alleviate health and safety concerns such as thermal environment, water leaks, unsafe plumbing conditions, and unsafe electrical hazards. This includes securing a structure from further exposure and degradation caused by exposure to the elements. Such repairs will not be designed to bring an entire structure into conformance with any standard or code except health and safety regulations. However, codes, standards and specifications will be applied to individual repairs and all repairs should be considered permanent. Example: a leaking roof creates health and safety issues and exposes the structure to further degradation; replacing a roof will not require that additional insulation to be added or a heater repaired. Maximum award for minor repair: **\$25,000** (Max. does not include elevation/insurance/ADA modifications/etc.)

d. Elevation

Elevation shall be defined as the raising of a structure, including eligible improvement expenses (elevator/lifts/etc.), whenever feasible to meet FEMA flood zone requirements, especially for

those structures located within the 100-year floodplain. No rehabilitation can occur for a structure unless these elevation requirements can be achieved. Maximum award: **\$70,000**

e. Additional Requirements (City Ordinances & ADA)

Additional requirements may include, but not limited to: driveways, landscape, utility system upgrades, etc., mandated by city ordinances. ADA modifications may include, but not limited to: ramps, railing, cooking/bathing facility adjustments, etc. Maximum award: **\$15,000**

f. Eligible Improvements and Expenses

All property improvements, rehabilitation, and/or reconstruction must be for unmet housing needs resulting from Hurricane Ike. Non-Ike damage may only be addressed on structures that also have Ike-related storm damage.

Example: The Jones' house received roof damage during Hurricane Ike. The home also has plumbing deficiencies which must be addressed before the house will comply with local health and safety codes. Because the home was damaged by Ike, both the roof and the plumbing repairs may be made using CDBG Disaster Recovery Program funding. However, if the home had no Ike-related damage, the plumbing deficiencies could not be repaired using CDBG Disaster Recovery Program funding.

CDBG Disaster Recovery Program funds may not be used for luxury items. Luxury items include, but are not limited to, swimming pools, fences (other than those required for security), television, satellite dishes, and dishwashers.

Air conditioners and heating systems, water heaters, and washers and dryers are eligible for replacement under the CDBG Disaster Recovery Program. Appliances and housing components that are not integral to the structure of the home such as washers, dryers, dishwashers, detached garages and carports are not eligible.

Structures built before 1978 must be inspected for lead-based paint hazards. Where such hazards are detected, the homeowner(s) will be notified and appropriate steps will be taken to mitigate dangers from lead-based paint.

VI. Eligible of Participants (owner-occupied and renters)

a. Owner-Occupied

H-GAC shall assist eligible applicants that own and occupy the property on or before September 13, 2008, damaged by Hurricane Ike. The homeowner may establish ownership and provide proof of residency (**VII Eligible Criteria (c) Acceptable Ownership Methods/Proof of Residency pages 8-10**).

b. Rental Property

H-GAC shall assist 5 eligible applicants that owned and rented property on or before September 13, 2008, damaged by Hurricane Ike. The property must be leased to a program eligible renter; with an income level at or below 80% the current HUD Adjusted Median Family Income (AMFI) limits. Owner agrees to have rents remain affordable for families with income levels at or below 80% of the AMFI for a minimum of 5 years.

Rent restricted units occupied by Low/Moderate Income households must be occupied at affordable rents. The units occupied by the Low/Moderate Income households must comply with the High HOME rents published by TDHCA under the HOME program. Rents must comply with the rent limit through the affordability period and compliance with the rent limit is calculated in the same manner as the HOME program.

Rental repair or rehabilitation assistance will not exceed eighty-five thousand and no/100 (\$85,000.00) with up to an additional seventy thousand and no/100 hundred (\$70,000.00) for elevation assistance if required, and fifteen thousand and no/100 (\$15,000.00) to address local city ordinances if required. In no instance will assistance exceed one hundred seventy thousand and no/100 (\$170,000.00) per assisted household. Rehabilitation includes repairs or renovations of a limited specified area or portion of a housing structure. Upon completion, the rehabilitated portions of properties will comply with local building codes, and the entire structure will comply with local health and safety codes and standards, and housing quality standards (HQS).

Rental reconstruction and new construction assistance will not exceed one hundred twenty-five thousand and no/100 (\$125,000.00) with up to an additional seventy thousand and no/100 hundred (\$70,000.00) for elevation assistance if required, and fifteen thousand and no/100 (\$15,000.00) to address local city ordinances if required. In no instance will assistance exceed two hundred ten thousand and no/100 (\$210,000.00) per assisted household.

All newly constructed including reconstructed housing units will meet the current edition of the Model Energy Code published by the Council of American Building Officials and the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation

Act of 1973 (29 U.S.C. §794). Multifamily housing developments will meet the design and construction requirements of the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201 as well as common use facilities in developments with covered dwellings meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. §§3601–3619).

VII. Eligibility Criteria

Eligible CDBG Disaster Recovery Program applicants for non-rental assistance must be an individual or family who occupied a single family residential unit on September 13, 2008 and is current owner of the property. These households must meet the following eligibility requirements:

a. Urgent Need

Applicants – To be eligible for assistance, Urgent Need applicants must meet the following criteria:

- i. There must be existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the unit of general local government is unable to finance the activity on its own, and that other sources of funding are not available.
 - A condition will generally be considered to be of recent origin if it developed or became urgent within 18 months preceding the certification by the unit of general local government. An Urgent Need will be considered to be of recent origin under this program if it developed or became urgent between September 13, 2008 and March 13, 2010.

b. Income

All CDBG Disaster Recovery Program beneficiaries must, at a minimum, qualify as low/moderate income (LMI), with household income not exceeding 80% of the Area Median Family Income (AMFI).

A household, rather than an individual person, must qualify as low- to moderate-income (LMI) eligible in order to receive CDBG Disaster Recovery Program housing assistance. In order to comply with federal regulations regarding income eligibility, H-GAC will:

- Obtain information from the applicant household;
- Verify the information;
- Calculate the gross annual income and assets;
- Confirm the applicant household's eligibility; and
- Certify that the information is complete, true, and accurate.

Verification of Income

HGAC will utilize HUD Handbook 4350.3 REV-1 change 3 (June 2009) for verification policies/procedures. Income verification documentation shall be within 120 days of the 'Household Income Certification' (HIC) date.

Determining Income Inclusions & Exclusions

To verify a household's annual income, H-GAC will use the section 8 definition of annual income per 24 CFR Part 5.609 (b) and (c) to determine whether a household is income eligible.

Adjusted Income (not applicable)

Since the CDBG Disaster Recovery Program is a one-time housing assistance and not a "Tenant Based Rental Assistance" (TBRA) program; there is no need to utilize 24 CFR 5.611 "Adjusted Income"; Adjusted Income is generally the amount upon which rent is based. Adjusted Income is *allowable deductions*: number of dependents, childcare expenses, medical expenses, etc.

Calculating Income & Assets

H-GAC will utilize HUD Handbook 4350.3 REV-1 change 3 (June 2009) for calculating income and assets. Whenever documentation does not specify expenses/fees to convert assets to cash, HGAC will utilize 10% of asset market value as reasonable expenses/fees which may be incurred in selling or converting an asset to cash.

Interim/Annual Recertification of Income (not applicable)

Since the CDBG Disaster Recovery Program is a one-time housing assistance and not a "Tenant Based Rental Assistance" (TBRA) program; there is no need to recertify or re-determine income eligibility. Interim and Annual Recertification is a process generally used in (TBRA) programs for the purpose of re-establishing eligibility for on-going housing assistance payments (HAP), and for the purpose of adjusting rental payments and unit sizes. This process is not necessary to determine CDBG Disaster Recovery Housing Assistance. Therefore, once the homeowner/applicant has been determined eligible (Certified Eligible) to receive the one-time

housing assistance, there is no need to re-determine/re-establish eligibility based on interim changes. Once the applicant/owner is “Certified Eligible”, the household will remain “Certified Eligible” until administrator contract(s) under CDBG for Hurricane Ike Disaster Recovery contract, and/or program has been terminated.

c. Debt Status

HGAC will verify child support status on all adult (18 years of age and older) household members by obtaining the following:

- TDHCA’s ‘Affidavit of No Child Support Received/Owed; and
- OAG form 1825 ‘Verification of Child Support Income’

HGAC will submit signed OAG form 1825 to OAG for verification of child support status

HGAC will verify property tax status as stated in our guidelines on page 13

d. Acceptable Ownership Methods

In order to be eligible, the applicant household must demonstrate property ownership. Proof of property ownership will be obtained through a valid deed filled at in the county records. The legislature provided alternate methods that prove home ownership for purposes of qualifying for disaster recovery assistance. New State law (Texas Government Code §2306.188) allows alternative to a valid deed to prove you owned the home you lived in at the time of the storm (September 13, 2008). In the absence of a warranty deed the applicant may complete an Affidavit of Ownership and provide the following information in addition to the affidavit:

- Proof you paid taxes on the property at the time of the storm
- Proof you had the home insured at the time of storm
- Proof that you were the person responsible for payment of utility bills at that residence at the time of storm.

Statement of Ownership (SOL) and Location or Bill of Sale are the equivalent of Warranty Deed.

Other documents may be utilized to support the Ownership Affidavit and will be reviewed and approved by TDHCA:

- Fee simple title to the property; or
- Ninety-nine (99) year leasehold interest on the property (or a fifty (50) year

leasehold on a trust, or fifty (50) year leasehold on restricted Indian lands); or

- Ownership or membership in a cooperative or mutual housing project that constitutes homeownership under Texas law; or
- Title Search Report (current within 60 days of assistance); or
- Life Estate (transferred by death; death certificate required)
- Probated Will/Court Order/Judgment (if transferred by death; death certificate required)
- Divorce Decree (if transferred by divorce)
- Affidavit of Heirship filed with the Appraisal District/County Clerk Office
- Letter/receipt of sale/contract for deed (Private-Owner sale); (county recorded):
 - a. Applicants known to have an active contract for deed or lease purchase agreement will require the current owner's signature or written consent prior to the commencement of construction.
-

2nd Ownership Method- Other Names listed on the Warranty Deed

Affidavit of Ownership – Must be utilized when there other name listed on the Warranty Deed that are NOT part of the household, the applicants must complete the affidavit and check the required fields, checking Block 2 Box B, and signing and notarizing the Affidavit. In this instance, the use of the Affidavit does not document ownership which was established through the Warranty Deed; the affidavit will be sued to confirm that the non household owners of the property consent to the assistance.

Proof of Residency/Possession

In the absence of a 'Homestead' exemption, dated September 13, 2008, HGAC will utilize our approved affidavit and request one or more of the following documentation:

- Utility bills in applicants name: cable, water, electric, trash, etc. (for the year that included 9/13/2008); or
- Property tax payment receipt with applicant/owner named as responsible for payment of "Homestead" taxes for the structure (for the year that included 9/13/2008); or
- Proof of paid homeowner's insurance (for the year that included 9/13/2008); or
- Asset verification (itemized income tax return, credit check, etc.); or
- FEMA award or FEMA report; or

- Texas Drivers License; or
- Voter Registration Card; or
- Other documentation acceptable to TDHCA

e. Unacceptable Ownership Methods

The following types of “ownership” are NOT acceptable:

- Quit claim deed.

********H-GAC may accept alternate forms of ownership as approved by TDHCA.***

Mortgagee

H-GAC shall assist applicants who are mortgagees that can provide an acceptable method of ownership with:

- Current mortgage agreement, and;
- Mortgage payment status (current/up to date) and;
- Written consent from the mortgage holder(s) prior to commencement of construction.

Foreclosure/Lien/Suits/Judgments

Applicants who lost ownership of their homes due to the following:

- Foreclosure or Pending Foreclosure
- Law Suits
- Judgments
- Liens

would jeopardize ownership, and may be ineligible for assistance.

Non-Ownership of Land (under lease)

H-GAC shall assist applicants who own the structure, but may not own the land. However the following will apply:

- Current executed lease agreement with;

- Written consent from land owner(s) prior to the commencement of construction.

f. Acceptable Methods of Property Damage

Households must prove that the home was damaged or destroyed on September 13, 2008 as a direct result of Hurricane Ike. The best way to prove storm damage is:

- The household received home repair/replacement assistance from the Federal Emergency Management Agency (FEMA); or
- The household received a loan from SBA for Ike related damage; or
- The household received an insurance settlement for Ike related damage.
- Published data set (recovery committee housing programs)
Damage assessment (inspector report) with HGAC's approved 'Affidavit of Storm Damage'

If these documents are not available, the burden to prove damage is on the applicant and can be supported by pictures of the property and any repair work that may have occurred. H-GAC will conduct inspections, and assist homeowners with documentation of damage (pictures) if necessary.

g. Property Taxes

Prior to making an award for repair, rehabilitation or reconstruction, H-GAC will ensure that all delinquent property taxes have been paid, or an "Installment Agreement" is active and in satisfactory status with the taxing authority, or the applicant/homeowner qualify for and receive a tax deferral. Exceptions may be made if the homeowner qualified for and/or received a property tax deferral as allowed under the Texas Property Tax Code 33.07 or a tax exemption pursuant to Texas Property Tax Code.

H-GAC will retain a copy of the installment agreement in the Activity File and confirm the installment agreement's terms and status with the taxing authority before approving the applicant for assistance.

Texas Government Code 2252.903, 403.055, and 2107.008 prohibit the Comptroller from issuing a warrant or initiating an electronic funds transfer to a person who owes a debt, tax delinquency, student loan delinquency, or a child support delinquency that is subject to a payment law prohibiting the Comptroller from transferring funds.

CDBG funds may not be used to pay delinquent taxes.

VIII. Program Marketing

a. Availability of Funds

The availability of funds shall be publicized via:

1. Press releases, newspaper ads, media broadcast shall be in eligible areas of **Austin, Brazoria, Matagorda, Walker and Waller** counties, which may include, but not limited to the following:
 - a. The Facts
 - b. The Brazoria County News
 - c. The Waller Times
 - d. Sealy News
 - e. Wallis News Review
 - f. The Katy Times
 - g. Bellville Times
 - h. La Voz de Brazoria County (Bilingual publication)
 - i. Buena Suerte (Hispanic publication)
 - j. FM 102.5 (Radio)
2. Web site www.H-GAClikeHousing.com and www.h-gac.com/lkehousing
3. English, Spanish and Vietnamese Radio public service announcement extended outreach for protected classes, special needs persons, and business groups.
4. Public announcement: Notice of Funds Available (NOFA) for Rental Property
5. Toll-free hotline (1-877-442-2777) to be included in all outreach and marketing materials and answered by H-GAC Disaster Recovery Program staff.
6. Informational fliers, public notices and outreach targeting special needs groups distributed by public or non-profit organizations, including but not limited to:
 - a. United States Postal Service locations
 - b. City and County Library locations
 - c. Faith Based Organizations
 - d. Multi-use and civic centers
 - e. City and County Governments Offices
 - f. Disaster Recovery Centers
 - g. Recovery Committees
 - h. Independent School Districts
7. Informational fliers, public notices and outreach, distributed by business groups including

but not limited to:

- a. H-GAC Workforce Solutions Locations
- b. United Way of Texas Gulf Coast
- c. Grocery Stores/Retailers
- d. Housing Authorities/Housing Agencies

Marketing materials shall be provided in English, Spanish and Vietnamese. All materials including applications, Notices, and Publications will include:

The Fair Housing and Equal Opportunity Logo , and the Accessibility Logo .

All marketing material will include HUD's toll free phone number to report any suspect discrimination

b. Affirmative Marketing Program

H-GAC will utilize HUD 24 CFR part 200, subpart M; Affirmative Fair Marketing Regulations (AFHM). H-GAC's strategic plan will reach out to applicants least likely to apply; designed to promote equal housing assistance for all prospective homeowners regardless of race, color, religion, sex, disability, familial status, or national origin. All advertising will include FHA/HUD approved equal housing logo, slogan, and statement.

In addition to marketing through widely available media outlets, the Housing Administrator and Disaster Recovery Coordinator will take additional measures to affirmatively market the CDBG Disaster Recovery Fund program services as follows:

1. H-GAC will contact and market to the following local organizations that provide unique access for persons that are considered members of a protected class under the Fair Housing Act, may include but not limited to:
 - a. H-GAC Area Agency on Aging, LULAC, Vietnamese churches, Catholic Charities, Hispanic Chamber of Commerce, African American Chamber of Commerce
2. H-GAC will advertise with the following media outlets that provide unique access for persons that are considered members of a protected class under the Fair Housing Act including:

- a. Ethnic newspapers and/or radio stations within the served areas
3. In addition, H-GAC will take the following measures to make the program accessible to persons that are considered members of a protected class under the Fair Housing Act:
 - a. Hold informational meetings in buildings that are ADA compliant within the served areas, provide sign language assistance when requested and special assistance for those who are visually impaired, when requested.
 - b. The marketing and affirmative marketing measures used and copies of all advertisement and announcements will be kept by the Housing Administrator and made available to the public upon request.
 - c. The Housing Administrator will use the Fair Housing logo and Accessibility logo in advertising, post Fair Housing information, posters and other related information and, in general, inform the public of their rights and obligations under Fair Housing regulations.
4. H-GAC will accept applications as follows:
 - a. In person at addresses included in press releases and on H-GAC's Website.
 - b. Length of time, days, and hours applications will be available will be online 24 hours a day and during designated hours at sites listed on the website.
 - c. Via regular mail at H-GAC.
 - d. Special arrangements: Arrangements can be made for persons with special needs, language interpretation needs or for persons needing alternate times and locations by calling the 1-877-442-2777. This hotline will be available to answer questions related to the application and eligibility. In special circumstances, H-GAC Housing Recovery Program staff will meet in person with client at their location to assist with the application process.
5. H-GAC may select applicants from an existing waiting list. The next eligible applicant on the waiting list will be offered CDBG Disaster Recovery Fund assistance, if funds are

available, once an applicant above them on the waiting list either declines assistance or is deemed to be ineligible.

6. H-GAC shall notify the applicant in writing if the applicant is deemed ineligible.
7. H-GAC shall notify the applicant in writing if the requested rehabilitation or reconstruction is deemed ineligible or not feasible.
8. H-GAC shall be the sole arbitrator of the eligibility of the applicant and the feasibility of any activity provided under the program.
9. The decisions of H-GAC shall be final.
10. The type of financial assistance provided to applicants outside of the floodplain will be in the form of a note.
11. The type of financial assistance provided to applicants inside the floodplain will be in the form of a note.

c. Use of an Existing Waiting List

1. H-GAC may use existing waiting lists in accordance with the parameters below.
 - a. H-GAC may use waiting lists compiled by eligible cities having previously administered a recent (past two years) CDBG or similar program, and having successfully marketed and affirmatively marketed the program to residents within the described service area in order to serve persons who have previously applied and proven they were eligible.
 - b. In the case of disasters, a list of all disaster victims may supplant other marketing efforts.
 - c. All applicants who are on an existing waiting list must submit new application materials, updated income information, proof of ownership and, in general, be re-qualified as eligible for the CDBG Disaster Recovery Fund program.

- d. All applicants who exist on a current waiting list will be considered in the order in which they existed on that waiting list, however, after a reasonable period of time of at least 30 days has been given to all applicants to submit new materials for purposes of re-qualification, applicants with incomplete applications may be dropped from the waiting list.

IX. Application Process

1. The CDBG Disaster Recovery Fund Program Administrator and/or his/her designee shall be responsible for advertising the availability of the program and for accepting applications.
2. The Administrator will accept complete/partially completed applications via *in person, by U. S mail, currier service, email and fax* for at least 60 days or until funds are expended or reserved, whichever comes first. All applications will be reviewed for completeness in the order in which they are received; ***first come - first serve***.
3. Upon receipt of the applications for assistance, applications will be screened for completeness and all information related to employment, income, assets and liabilities will be verified to determine the applicant's eligibility.
4. CDBG Disaster Recovery Fund Program Coordinator shall approve, disapprove or modify such recommendations. The funding decisions of the Local CDBG Disaster Recovery Program Coordinator shall be final.
5. All applicants selected for assistance shall then be counseled by H-GAC regarding his or her housing needs and in determining the type of eligible housing assistance. A written agreement (*Form 11.05 Certification & Agreement to Participate*) will be executed between H-GAC and the applicant that outlines the responsibilities of the applicant and H-GAC, and the terms of the assistance.
6. First Come First Serve
 - a. All eligible applicants will be rated on a first come first serve system in order to establish a priority of funds.

- b. Priority will be assigned based on receipt of complete and accurate applications; the ability to achieve TDHCA approvals and quick turn-around for housing deliver.
- c. In addition, repairs that prevent further damage to selected homes will be completed first, when possible.
- d. Incomplete applications will not be placed on a waiting list until all required documents for the application are provided to H-GAC and the application is verified and certified as program eligible.
- e. Applicants will be given a reasonable time frame to complete all application documents. Deadlines for returning required documents will be clearly noted in writing. Documents received after the deadline date will not be considered. Incomplete applications will not be included on the waiting list.

X. Appeals Policy

H-GAC's Appeals Policy will allow any applicant that is denied by the H-GAC for CDBG funding, an opportunity to appeal to the Executive Director of the Houston-Galveston Area Council (H-GAC). Appeals to H-GAC should not involve TDHCA at the first level of appeal.

Applicants determined ineligible for assistance will be contacted in writing via certified mail with a clear explanation of the basis for the decision and a description of the evaluation process. All applicants will be given ten (10) days to file a written appeal with supporting documentation to our Housing & Economic Development Manager at:

H-GAC

Attn: Chuck Wemple

Ike Restoration Program

P O Box 22777

Houston, Texas 77227-2777

In the event that the H-GAC's Executive Director denies an appeal, H-GAC will send a letter to the appellant outlining the reasons for denial, and outlining TDHCA's Appeals

Policy and related deadlines. NOTE: A Household may not appeal to TDHCA without having first been denied by H-GAC.

H-GAC's appeals process only applies to applicants appealing denial of eligibility and/or award amount, not for general complaints. General complaints must follow the dispute resolution process described under Dispute Resolution Procedures and can be submitted to H-GAC or directly to TDHCA at www.tdhca.state.tx.us. *Applicants appealing eligibility or award amount determinations must first appeal these decisions to H-GAC.*

TDHCA-Level Appeals

Pursuant 10 TAC §1.7, which outlines the Department's Appeals Policy, if a household would like to further appeal H-GAC'S decision, it may do so first to the TDHCA Executive Director, and if not satisfied, to the TDHCA Governing Board using the following methodology, which must be included in all COG Appeals Policies:

§1.7(c): Appeal of Decision to the Executive Director. An Appealing Party must file a written Appeal with the Department for the Executive Director not later than the seventh day after notice has been provided to the Appealing Party. For purposes of this section, posting on the Department's website is considered adequate notice when identified in the application process as a public notification mechanism. The written appeal must include specific information relating to the disposition of the Application or written request for change to the Contract, Commitment, Loan Agreement, and/or LURA. The Appealing Party must specifically identify the grounds for the Appeal based on the disposition of underlying document. Upon receipt of an Appeal, staff shall prepare an Appeal file for the Executive Director's. The Executive Director shall respond in writing to the Appeal not later than the fourteenth day after the date of receipt of the Appeal. The Executive Director may take one of the following actions.

- 1) Concur with the Appeal and make the appropriate adjustments to the staff's decision; or
- 2) (2) Disagree with the Appeal and provide the basis for rejecting the Appeal to the Applicant.

§1.7(d) Appeal of Executive Director's Decision to the Board. If the Appealing Party is not satisfied with the Executive Director's response to the Appeal, they may appeal in writing directly to the Board within seven days after the date of the Executive Director's response. In order to be placed on the next Board agenda, the appeal must be received by the Department at least fourteen days prior the next scheduled Board meeting. Appeals requested under this section received after the fourteenth calendar day prior to the Board meeting will be scheduled at the next subsequent Board meeting. The Executive Director shall prepare an Appeal file for the board's review based on the information provided. If the Appealing Party receives additional information after the Executive Director has denied the Appeal, but prior to the posting of the Appeal for Board consideration, the new information must be provided to the Executive Director for further consideration or the Board will not consider any information submitted by the Applicant after the written Appeal. New information will cause the deadlines in this subsection to begin again. The Board will review the Appeal de novo and may consider any information properly considered by the Department in making its prior decision(s).

XI. Selection Criteria

Priority will be assigned based on complete and accurate applications and the ability to achieve TDHCA approvals and quickly deliver housing. Our final selection criteria based on meeting all eligibility requirements.

XII. Lead-Based Paint

H-GAC will comply with the Lead-Based Paint (LBP) regulations per 24 CFR Part 35, 24 CFR Part 570.608, 24 CFR Part 982.401, and Title X.

Title X requires a three-pronged approach to target conditions that pose a hazard to households:

- Notification of occupants regarding the existence of hazards so they can take proper precautions;
- Identification of lead-based paint hazards before a child can be poisoned;

- Control of lead-based paint hazards to limit exposure to residents.

Key Issues

Lead-based paint regulations affect all CDBG Disaster Recovery Program activities performed on housing built before 1978:

- Rehabilitation;
- Reconstruction;
- Activities directly related to and/or supporting the above types of assistance.

TDHCA and H-GAC will not reimburse lead-based paint testing, risk assessments, or any other type of testing related to lead-based paint if the housing unit was built after January 1, 1978; or if built before 1978 and the existing housing unit will be demolished. For cost estimate purposes, lead-based paint testing may be included in work write-ups for pre-1978 housing units.

Households must be notified of potential hazards, identified hazards, and the result of hazard reduction activities. Multiple notifications may be required.

Certified and licensed professionals may be required to assess lead hazards and provide clearance of the unit.

Identified lead hazards must be mitigated. Although abatement (complete removal) may not be necessary, interim measures or paint stabilization will be required for clearance of the home. On-going maintenance of hazard reduction may be required. All work conducted to remove lead hazards will be performed in accordance with safe work practices and will be conducted and/or managed by a licensed and certified person.

XIII. Construction Standards

Housing Quality Standards (HQS) (formerly known as Section 8 Housing Quality Standards) were developed by HUD to provide a minimum benchmark level of acceptable residential standards. Construction activities completed under the CDBG Disaster Recovery Program will, upon completion, enable the structure to comply with, at a minimum, HQS. Specific requirements are included in Appendix A, APPENDIX A CONSTRUCTION STANDARDS, SPECIFICATIONS AND TDHCA REQUIREMENTS: Chapter 9 – TDHCA Manual – Information

Regarding: Standards for Construction Activities; Construction Requirements; Building Contractor Responsibilities; Accessibility; Plans and Specifications; RESCHECK Requirements, Texas Minimum Construction Standards, Progress Inspection forms, Damage Assessment/HQS Inspection Form – to be completed by H-GAC, and - List of Construction Debris Landfills.

REScheck Requirements

Newly constructed and reconstructed homes must meet energy efficiency standards as required by the U. S. Department of Energy (DOE). A housing unit's energy efficiency rating is determined and documented using DOE's REScheck certification procedure, available at www.energycodes.gov/rescheck/.

A REScheck certification dated after completion of the reconstruction must be provided as confirmation that the energy efficiency features listed on the certification were actually included in the constructed home. Submit the REScheck with the final draw request and retain a copy in the Activity File.

XIV. Construction Requirements for Repairs, Rehabilitation and Reconstruction

a. Timeline

H-GAC will prepare a timeline schedule in order to monitor progress as repairs and construction activities are completed. Because Disaster Recovery Programs are limited to a two (2) year term or less, it is important to ensure that milestones are met throughout the contract's lifespan.

b. Initial Inspection

H-GAC will ensure that a thorough initial inspection of the selected participant's home is conducted by a qualified inspector. The inspector will complete and sign the *Damage Assessment/HQS form* upon completion of inspection. H-GAC will retain the form in the Activity File.

The purpose of the initial inspection is to determine whether:

- The house is structurally sound enough to justify any level of rehabilitation; and
- The repairs desired by the homeowner match the repairs which the program has defined as eligible.

Although a certified building inspector is not required, H-GAC will require that persons performing housing inspections have program experience regarding compliance with local, state and federal construction requirements.

c. Work Write-Up/Cost Estimate

A *Work Write-Up/Cost Estimate (Form 11.17)* will be completed following the initial inspection. The *Work Write-Up/Cost Estimate (Form 11.17)* will be clear, thorough, and accurate and must be approved and signed by the homeowner and H-GAC or H-GAC's designated representative.

At a minimum, the *Work Write-Up/Cost Estimate (Form 11.17)* will include:

- Types of repairs, replacements, installations, etc. to be provided;
- Clear description of work to be performed;
- Quantities involved in completing the work;
- Location of the work to be performed; and
- Estimated timeline for completion.

When repairs are made, they must reasonably match the surrounding materials in the original design and dimension of the home. It is appropriate to provide or repair a structure in keeping with existing neighborhood characteristics. Such repairs will be included as part of the original *Work Write-Up/Cost Estimate (Form 11.17)* and not as an addition made through a change order.

d. Procurement Process

(For further guidance, see the Procurement section.)

A copy of the Work Write-Up (without the cost estimate) is provided to bidders who respond to the published Invitation for Bid (IFB). *Cost estimates will never be provided to a building contractor prior to bidding.* Building contractors who are bidding on the work will perform their own separate inspections of the property and develop independent cost estimates for the required rehabilitation or reconstruction. The building contractors' bids are then submitted to the H-GAC to be opened in a public forum. When the bids are compared, only those within 15 percent of the estimated cost can be accepted.

e. Contractor Qualifications, Procurement and Selection

Qualifications – In order to meet TDHCA's and H-GAC's requirements, building contractors and sub-contractors must meet the following minimum requirements:

- Proof of current general liability policy of at least one hundred thousand dollars (\$100,000).
- Must not be debarred, suspended, or ineligible to provide services to federally-assisted projects. Debarment status is listed in the U. S. General Services Administration's List of Parties Excluded from Federal Procurement or Non-Procurement Programs.
- Historically Underutilized Businesses (HUBs) will be given opportunities whenever possible.
- Locally owned businesses, to the greatest extent possible, will be given opportunities to participate in the program.
- Proof of ability to secure performance and/or payment bonds must be provided.
- .

Procurement – H-GAC will comply with the same procedures for purchasing goods and services that apply to a local government. Local Government Code Section 252.022 provides an exemption from competitive procurement if it is necessary to preserve or protect the public health or safety of the municipality's residents.

If it is determined that H-GAC's activities qualify under the exemption provided, and standard procurement procedures will not be used, H-GAC will explain in writing why the non-standard procurement method was necessary in the hiring of services or purchasing of materials for rehabilitation or reconstruction of housing affected by Hurricane Ike.

Standard procurement procedures require the competitive sealed bid process for procurement of building contractors. The lowest qualified reasonable bid will be selected.

Selection – An approved building contractor list may be created which includes bidders who meet the fair and reasonable criteria pre-established by H-GAC. The Invitation for Bids (IFB) may be limited to building contractors on the established list, or it may be open to all bidders.

f. General Property Improvements

General property improvements are eligible costs if they are reasonable and customary for the area. Luxury items such as skylights, hot tubs, etc., are not considered general property improvements and are ineligible.

Examples of eligible property improvements include, but are not limited to:

- Work to eliminate inefficient design, such as moving or removing walls (i.e. to create an accessible route, etc);
- Carbon monoxide detectors; and
- Remodeling a kitchen, bathroom, or currently underutilized space to improve efficiency or accessibility.

g. Substantial Rehabilitation and Feasibility Analysis

When an activity reaches the \$85,000 limit on rehabilitation assistance, it is recommended that a preliminary cost assessment comparing the potential cost of rehabilitation to the cost or reconstruction be prepared before reclassification of the project. A cost assessment frequently referred to as a feasibility analysis, will include:

- Estimated costs for enabling the property to comply with HQS and local building codes and standards, as applicable;
- Itemization of costs of major housing systems (i.e. foundation, electrical, plumbing, etc.) requiring repair or replacement;
- Inspection forms;
- Notes and information pertinent to determining the construction required; and
- Photographs – interior and exterior.

If the feasibility analysis indicates that rehabilitation is not financially advisable, reconstruction may be determined to be the preferable method of assistance. The homeowner will be notified and the options available will be explained.

h. Progress Inspections

The purpose of progress inspections is to:

- Provide evidence of partial completion for the purpose of draw requests;
- Check the quality of workmanship;
- Confirm that applicable codes, specifications, and standards have been met;
- Confirm that contractual requirements have been met; and
- Examine construction systems as they are installed, including but not limited to:
 - Foundation
 - Electrical
 - Plumbing;

- Framing;
- HVAC; and
- Insulation.

The *Progress Inspection Report (Form 11.10)* will be completed to ensure quality control and to identify issues as work progresses. H-GAC will retain a copy of the form in the Activity File.

Progress inspections will be scheduled to follow receipt of the building contractor's invoice, and will be performed before items are covered up in the construction process.

TDHCA or H-GAC may also make periodic construction site visits to verify construction progress or completion.

i. Construction Practices

Construction procedures include the following requirements:

- Lien Waivers and Release of Liens: Lien waivers are required upon completion of rehabilitation or reconstruction. Material suppliers, sub-contractors, and laborers must not sign lien waivers before they have received their final payment for materials provided or work performed (refer to Lien Waivers and Affidavits section below).
- Change Orders: If additional work for repairs or correction of unforeseen problems becomes necessary, the building contractor must submit a *Change Order Request (Form 11.09)* identifying the additional type of work needed, with its associated cost and time required for completion. Unit price amounts will be provided, along with a description and an explanation of why the item was not included in the original bid. No work can be authorized until the *Change Order Request (Form 11.09)* has been signed by the building contractor, the homeowner, and H-GAC.
- Turn-key Contract: No change orders are permitted for turn-key activities.
- Payment Requests: Determine the method by which payments will be made to building contractors. No payment will be made to building contractors or suppliers for work not yet completed for materials not received. The *Contractor's Request for Payment (Form 11.04)* will be signed by the building contractor, homeowner, inspector, and H-GAC. Draw requests submitted to H-GAC for reimbursement of expenses incurred must include adequate support documentation.
- Inspections: On-site inspections will be completed frequently to ensure that materials installed meet project specification, and that quality workmanship is performed.

j. Written Warranties

Building contractors must provide a written warranty guaranteeing their work for a period of one (1) year after completion. Warranties are provided to the homeowner at the completion of the activity.

For a period of one (1) year, the homeowner may require the building contractor to correct defects or problems arising from his/her work under the contract by making a written request. The building contractor must contact the homeowner within four (4) business days from the date of the written request.

Should the building contractor fail to make adequate repairs and/or corrections within thirty (30) days, the homeowner may take any necessary legal recourse as described in the building contract.

k. Liquidated Damages

Liquidated damages are predetermined and agreed upon as an estimate of the actual damages resulting from failure to meet contractual obligations (for example: if construction is not completed by a certain date, the contractor must pay the homeowner \$100 per day). The damages must be reasonable and related to the actual costs incurred by the parties to the contract as a result of the breach. The provision will be stated in the contract.

l. Pre-Construction Conference

A pre-construction conference will be held before any work is performed on the activity. The conference must be attended by:

- Homeowner;
- Selected building contractor; and
- H-GAC, or its designee.

The goal of the pre-construction conference is to ensure that all parties have the same expectations concerning the outcome of the activity. The pre-construction conference educates the homeowner as to what to expect during the rehabilitation or reconstruction process. The following topics and/or procedures must be addressed:

- Responsibilities: Discuss the construction contract terms and conditions and the

responsibilities of the three (3) parties involved (homeowner, building contractor and H-GAC or its designee).

- Payments: Inform both the homeowner and the contractor that Disaster Recovery Program funds can only be used to pay for the items specified in the contract. Work not specified in the contract is the financial responsibility of the homeowner.
- Scheduling work processes: When will each construction activity take place? In what order will work be completed, and why? What items will be special ordered and how long will it take? What work hours will be observed: When will inspections be conducted and who will perform them? When can completion be expected?
- Lead-Based Paint (LBP): Ensure that the HUD pamphlet *Protect Your Family from Lead in Your Home (Appendix A-16)* is provided to all homeowners. Obtain the *Receipt of Lead-Based Paint Notification* and retain in the Activity File. Identify containment areas within the home. Explain the LBP procedures, as applicable. Will temporary relocation be required? If so, for how long, and who will pay for the relocation expenses?
- Warranties: Whom should the homeowner contact if workmanship is unsatisfactory?
- Activity Budget: How much money is available to pay for rehabilitation or reconstruction? For which items, if any, will the homeowner be responsible? How will change orders be handled?
- Paperwork: Who is authorized to sign paperwork, approve payment requests, and what forms will need to be signed to carry out the construction activities?
- Sub-contractors: Will sub-contractors be used? If so, how many and for what purposes?

Perform a walk-through of the house to point out how rehabilitation will be performed in accordance with the *Work Write-Up/Cost Estimate (Form 11.17)*. Preferences in colors, qualities, styles and materials must be resolved and noted.

The following documents will be completed and signed by applicable parties:

- Pre-construction Conference Report: All parties must sign the *Pre-Construction Conference Report (Form 11.02)* certifying that they understand the rehabilitation or reconstruction process and their respective responsibilities.

XV. Homeowner Responsibilities

After an applicant household has been approved to receive assistance, H-GAC will make the homeowner(s) aware of his/her rights and responsibilities as a CDBG Disaster Recovery Program participant. He/she will be informed regarding all steps to take place during the rehabilitation/reconstruction process. A signed *Homeowner Certification and Agreement to Participate in the CDBG Disaster Recovery Program (Form 11.05)* will be obtained and retained in the Activity File, and the house will be inspected. A *Work Write-Up/Cost Estimate (Form 11.17)* will be completed, examined and signed by the homeowner. Additional homeowner responsibilities include:

- *Read the Contract:* H-GAC will encourage the homeowner to read all documents before signing them and ensure that he/she understands what he/she is signing. It is the homeowner's responsibility to review all contracts, specifications, and work write-ups before signing the *Homeowner Certification and Agreement to Participate (Form 11.05)*. It is the H-GAC's responsibility to ensure the homeowner is aware of, understands, and is capable of performing his/her responsibilities before proceeding with an activity.
- *Must be in Writing:* H-GAC will ensure that the homeowner understands that items not specified in writing are not part of the participation agreement. The scope of services will be discussed at the pre-construction conference.
- *Arrange Physical Access to the Property:* The homeowner must arrange access to the property for building contractors and sub-contractors who are providing construction services. If reasonable and timely access is denied to a building contractor who is attempting to make a good faith effort to perform required repairs, the homeowner will become responsible for the repairs.
- *Secure Personal Belongings:* The homeowner is responsible for ensuring the security of his/her personal property. Personal belongings which are damaged, displaced, or missing during rehabilitation or reconstruction will be reported immediately, and it is up to the homeowner to pursue damages for such losses. Homeowners will be encouraged to make a photographic and written inventory of property before construction is begun.
- *Do Not Interfere with Construction in Progress:* During rehabilitation or reconstruction the homeowner must make a reasonable effort to stay away from the construction zone. The homeowner must not interfere with the construction site.

- *Approve Contractor's Request for Payment:* The homeowner and H-GAC must approve itemized requests for payment made by the building contractor. By signing the *Contractor's Request for Payment (Form 11.04)* the homeowner is verifying that:
 - He/she has inspected the work performed; and
 - Work being billed has been completed in accordance with required specifications; and,
 - He/she is satisfied with the work performed.

If the homeowner is not satisfied with work performed or with a particular item being billed, the item may be deleted from the *Contractor's Request for Payment (Form 11.04)* until the work is satisfactorily completed. However, if the work is completed according to specifications but the homeowner refuses to sign the *Contractor's Request for Payment (Form 11.04)*, the homeowner may become responsible for payment to the building contractor for time lost. Any such conflict will be resolved according to dispute resolution procedures provided in these Housing Guidelines. Retain the *Contractor's Request for Payment (Form 11.04)* in the Activity File.

- *Provide Utility Services:* The homeowner must provide all utilities for use by the building contractor (water, electric, gas, as applicable).
- *Insure the Property:* (See *Insurance Requirements*). Documentation of insurance coverage will be maintained in the Activity File. Homeowners are advised that covenant deed documents include the condition that insurance must be maintained in perpetuity. Failure to maintain insurance can result in a denial of benefits and assistance should additional disasters occur in the future.

A signed *Homeowner's Service Agreement (Form 13.09)* will be obtained and retained; certifying that the homeowner agrees to allow the COG and building contractor personnel on the property as needed while work is being planned and completed; as well as allow photographing and informs the homeowner of lead hazard reduction work.

XVI. Building Contractor Responsibilities

Submitting a Bid: Building contractors must certify that they understand they are bidding on a federally funded, state administered construction contract. Debarment by either the state or federal government will make the building contractor and any lower tier contractors ineligible for payment.

- *Construction Standards:* Each building contractor must certify all work will meet or exceed any local codes and standards. Upon completion of non-emergency construction, the entire structure must comply with HQS. Reconstructed properties must meet International Residential Code (IRC) and any local codes and standards, whichever is more stringent.
- *Anticipated Workdays:* The number of anticipated workdays will be established in the building contract.
- *Signed Work Write-Up/Cost Estimate (Form 11.17):* Provide a copy of the *Work Write-Up/Cost Estimate (Form 11.17)* to the procured building contractor. The building contractor, the homeowner, and H-GAC will sign and date the form. Retain a copy of the form in the Activity File.
- *Contractor's Request for Payment (Form 11.04):* All payment requests will be made in writing using the *Contractor's Request for Payment (Form 11.04)*. The *Contractor's Request for Payment (Form 11.04)* will be signed by the building contractor, the homeowner, and H-GAC and will also include an attached itemized list of costs and fees being billed. Inspect the work performed, usually within at least one (1) business day, prior to submitting the *Contractor's Request for Payment (Form 11.04)* to H-GAC. Payments are made to the building contractor only upon completion of work performed. Retain a copy of the form in the Activity File.
- *Warranty Period:* Upon completion of work performed and approval by the homeowner and H-GAC, the *Damage Assessment/HQS Form* will be completed. The one (1) year warranty period begins on the date of completion of work performed as stated on the *Damage Assessment/HQS Form*. Retain a copy of the form in the Activity File.
- *Specifications:* Rehabilitation must comply with local codes, standards, and specifications. Upon completion of non-emergency construction, the entire structure must comply with HQS. Reconstruction and new construction must comply with IRC or

with local codes, standards, and specifications, whichever is more stringent. All materials must be new and of good quality. All work must be done with skilled craftsmanship.

- *Samples for Homeowners:* Building contractors must provide samples to the homeowner for selection of all materials. The homeowner is generally given one (1) week to make the material selections. The building contractor will provide a letter signed by the homeowner stating that colors and qualities of items such as paint, flooring, brick, siding, shingles, doors, windows, drawers, hardware, and counter tops have been selected and approved.

- *Follow-Up:* After construction is complete, the building contractor must:
 1. Remove all construction debris from the site;
 2. Clean the work areas, including floors and finished surfaces;
 3. Leave all newly installed items in operating condition;
 4. Light any gas water heater pilots, stove/oven pilots, and gas heater pilots that may have been affected by work performed; and
 5. Start all other electrical and mechanical systems and ensure they are working properly.

XVII. Plans and Specifications

The rehabilitated or reconstructed activity may not be of a smaller design or have reduced features or standards than what is specified in the plans and specifications.

Plans and specifications must meet or exceed local building codes and standards or IRC as applicable, whichever is more stringent.

Construction plans will include, at a minimum:

- Detail sufficient to complete the activity;
- Detail of all accessibility features; and
- All sheets and schedules as required by various trades on site.

XVIII. REScheck Requirements

Newly constructed and reconstructed homes must meet energy efficiency standards as required by the U. S. Department of Energy (DOE). A housing unit's energy efficiency rating is determined and documented using DOE's REScheck certification procedure, available at www.energycodes.gov/rescheck/.

A REScheck certification dated after completion of the reconstruction will be provided as confirmation that the energy efficiency features listed on the certification were actually included in the constructed home. Submit the REScheck with the final draw request and retain a copy in the Activity File.

XIX. Lien Waivers and Affidavits

In the event that a sub-contractor or a material supplier does not receive payment for work or goods provided, he/she has the right to file a lien against the homeowner's property. Such liens, called "mechanic's liens" and "material men's liens" respectively, cloud the title to the property and create an obstacle to construction completion.

Final Bills Paid Affidavit by Contractor: The *Final Bills Paid Affidavit by Contractor (Form 11.08)* is required by the Texas Property Code Sections 53.085 and 53.259. As a condition of obtaining final payment, the building contractor must execute and deliver an affidavit stating that each person who performed work or provided materials for the activity has been paid in full. If activity bills remain unpaid, the building contractor must so state in the affidavit, and list the amount owed, along with the name, address, and phone number of any party to whom funds are still owed.

The *Final Bills Paid Affidavit by Contractor (Form 11.08)* must be notarized. There are significant penalties for making false affidavits, including up to \$4,000 in fines and confinement in jail.

Final Lien Waiver Affidavit by Contractor (Form 11.24) is authorized under Texas Property Code Section 53.085. This form documents receipt of final payment by the building contractor and provides a sworn waiver and indemnity for all claims made against the homeowner in the form of mechanics' or material-men's liens. The *Final Lien Waiver Affidavit by Contractor (Form 11.24)* must be notarized.

XX. Final Inspections

When work is nearing completion, the building contractor will notify H-GAC 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 cited in the contract has been satisfactorily completed according to the applicable specification. The final inspection must be thorough, and conducted as deliberately as the initial inspection.

The *Damage Assessment/HQS Form* will be signed by a qualified inspector and submitted to H-GAC and TDHCA, along with “after” photos of the completed construction, as a condition of requesting the final draw to ensure:

- All contract items have been completed according to contractual requirements;
- All program construction requirements have been met;
- All items included on the punch list have been addressed and corrected; and
- The homeowner has received all warranties and instruction booklets.

H-GAC will retain a copy of the *Damage Assessment/HQS Form* with photographs in the Activity File.

XXI. Manufactured and Modular Housing

a. Manufactured Housing

HUD defines a manufactured home as follows:

- “A structure, transportable in one or more sections which, in the traveling mode is eight (8) body-feet or more in width, or forty (40) body-feet or more in length, or when erected on site, is 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”

Under the CDBG Disaster Recovery Program:

A manufactured housing unit may be replaced with a new manufactured housing unit. The project would be considered reconstruction.

A manufactured housing unit may be replaced with a site-built housing unit IF the manufactured housing unit is listed registered as real property with the TDHCA Manufactured Housing Division and is filed in the real property records in the county in which the home is located. The project could be considered either reconstruction or new construction. Certain property ownership requirements may apply.

A site-built house may be replaced with a new manufactured housing unit. The project could be considered either reconstruction or new construction.

Replacement of a manufactured housing unit with a used manufactured housing unit is not eligible.

H-GAC and TDHCA will consider allowing the purchase of used manufactured housing units on a case-by case basis. H-GAC will obtain TDHCA approval before providing assistance for the purchase of a used manufactured housing unit.

A manufactured housing unit may be replaced (i.e. reconstructed) with another manufactured housing unit even when the owner is renting the property on which the manufactured housing unit is situated, provided the household demonstrates ownership of the manufactured housing unit .

b. Modular Housing

HUD defines a modular home as follows:

- “A modular home is built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.”

Modular homes are treated the same as site-built homes for the purposes of the Disaster Recovery Program. They may be used to replace a site-built home as a reconstruction or new construction activity.

XXII. Accessibility

Accessibility of Structures

Any newly constructed single family home (including reconstruction) that is built using Disaster Recovery Program funds must meet the following specific accessibility requirements according to the Texas Government Code Section 2306.514:

- Each breaker box is located inside the building on the first floor;
- The top of each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor;
- At least one (1) entrance door (may be located on the front, side, or back of the building) on an accessible route served by a ramp or no-step entrance and having, at minimum, a standard 36 inch door opening;
- On the first floor of the building each interior door has, at minimum, a 32 inch door opening, unless the door provides access only to a closet of less than 15 square feet in area;
- Each hallway has a width of at least 36 inches and is level with ramped or beveled hangs at each door threshold;
- Each bathroom wall is reinforced for potential installation of grab bars; and
- Each electrical plug or other receptacle is at least 15 inches above the floor.

For properties *rehabilitated* using Disaster Recovery Program funds, reasonable accessibility improvements are allowable as needed and authorized by the homeowner.

XXIII. Dispute Resolution Procedures

Resolution of complaints made during the administration of the CDBG Disaster Recovery Program contract will be handled sensitively and fairly. Prevention is the best way to resolve a dispute. Most disputes are the result of a misunderstanding of what is required, or unrealistic expectations of the program. In order to prevent these types of misunderstandings, keep in mind:

- Application Interview – The initial interview process offers the first opportunity to inform the homeowner of what to expect with a rehabilitation or reconstruction process.
- Initial Inspection – During this walk-through inspection, provide very specific information regarding rehabilitation requirements and limitations. The Work Write-Up/Cost Estimate must be thorough and clear so that the homeowner understands exactly what is to be done – and what is NOT to be done.

- Pre-construction Conference – This conference provides an opportunity for all three (3) parties to the rehabilitation or reconstruction to meet together and agree upon each aspect affecting the rehabilitation or reconstruction. Raise issues of potential concern during the conference to ensure that all parties understand and agree.

Types of Complaints

Informal

An informal complaint may be made by the homeowner or building contractor. In many cases, program documentation and contractual agreements will resolve disputes or questions. Careful implementation of these Housing Guidelines procedures may handle some informal disputes.

Formal

Formal complaints are written complaints, including faxed and emailed statements. A written procedure for dealing with formal complaints must be developed and included in policy. The procedure for dealing with formal complaints must include the following elements:

- A definition of what kinds of disputes or complaints will be handled;
- A definition of whom will be responsible for handling the complaint and its disposition;
- Appeal routes available to complainants, including how an appeal is to be initiated, to whom the appeal is made, time limits for filing an appeal, and any details pertaining to the reviewer or person(s) who handle the appeal.

Every step of a complaint must be thoroughly documented. Documentation will be retained in the Program File.

Complaints Made to TDHCA

TDHCA has the authority to resolve and answer complaints in accordance with the following rules governing the complaint system, 10 TAC Sec. 1.2:

Definitions

Complaint – A written statement of grievance which the complainant believes may be resolved under the authority of TDHCA, other than a complaint about the quality of services funded by a program administered by TDHCA or consumer complaints relating to manufactured housing.

Person – Any individual, other than an employee of TDHCA, and any partnership, corporation, association, governmental sub-division, or public or private organization of any character.

Process

In order for TDHCA to process a complaint, it must be received in writing. The written complaint, which may include faxes and email, must include the name of the complainant and contact information. Consumers may submit complaints:

By mail: Texas Department of Housing and Community Affairs
Attention: Housing Resource Center (HRC)
P. O. Box 13941
Austin, TX 78711

By fax: 512-475-3746

Online: www.tdhca.state.tx.us

A written complaint may also be submitted to any employee of TDHCA, who will, in turn, submit it to the Housing Resource Center (HRC).

- HRC will assign a control number to the complaint and it will be reviewed and/or investigated. Findings will be submitted to TDHCA's Executive Director.
- TDHCA will provide a copy of TDHCA's policies and procedures relating to investigation and resolution to the complainant and to each person who is a subject of the complaint.
- The Executive Director or his/her designee will either notify the complainant of the resolution within fifteen (15) business days after it was received by HRC, or notify the complainant of the date on which resolution can be expected.
- The Executive Director or his/her designee will notify the complainant of the status of the complaint at least quarterly and until the final disposition of the complaint unless the notice would jeopardize an undercover investigation.

An information file about each complaint will be maintained. The file will include:

- The name of the person who filed the complaint;
- The date the complaint was received by TDHCA;

- A description of the complaint;
- The name of each person contacted in relation to the complaint;
- A summary of the results of the review or investigation of the complaint; and
- An explanation of the reason the file was closed, if TDHCA closed the file without taking action other than to investigate the complaint.

Disputes and Complaints are related and will be handled utilizing “The Compliant Process”.

APPENDIX A
CONSTRUCTION STANDARDS, SPECIFICATIONS AND TDHCA REQUIREMENTS

Chapter 9 – TDHCA Manual – Information Regarding: Standards for Construction Activities; Construction Requirements; Building Contractor Responsibilities; Accessibility; Plans and Specifications; RESCHECK Requirements; and, Final Inspections.

TDHCA Texas Minimum Construction Standards.
Damage Assessment/HQS Inspection Form – to be completed by H-GAC.

List of Construction Debris Landfills.