



2024 Derecho & Hurricane Beryl Multifamily Program Guidelines

Version 1.0

04/28/2026

CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

Version Table

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¹ <https://houstontx.gov/hcdrecovery/dr24/public-notices/2026/03/IPLHOU01304420-E-031326.pdf>

² <https://www.houstontx.gov/council/committees/housing/20260317/agenda.pdf>

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Language and Disability Accommodations

Every effort will be made to assist all members of the public. Upon request, program information, including application and supporting forms, will be available in the top five languages spoken in Houston (Spanish, Vietnamese, Chinese, Arabic, and French), and other native languages. Applications will be offered in a manner consistent with Title VI of the Civil Rights Act of 1964 and its implementing regulations, such as U.S. Department of Housing and Urban Development (HUD) regulations per [24 CFR § 5.502](#) and [§ 8.6](#); Title II of the Americans with Disabilities Act of 1990 ([Pub. L. No. 101-336, 42 U.S.C. § 12101-12213](#))(ADA); [Section 504 of the Rehabilitation Act of 1973 \(29 U.S.C. § 794\)](#)(Rehabilitation Act); and other related regulations and directives. To ensure effective communication, these statutes and regulations also require consideration of special populations including but not limited to persons with disabilities and persons with limited English proficiency (LEP), as outlined in the latest [City of Houston \(City\) Administrative Procedure 2-11: Language Access](#) and other related regulations and directives.

Individuals who require an accommodation for language access (individuals who are non-English speaking or have limited English proficiency) or due to an impairment or disability, may contact Multifamily Division at (832) 394-6200 or via email at hccdmultifamily@houstontx.gov

Examples of potential accommodation may include:

- Arranging for qualified American Sign Language interpreters;
- Providing on-site captioning and/or remote conference captioning services;
- Producing alternate formats of print materials in braille, large print, or in an electronic format; and/or
- Accessible electronic and information technology.

Upon receiving an accommodation request, the City may contact the individual to obtain additional information to better assess the need. The City will make a good-faith effort to accommodate all reasonable requests that allow the individual to effectively participate in the 2024 Derecho & Hurricane Beryl Multifamily Program (DR24 Multifamily Program).

Contact Us

It is our mission to make participating in the DR24 Multifamily Program as straightforward and expedient as possible while remaining fully compliant with the conditions of this federal award. We welcome feedback from beneficiaries and the public on how we can improve our service to Houstonians. We further encourage interested parties to reach out to their federal elected officials and provide feedback.

We welcome any questions or feedback regarding this document. If you would like to file a complaint or appeal, please refer to the [Complaints & Appeals section](#) for instructions. If you would like to report potential fraud, waste, or abuse, please refer to the [Fraud, Waste, & Abuse section](#) for instructions. For all other inquiries, we can be reached at the following:

Housing and Community Development Department

2100 Travis St., 9th Floor

Houston, TX 77002

(832) 394-6200

HCD@houstontx.gov

Disclaimer

These guidelines provide an overview of the DR24 Multifamily Program eligible activities and requirements, but do not and are not intended to replace any existing guidance produced by HUD or an attorney. The information provided in these guidelines is not intended to and does not constitute legal advice. Readers of this manual should contact their attorney to obtain advice with respect to any particular legal matter or question and compliance with applicable law. Information in these guidelines may not represent the most up-to-date legal or other information. These DR24 Multifamily Program Guidelines are subordinate to federal statutes, the Code of Federal Regulations (CFR), and notices from HUD's Office of Community Planning and Development (CPD).

Note: *These guidelines contain links and references to third-party websites or other sources. Such links and references are for convenience only. The City does not necessarily endorse the contents of said third-party websites or sources.*

Program Summary

On January 16, 2025, as announced in the Federal Register Notice 6512-N-01, the U.S. Department of Housing and Urban Development (HUD) directly allocated \$314,645,000 in Community Development Block Grant – Disaster Relief 2024 (CDBG-DR24) funds to the City of Houston (City), through the Housing and Community Development Department (HCDD) in response to the 2024 windstorm derecho (Derecho) and 2024 Hurricane Beryl to support long-term recovery efforts following these major disasters, through the Office of the Assistant Secretary for Community Planning and Development. CDBG-DR funding is designed to address remaining needs after all other assistance has been exhausted.

The City has allocated \$50,000,000 in CDBG-DR24 funds to the Multifamily Program to meet disaster recovery needs. The statutes making CDBG-DR24 funding available have imposed additional requirements and authorized HUD to modify the rules that apply to the annual CDBG program to enhance flexibility and allow for quicker recovery. This allocation was made available through the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. 118-158) approved December 21, 2024.

DR24 Multifamily Program Administration

The DR24 Multifamily Program may address both direct and indirect impacts of Derecho and Hurricane Beryl on Houston's affordable rental housing. These disasters exacerbated Houston's shortage of

affordable rental homes available to meet renters' needs. This program supports the development of new multifamily rental housing; the renovation and preservation of existing affordable rental properties; acquisition and/or rehabilitation of storm-damaged multifamily rental housing; and strategic land acquisition to support multifamily developments that meet the needs of Houston renters. This program may also provide housing designed to meet the needs of special populations.

- I. HCDD will administer its Program in accordance with these Guidelines, the Stafford Act, as amended, and its implementing regulations, the Grant Agreement between the City and HUD, HCDD CDBG-DR24 Policies and Procedures, HUD CDBG-DR24 regulatory requirements and guidance, HUD Universal Notice, and all applicable federal, state, and local statutes, regulations, Ordinances, rules, and policies. The City of Houston reserves the right to adjust Program priorities and reallocate Program funds and Program components (rehabilitation, reconstruction, and demolition if in doing so it would better serve the affected communities and their residents).
- II. The City reserves for its sole discretion the interpretation and application of these guidelines, except for those items where HUD has indicated that their prior approval is required for implementation. HCDD will utilize established administrative procedures to implement the programs and modify them to meet any changes made to such rules and regulations of the oversight entities, which may occur over time. If any part of these procedures' conflicts with the applicable funding requirements, the funding source requirements shall take precedence, except where federal regulations permit the use of local preferences.
- III. The DR24 Multifamily Program will be administered by the City of Houston, Housing and Community Development Department, as the lead agency. Developers will be selected through a competitive Notice of Funding Availability (NOFA) process and funding will be awarded to selected developers according to the outcome of the process and the needs of the program.
- IV. Program costs may include acquisition, new construction, reconstruction, rehabilitation and related expenses, and pre-/post-award delivery.

In compliance with 90 FR 1754, these guidelines have been finalized within eighteen months from the applicability date of the Allocation Announcement Notice, January 21, 2025.

CDBG-DR National Objectives

The City has specifically designed its storm recovery programs to help residents and communities directly or indirectly affected by Derecho and Hurricane Beryl. Consistent with the Federal Housing and Community Development Act of 1974, a primary objective of the Community Development Block Grant (CDBG) program is "the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low-and moderate -income (LMI)." Community Development Block Grant – Disaster Recovery (CDBG-DR) funding appropriated in response to disasters must align with these overall CDBG program goals.

All activities funded through the DR24 Multifamily Program must meet a National Objective defined in the authorizing statute of the CDBG program. Pursuant to [42 USC 5301\(c\)](#) and [24 CFR 570.208\(a\)\(3\)](#) (Housing activities), the DR24 Multifamily Program will be carried out to meet the National Objective –

benefiting low-and moderate-income persons, whose annual income does not exceed 80% of the area median income for the area, as determined by HUD with adjustments for family size.

Key Funding Objective

At least 70% of the City's CDBG-DR24 funds must be spent benefitting low- and moderate-income (LMI) impacted residents.

Program Priorities

Funding priorities have been established for applicants with proposals to finance new construction, reconstruction, rehabilitation and acquisition activities prioritizing a strategy within the following areas and housing types:

- I. Meet the unmet needs for public housing and affordable households outlined in the Needs Assessment and Local Action Plan for Disaster Recovery: Derecho and Hurricane Beryl.
- II. Rehabilitate or reconstruct damaged affordable multifamily properties resulting from the storm's impact.
- III. Concentrate financing for new construction within the following areas that promote higher standards of environmental and economic resiliency:
 - (a) Tax Increment Reinvestment Zones and other Community Reinvestment Areas (CRA)
 - (b) Areas of low poverty concentration
 - (c) Areas experiencing high rental costs that cause displacement of Low and Moderate Income (LMI) households
 - (d) Transit Oriented Developments (TOD) to promote access to mass transportation options
- IV. Permanent Supportive Housing (PSH) and/or housing serving special needs populations that include, but are not limited to homeless housing, housing for people with disabilities and Section 811.
- V. Renovate existing affordable multifamily housing not damaged by Derecho and Hurricane Beryl to preserve affordable housing.

Meeting one or all prioritization criteria does not guarantee an award as funding and Program timelines are limited.

DR24 Multifamily Program Eligibility Overview

ELIGIBLE APPLICANTS:

- I. Applicants acting individually or in an approved partnership or corporate capacity, including but not limited to a limited partnership (LP) or limited liability corporation (LLC):

- (a) For-profit developers/ borrowers
- (b) Public housing authorities and housing finance agencies – Harris County Housing Authority, Houston Housing Authority, Houston Housing Finance Corporation, and Harris County Housing Finance Corporation
- (c) Units of local governments
- (d) Not-for-profit developers/ borrowers

ELIGIBLE APPLICANT CRITERIA:

- I. Applicants and Applicants’ team members must be in good standing with HCDD on all previous grants, loans, or loan commitments. In addition, Applicant must affirm that there are no defaults or negative collection actions relating to any financial obligation, either to the City of Houston or any other public agency or private lender.
- II. Applicants and Applicants’ team members must have a proven track record of successful development and/or rehabilitation of at least five multifamily housing development. The applicant must have financial and organizational capacity to complete the project.
- III. Applicants, developer owners, principals, development/borrowers or general contractors must not be “debarred” as cited on federal, state, or local debarment lists in accordance with 24 CFR 570.609, as well as other applicable laws.

DEVELOPMENT ELIGIBILITY CRITERIA AND THRESHOLDS:

- I. Development must be located within the city limits of Houston at the time of application.
 - (a) Development sites for all applications will be reviewed by HCDD’s GIS team during threshold review to ensure sites are located within Houston city limits.
 - (b) HCDD will not accept applications for sites that require annexation into city limits.
- II. Multifamily rental development must have eight or more rental units under common ownership.
- III. Development within the floodway is prohibited.
- IV. Proposed new construction located in the 100-year or 500-Year floodplain, as identified on the most current Federal Emergency Management Agency (FEMA) Flood Maps, must comply with 24 CFR Part 55.
- V. At a minimum, 51% of the units rehabilitated or developed will be reserved under a lien period for LMI households earning 80% or less of the AMI at affordable rents.
 - (a) For rehabilitation, the City’s required lien period will be a minimum of 15 years.
 - (b) For reconstruction or new construction, the City’s required lien period will be a minimum of 20 years. Additional affordability requirements will be outlined in these guidelines.
- VI. A Period of Affordability is established for each project, and affordable rents will be determined according to applicable HUD guidance and other applicable Land Use Restriction Agreement (LURA) restrictions.
- VII. Any Substantial Rehabilitation, as defined by 24 CFR 5.100, or new construction of a building with five or more rental units must include installation of broadband infrastructure or technology, as required.

- VIII. All units to be occupied by LMI households must have similar finishes and access to the same amenities as any market rate (non-LMI) units.
- IX. Developments must make all units within the property available for rent to Section 8 Housing Choice Rental Voucher holders during the period of affordability.
- X. Federal flood disaster assistance cannot be used for repair, rehabilitation, new construction or reconstruction if the owner was required to have obtained flood insurance and failed to obtain or maintain that insurance as required.
- XI. All awarded applications will be evaluated through an environmental and Affirmatively Furthering Fair Housing (AFFH) review.
- XII. Projects must ensure construction costs are reasonable and consistent with market costs at the time and place of construction.
- XIII. The project must comply with all applicable federal and local requirements.
- XIV. The project must address any impediments to the requirements of fair housing choice.

ELIGIBLE ACTIVITIES

Notice of Funding Available (NOFA) for the DR24 Multifamily Program will outline requirements, documentation requirements and evaluation methodologies and requirements for all activities listed.

- I. Rehabilitation of multifamily properties damaged from Derecho and Hurricane Beryl.
- II. Rehabilitation of multifamily units that were not damaged by the disaster.
- III. New construction of properties.
- IV. Demolition conducted as part of rehabilitation or reconstruction, may be used to reduce density, if appropriate, to make the property more manageable.
- V. Acquisition of existing multifamily properties to preserve or create affordable housing units.
 - (a) Acquisition must be in conjunction with rehabilitation.
- VI. Acquisition of land for the development of multifamily properties.
 - (a) Land acquisition must be in conjunction with new construction.
- VII. Refinance - Loans for refinancing existing debt secured by a multifamily property being rehabilitated funds if refinancing is determined to be necessary and appropriate to achieve local community development objectives.
 - (a) This refinance must be part of a continued affordability.
 - (b) CDBG does not permit refinance only projects and HCDD will review applications to determine if refinancing is necessary and appropriate.

INELIGIBLE ACTIVITIES

- I. Buildings or portions thereof, used for the general conduct of government
- II. General government expenses
- III. Political activities
- IV. The following activities may not be assisted unless authorized under the provisions of 24 CFR 570.203 or carried out by an entity under the provisions of 24 CFR 570.204:
 - (a) Purchase of Equipment
 - a. Construction Equipment

- b. Fire protection Equipment
- c. Furnishing and Personal Property
- (b) Operating and Maintenance Expenses
 - a. New Housing Construction
 - b. Income Payments

Additionally, the City of Houston defines “not suitable for rehabilitation” for the DR24 Multifamily Program as such:

- I. Structures that are considered “beyond rehabilitation” at the discretion of HCDD and do not meet the DR24 Multifamily Program’s rehabilitation standards, and/or federal, state, local code requirements shall be deemed not suitable for rehabilitation, as determined by the program and consistent with program guidelines.
- II. Residential properties that have experienced repetitive losses under FEMA’s National Flood Insurance Program (NFIP).

FLOOD ZONE

Developments located in the floodway will be prohibited. Developments with improvements within the 100-year floodplain will also be ineligible unless the applicant can demonstrate flood mitigation practices to avoid adverse impacts to residents, impacts to the floodplain and restore natural and beneficial values.

Sites not located within the 100-year floodplain but have been subject to reported flooding within the past 10 years may be subject to these requirements. Mitigation efforts will be subject to Chapter 19 of the City’s Code of Ordinances. Mitigation efforts may include, but are not limited to, elevating building site out of the floodplain, elevated podium construction, restricting ground floor space for residential use, etc. Any mitigation efforts will be considered BY HCDD on a case-by-case basis. Applicants are advised to check property addresses against the most recent flood maps which can be accessed on Harris County Flood Control District website at www.hcfcd.org.

Note: *Property owners receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to provide written notice to any transferee of the requirement to obtain and maintain flood insurance. This written notice must be included in the documents showing the transfer of the property. A transferring owner may be liable for failure to comply with this requirement.*

ELIGIBLE GEOGRAPHIC AREAS

The City’s jurisdiction is within the city limits.

DISASTER TIE-BACK

All activities must address a direct or indirect impact from the disaster.³

³ Per 90 FR 1754, III.D.1. (“Connection to the disaster.”)

TYPES AND MAXIMUM ASSISTANCE

Maximum award for any individual transaction secured under a NOFA will be limited to \$6,500,000 and must demonstrate the following:

- I. Gap financing - The request for Disaster Recovery funds should represent the gap between the total project cost and the applicable sources.
- II. Leverage of a minimum of 1:1 of DR24 proceeds with other sources, whereby the amount of DR24 funding will not amount to greater than 50% of total development costs.

Additional funding criteria may be identified within the NOFA, in HCDD's sole discretion.

Financing Terms

AWARD STRUCTURE

Awards will be structured as non-amortized loans. Loan commitments become due and payable in full in the event of noncompliance or default over the term of the loan. Loans will have a 20-year minimum term for new construction or reconstruction and 15-year minimum term for rehabilitation and are subject to repayment at maturity under a partial recapture agreement with HCDD during an event of sale or a cash-out refinance. Awards for PSH or other transactions for special needs housing may be performance-based loans with no repayment requirements.

Performance-based loans are financing arrangements in which capital disbursement and repayment are contingent upon the achievement of predefined, measurable performance metrics, milestones, or key performance indicators, rather than traditional collateral requirements.

LURA AND LOAN DURATION

All awards for new construction will be subject to a minimum 20-year Land Use Restriction Agreement (LURA) and awards for rehabilitation will be subject to a minimum 15-year LURA period to commence the acknowledgement by HCDD of successful completion of the project. HCDD will allow for a maximum twenty-four (24) month construction period prior to commencement of the LURA and loan period. This period will include six months for lease-up to be extended with the Director's approval.

LOAN POSITION

HCDD's LURA will be superior in time and right to all liens on the property. In most cases, HCDD's loan position will be junior to senior debt; however, HCDD reserves the right for the City's lien to have a position senior to other sources of financing.

INTEREST RATE

The final interest rate will be determined during the underwriting review; provided, however, that the minimum interest payments will be the lesser of (a) an interest rate of 1.00%, or (b) 50% of available net cash flow. HCDD will establish a final loan structure to meet financial feasibility and program regulatory requirements. Loans may, at HCDD's sole discretion, be structured with annual interest only payments beginning at project completion and continuing for the loan term.

FEES

Applicants will be subject to an application fee up to \$1,500 due at the time of application or proposal submission. Applicants will be responsible for meeting all third-party expenses (attorney, plan and cost review, etc.) incurred by HCDD, whether or not the loan closes. Modification of HCDD loan terms after loan closing may be subject to additional fees which will be determined by HCDD, at HCDD's sole discretion, at the time of the loan modification request. After the construction period and throughout the period of affordability, awardees will be subject to an annual compliance monitoring fee per HCDD financed unit to be outlined in the NOFA.

Long-Term Affordability and Development Standards

AFFORDABILITY COVENANTS

- I. A LURA requires that the rents charged to low-income tenants are based upon the renter's income as a percentage of the Area Median Income (AMI) established annually by HUD.
- II. The LURA also defines the number of units that will be restricted to low-income; very low-income; and extremely low-income tenants ("restricted units").
- III. The LURA will be recorded as higher priority than any lien made by any lender and will remain in force throughout the period of affordability despite bankruptcy, sale, or other event transferring title.
- IV. The Applicant will make every effort to distribute restricted units across unit sizes in proportion to the property's overall unit mix and to avoid concentration of restricted units in any specific area or areas of the property.
- V. Developments must accept Section 8 Housing Choice Rental Vouchers during the period of affordability.
- VI. Developments will have a minimum period of affordability and loan term of 15 years for rehabilitation and 20 years for new construction or reconstruction.

RENT RESTRICTIONS

A minimum of 51% of the total units must be rent restricted to households earning 80% or less of the AMI; however, applications proposing deeper affordability (i.e. additional very low-income and extremely low-income tenants) will be prioritized.

Other affordable housing subsidies (e.g. housing tax credits) may be layered in the financing structure that may require additional rental restrictions. In these cases, the most restrictive rental restrictions will be applied.

UTILITY ALLOWANCE STANDARD

Tenant rents will be net of the utility allowance. HCDD will utilize the most recent utility allowance standard provided by the Houston Housing Authority.

PROPERTY AND CONSTRUCTION STANDARDS

All financed developments will be required to meet HCDD's Minimum Property Standards (MPS). HCDD's MPS will be applied to new construction, reconstruction, rehabilitation, and maintenance of multifamily housing facilities that receive federal assistance as required by [24 CFR §200.925](#) and [§200.926](#). The primary objective of the MPS is to establish the criteria for the life, health and safety of the residents at the property.

The MPS supplement to the local building codes requires properties to meet minimum standards for workmanship, durability and performance of various components of the multifamily property throughout the period of affordability. These components would include doors, windows, gates, stairwells, wall coverings, kitchen cabinets, carpeting, etc. of the property that would be maintained in good and safe working conditions that ensure the life, health and safety of the residents on the property.

Housing that is constructed or rehabilitated with DR24 funds must meet all applicable local codes, ordinances, and rehabilitation standards, at the time of project completion. Housing must also 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 covered multifamily dwellings, as defined at [24 CFR §100.201](#), and must also meet the design and construction requirements at [24 CFR §100.205](#), which implement the Fair Housing Act (42 U.S.C. §3601-§3619).

HCDD will conduct a final inspection of the development. Any deficiencies identified in that inspection must be corrected before final retainage is released.

ADDITIONAL PROPERTY AND CONSTRUCTION REQUIREMENTS FOR DR24 FUNDING INCLUDE THE FOLLOWING:

- I. All new housing construction and replacement of substantially damaged buildings must comply with ONE of the following green building standards:
 - (a) ENERGY STAR (Certified Homes or Multifamily High-Rise);
 - (b) Enterprise Green Communities;
 - (c) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development); or
 - (d) ICC-700 National Green Building Standard

Applicants must submit a score sheet demonstrating compliance with the selected green standards. Awardees must also provide a Certificate of Compliance as proof of meeting the chosen standard's requirements.

All multifamily residential structures must be built in compliance with FORTIFIED Home© standards. These requirements also apply to rehabilitation projects that meet HUD's definition of substantial rehabilitation.

- II. The design and budget must include a generator as backup power for critical functions (elevator, water, fire-suppression pump etc.).
- III. Applicants must submit an Electrical Failure Plan for power outages.
- IV. Applicants must comply with the following to the extent that they are applicable to the work being performed:
 - (a) Labor standards;
 - (b) Section 3 of the Housing and Urban Development Act of 1968;
 - (c) Minority/Business Enterprise (MBE), Small Business Enterprise (SBE)
 - (d) Affirmative Marketing;
 - (e) Contractor Clearance requirements; and
 - (f) Other rules and regulations that the City may identify and require
- V. All developments including scattered-site projects owned by a sole owner with eight or more units must comply with the Davis-Bacon Wage Act⁴⁵.
- VI. Any new construction, reconstruction, or rehabilitation of a building with five or more rental units must include installation of broadband infrastructure, except where the grantee documents that:
 - (a) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible;
 - (b) The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or
 - (c) The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible

For the purposes of this Program broadband service can either be hardwired or wireless, but it must be provided at 25 Mbps down and 3 Mbps up.
- VII. Project total development costs must be “reasonable and customary” as determined by an acceptable, independent third-party report.
- VIII. A Guaranteed Maximum Price (Construction) Contract will be required by the development team. All subcontracts to be bid and tabulated.
- IX. Bonds:
 - (a) The General Contractor (GC) shall furnish a Payment and Performance bond for the full amount of the construction contract, which requires the GC’s full performance of the contract.
 - (b) The GC shall also furnish a 1-year Maintenance bond to secure the warranty required under the construction contract between the Owner and the GC.
 - (c) Bonds must be made payable to the City and the Owner, in a form approved by the Director of HCDD.
 - (d) The surety issuing the bond must be on the current list of accepted sureties on federal bonds published by the U.S. Treasury Department and/or on the State Board of Insurance list of authorized insurance companies in Texas.
- X. The City must approve issuance of the Notice to Proceed in order for developer/borrower to begin construction.

DRAW REQUESTS

- I. The American Institute of Architects (AIA) Forms 702 and 703 will be required documentation for each draw request except acquisition draws.

⁴ 40 USC 276a: [Rate of wages for laborers and mechanics](#)

⁵ 24 CFR Part 70

- II. During construction, HCDD will engage a third-party firm to provide monthly inspections and confirm work in progress. If the senior lender or tax credit investor uses a third-party inspection firm, the City may rely on these inspection reports if the City is included as an addressee of the report.
- III. Borrowers will certify that each draw request is for actual costs expended and provide documentation to support such costs. HCDD will only pay for completed and documented work.
- IV. HCDD will retain 10% of the total award from each draw until satisfactory completion of the development.
- V. HCDD shall not be obligated to pay for costs incurred or performance rendered after the termination date of a Contract.

CHANGE ORDER REVIEW AND APPROVAL PROCESS

The City shall review construction change orders as part of the third-party construction consultant's regular construction progress reports.

CHANGE ORDER DOCUMENTATION

- I. All construction change orders shall be reviewed and documented by the independent third-party construction consultant and included in the applicable construction progress report. Documentation shall, at a minimum, include:
 - (a) Revised construction budget line items reflecting the approved changes; and
 - (b) A fully executed AIA change order (or equivalent), signed by the architect, general contractor, and construction project manager (as defined in Section 2.6(a)).
- II. If a change order is determined to be disallowed, the Relationship Manager shall notify the Borrower in writing. Notwithstanding the foregoing, if the change order consists solely of a reallocation between existing budget line items and does not increase total project costs, the Relationship Manager may permit the Borrower to submit a revised budget as part of the applicable draw request.
- III. If the scope of the proposed change is material and exceeds the originally budgeted hard cost contingency, the Relationship Manager may be required to reassess cost reasonableness, subsidy layering, and other underwriting assumptions. In such cases, a revised gap analysis may be required. Prior to approving any material scope change, the Relationship Manager shall review the proposed changes with the Deputy Assistant Director (DAD) of HCDD and, as applicable, the Deputy Director of HCDD.

Notice of Funding Availability & Administration

NOFA process will be used to competitively select project proposals. NOFAs will be administered per the latest HCDD NOFA Standard Operating Procedures. The application or NOFA will clearly establish the process and acceptance period, threshold criteria, scoring criteria, selection criteria, and the award process.

Note: Each application will require a completed and signed HCDD Conflict of Interest form by the applicant per the latest HCDD Conflict of Interest Policy.

SCORING CRITERIA

Applications or proposals under NOFAs will be reviewed and scored internally by an evaluation committee of 3-5 City employees based on the scoring criteria outlined in the NOFA. NOFA staff may allow applicants to submit non-material documents that are missing from the initial application submission during the cure period. Applications that are submitted after the deadlines do not meet the threshold criteria, and/or are substantially incomplete, will be marked as non-responsive and will not be evaluated.

Scoring criteria may include the following, with additional details established within the NOFA:

- I. Organizational expertise
- II. Location information
- III. Project information
- IV. Neighborhood, development and site amenities
- V. Financial analysis
- VI. Housing for special needs populations (e.g. permanent supportive housing, previously homeless, section 811, etc.)

SELECTION CRITERIA

Applications or proposals will be recommended for selection after the scoring process. The selection of projects may be based on the highest total score and/or other criteria. The selection criteria will be disclosed in the NOFA in adherence to the latest HCDD NOFA Standard Operating Procedures.

APPLICATION UNDERWRITING

After selection of the application or proposal, awardees will be underwritten to review the following:

- I. Experience and Financial Capacity - Applicants must have a documented capacity to construct, or rehabilitate, and operate multifamily housing that benefits low-income individuals. Applicants are expected to have sufficient liquidity to cover any funding shortfalls or delays that may occur during construction, lease-up and operation of the property.
- II. Development Financial Analysis - The underlying debt and operating expenses of the property will be reviewed to determine if the project is feasible during the entire period of affordability and demonstrates income adequate to cover operating expenses and applicable debt service. Sources and uses of funds will be reviewed to determine the adequacy of the funding to complete the

- III. project in conjunction with the Property Condition Assessment (PCA). The scope of work for the repair of any damage caused by the event will also be assessed for adequacy of funding.
- IV. Site Control and Market Analysis - Applicants will (1) be either the current owner of the property or at the time of application, (2) be a party to a fully executed, binding purchase and sale agreement for the property, or (3) be a party to a fully executed, binding, exclusive option agreement to purchase the property. The site and market will undergo an analysis to review the location, area amenities and market rent comparables.
- V. Third Party Reports - Applicants will be required to submit third party reports at the time of application or during underwriting to include a Survey, Property Condition Report (for rehabilitation projects only), Phase I Environmental report, Appraisal (appraisals must be URA compliant) and Market Study. For rehabilitation activities, the applicant must submit an acceptable PCA conducted by a qualified third-party inspector. In addition to repair costs identified in the PCA, other costs will be considered if they extend the useful life. A reliance letter is required for third party reports related to environmental matters.
- VI. Project Readiness - Applicants may receive conditional awards subject to securing other project sources (e.g. 4% or 9% Low Income Housing Tax Credits) with final awards issued upon appropriation. Applicants will be required to demonstrate the ability to close on the City and all other financing sources by providing a timeline of the closing process. Applications that demonstrate a readiness to close within six months of notice of a final award and City Council approval will be prioritized.
- VII. Conflict of Interest – HCDD will review the organizational chart of the applicant, the multifamily development’s owning entity, all members of the general partner, and any Class A limited partners or special members. This review, which begins at the underwriting stage, is conducted to determine whether any individuals – including City of Houston employees, officers, or elected/appointed officials – qualify as “covered persons”, as such term is defined by applicable and current governing federal, state, and/or local laws, and HCDD’s Non-Procurement Conflict of Interest Policy.
- VIII. HCDD relies on the Conflict of Interest Disclosure statement to identify whether any subrecipients, vendors, immediate family members, or business partners of covered persons are subject to this policy. If a potential conflict of interest is detected, no benefits may be awarded to the participant until a HUD waiver is obtained, in accordance with the latest HCDD Non-Procurement Conflict of Interest Policy.

Duplication of Benefits

Many federal and state agencies are involved in responding to Presidentially declared major disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974, 52 USC §5155 (the “Stafford Act”). Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding, the Stafford Act, and the Universal Notice may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all

or a portion of the activity. Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as a matching requirement, share, or contribution for any other federal program.

Each application will be reviewed to determine if previous funding awarded to the applicant was appropriately used on the development and if any funds were received for the same purpose. The applicant must have an unmet need to move forward in the program. The City must determine the applicant's unmet needs first and then calculate the applicant's Duplication of Benefits (DOB). Applicants must provide documentation of insurance, FEMA, SBA, and any other type of funding received. Additionally, the City will verify that the submitted documentation is accurate and current at the time of the award, to the extent possible (e.g., validate against FEMA data). The City will also determine if insurance was required under the terms of the applicant's mortgage or required as a condition of prior federal assistance received, as part of the application review.

The applicant must repay any assistance later received for the same purpose as those awarded or provided for with CDBG-DR funds. The applicant is obligated to certify they understand this requirement as outlined in detail within the subrogation terms included in their Grant Agreement.

For more information on duplication of benefits requirements and related rules, please refer to HCDD's DR-24 Multifamily Duplication of Benefits SOP.

SUBROGATION AND ASSIGNMENT AGREEMENT

All applicants must sign a Subrogation and Assignment Agreement at the time of application and again, at the loan closing event.

Applicants are required to commit in writing to provide HCDD with notification of any additional funds received by an applicant/project for the same purpose. Any such additional assistance awards must be returned to the program. Although HCDD may also opt to randomly check for potential DOB updates, this applicant requirement will assist HCDD with the recovery of any future disbursements that are issued to the applicant/project after the award determination.

The agreement(s) signed by the applicant will bear the following language verbatim:

“Warning: Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729 .”

Closing Requirements and Lease Up Procedures

CLOSING REQUIREMENTS

All transactions selected for financing must receive City Council approval. Following approval, the required documentation includes, but is not limited to, the following:

- I. Final executed HCDD loan documentation
- II. Final development budget
- III. Final sources & uses including all approved documentation relating to the sources outlined in the transaction (e.g. senior loan documents, limited partnership agreements, seller notes, etc.)
- IV. Construction Contract - should be reviewed and approved by Contract Compliance to assure that all necessary components of the Contract are included.
- V. Third Party Plan Review and Cost Analysis
- VI. Survey, appraisal, bonds (or letter of credit), and liability insurance all current and in place.
- VII. Tenant Selection Policy, Actual Lease with Addendum, Affirmative Marketing Plan, Relocation Plan if applicable, and Rent Schedule must be reviewed and approved by Division Manager of Portfolio Compliance (DMPC) and DD
- VIII. Release of Funds Authorization from HUD
- IX. Assurances affirming compliance with the Uniform Relocation Assistance Act and Acquisition of Real Property of 1970, as amended (URA).
- X. Verification of Payment and Performance bond in place or acceptable letter of credit

LEASE UP PROCEDURES

Multifamily developments assisted with CDBG-DR funds are required to have the following:

- I. The Project Tenant Selection Policy (TSP) must:
 - (a) Be written and displayed at the project leasing in a common area;
 - (b) Consistent with the purpose of providing housing for families making 80 percent or less of AMI;
 - (c) Reasonably related to program eligibility and tenant's ability to perform under the lease;
 - (d) Chronological, so that tenants taken from a written waiting list are assisted in order; and
 - (e) Does not exclude Housing Choice Voucher applicants
 - (f) Provides prompt written notice for rejected applicants and grounds for rejection Designed to give prompt written notice of the grounds for rejection to any lessee rejected based on income.
- II. Affirmative Marketing Plan, and
- III. A schedule of leases and rents to ensure compliance with CDBG-DR requirements.

Program Income

Any program income earned as a result of program-funded activities will be subject to the rules outlined in the Universal Notice. Program income received before closeout of the CDBG-DR grant would be subject to CDBG-DR requirements and must be used in accordance with the HCDD's Derecho and Hurricane Beryl CDBG-DR Action Plan. To the maximum extent feasible, HUD requires that program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made.

Monitoring

HCDD will monitor each project during the full period of affordability for financial stability, status on annual payments due as well as compliance with the City's Minimum Property Standards and LURA. This will include, but not limited to:

- I. Regular review of audited financial statements
- II. Annual inspections of property to ensure that Minimum Property Standards are maintained
- III. Verifying lease related documentation/actions to demonstrate compliance with Affirmative Marketing and Housing Discrimination under local, state and federal rules in tenant selection/housing;
- IV. Verifying income documentation and eligibility of persons certified/assisted; and
- V. Certifying/approving rent rates and utility allowances within limits set by local, state or federal agencies as applicable to each project

Note: HCDD will maintain complete and accurate Affordable Rental Program files and records for each development and tenant throughout the Program and during the period of affordability. These files will be open for inspection by representatives of the funding source.

Statutory and Regulatory Compliance

This Program will be designed and implemented in compliance with cross-cutting federal regulations when applicable, including:

AMERICANS WITH DISABILITIES ACT (ADA) AND SECTION 504 OF THE REHABILITATION ACT

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and protects equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the use of telecommunications devices for the deaf (TDD)/telephone relay services. HCDD takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by HCDD. Any services offered by HCDD are delivered in the most integrated manner possible with services for persons without disabilities. HCDD's mandate to conform to the requirements of ADA flows down to every stakeholder, including subrecipients, vendors, and developers.

HCDD takes the requirements of ADA seriously and requires that subrecipients, vendors, contractors, and developers adhere to the requirements of ADA to the fullest legal extent.

Applicants who believe they may have been discriminated against can file a complaint with the U.S. Department of Housing and Urban Development at the following link:

https://www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint

Complainants can also file a complaint with HCDD. Please see [Complaints & Appeals](#) sections for information on how to file a complaint or appeal with HCDD.

Section 504 of the Rehabilitation Act, as implemented by 45 CFR Part 84, prohibits discrimination on the basis of disability in any program or activity receiving federal financial assistance.

DAVIS-BACON LABOR STANDARDS

Laborers and mechanics employed on prime construction contracts “financed in whole or in part” that are federally assisted or funded in excess of \$2,000 for construction, alteration, or repair (including painting and decorating) of public buildings or public works. Under [Section 110\(a\) of the Housing and Community Development Act of 1974 \(HCDA\)](#), laborers and mechanics employed on construction work “financed in whole or in part” with federal assistance must be paid not less than wages determined to be prevailing on similar construction work in the locality by the Secretary of Labor in accordance with the Davis Bacon Act⁶.

FAIR LABOR STANDARDS ACT OF 1938, AS AMENDED

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked more than 40 per week. These labor standards are applicable to the entire construction contract, regardless if CDBG-DR funds finance only a portion of the project. Excluding the exceptions listed below, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under DR24 Multifamily Program must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

ENVIRONMENTAL REVIEW

Environmental Review provisions require all federally funded projects or activities, funded in whole or in part, to undergo an environmental review to determine its potential environmental impact and health impact to the end used, and if it meets the applicable federal, state, and local environmental standards as required by HUD. In compliance with [24 CFR§ 58](#), HCDD will conduct an environmental review prior to awarding any federal funds for all projects or activities as outlined in the latest HCDD Environmental Review SOP.

An ASTM E1527-13 Phase I Environmental Site Assessment (ESA), under six months of age, must accompany projects involving acquisition (rehab and new construction) as well as all new construction projects (with or without acquisition). A reliance letter must accompany any third-party environmental report.

Under 24 CFR 58.22(d), An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the subrecipient on the desirability of the property for the project as a result of the completion of the

⁶ [40 U.S.C. § 3141 et seq.](#)

environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price. There is no constraint on the purchase of an option by third parties that have not been selected for HUD funding, have no responsibility for the environmental review and have no say in the approval or disapproval of the project.

EQUAL EMPLOYMENT OPPORTUNITY

Title VII of the Civil Rights Act of 1964 (i) prohibits the City and private employers with 15 or more employees, including Subrecipients, Vendors, Contractors and Contractor their sub Contractors, from discriminating in employment decisions based on race, color, religion, sex, sexual orientation, gender identity, or national origin; and (ii) requires Contractor employers to take proactive steps to ensure that equal opportunity is provided in all aspects of employment. This statute is adhered to within HCD programs.

Anyone who feels that their Equal Employment Opportunity rights have been violated can contact any or all of the following enforcement authorities:

City of Houston Office of Inspector General

900 Bagby St., 4th Floor

Houston, TX 77002

OIG Hotline: (832) 394-5100

[OIG Complaint Form](#)

U.S. Equal Employment Opportunity Commission

Mickey Leland Building

1919 Smith St., 6th Floor Houston, TX 77002

Phone: 1 (800) 669-4000

TTY: 1 (800) 669-6820

ASL Video Phone: (844) 234-5122

[EEOC Public Portal](#)

HOUSING DISCRIMINATION

In accordance with Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act), 42 USC §§ 3601-19, and Section 109 of the Housing and Community Development Act (HCDA), 42 USC § 5309, no person shall be excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity receiving federal financial assistance because of age, ethnicity, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status.

The following individuals are not considered having disabilities:

- I. Individuals with a temporary disability;
- II. Individuals with substance use disorder (unless the individual is determined to be disabled independent of the substance use); and
- III. Individuals who pose a direct threat.

Housing discrimination is prohibited from initial inquiry, through application, residency to termination and move-out.

Beneficiaries who feel they have been discriminated against can contact:

U.S. Department of Housing & Urban Development

Housing

Discrimination inquiries and/or complaints

800-669-9777 (Voice)

1-800-927-9275 (TTY)

Texas Workforce Commission

Civil Rights Division

1-888-452-4778 (Voice)

1-800-735-2989 (TTY)

FINANCIAL MANAGEMENT

The City, as a CDBG-DR recipient, is required to follow the financial administration requirements outlined in 2 CFR Part 200 and 24 CFR Part 570. These standards help ensure that the financial systems put in place by the City:

- I. Provide adequate, current, and complete disclosure of the financial results (regular financial reporting) of all financially assisted activities, in accordance with the financial reporting requirements of the grant;
- II. Document that CDBG-DR funds have been used only for authorized purposes. For CDBG-DR this includes not only eligible activities but also that the funded Projects meet a National Objective;
- III. Maintain accounting records that show the sources and uses of CDBG-DR funds, displaying CDBG-DR funds authorized, obligated and unobligated balances, assets, liabilities, outlays or expenditures and income;
- IV. Establish effective internal controls over all cash, real and personal property, and other assets acquired with program CDBG-DR funds;
- V. Track actual program cost against program budget in a manner that relates to program productivity and accomplishments;

- VI. Use Uniform Administrative Requirements outlined in 2 CFR § 200 principles to determine whether program costs are reasonable, allowable, and can be allocated, either directly or indirectly;
- VII. Maintain source documentation for accounting records;
- VIII. Implement procedures for cash management that permit timely disbursement to Subrecipients and complete and accurate monitoring and reporting; and
- IX. Comply with 2 CFR § 200 SUBPART F.

(a) Finance Department

SPD is housed within the City's Finance Department and is responsible for procuring goods and services for CDBG-DR funded activities.

(b) The City Controller

The Office of the City Controller certifies the availability of CDBG-DR funds prior to City Council approval of City commitments, processes and monitors disbursements, invests the City's CDBG-DR funds, conducts internal audits of the City's departments and federal grant programs, operates and maintains its financial management system, conducts the sale of public improvement and revenue bonds and produces a comprehensive annual report of City finances – Comprehensive Annual Financial Report (CAFR). The Controller will be responsible for providing a variety of approvals for release of CDBG-DR funds as payment to Subrecipients, Contractors, Vendors, and beneficiaries. HCD is the grant manager for Houston's CDBG DR24 allocation and is responsible for administering all programs outlined in the City's CDBG-DR24 Action Plan.

(c) Multifamily Division

The HCD Multifamily Division is responsible for designing and implementing the DR24 Multifamily Program for the City.

(d) Finance Division

The HCD Finance Division is responsible for processing CDBG-DR grant funding through the Systems Applications and Products (SAP), performing draws in HUD's Integrated Disbursement Information System (IDIS) and Disaster Recovery Grant Reporting (DRGR) System, and reconciling budgets and expenditures. This division is also responsible for processing payment requests in SAP and federal reimbursement requests to HUD to be realized in the City's budget.

(e) Planning and Grant Reporting Division

The HCD Planning and Grant Reporting Division is responsible for the City's CDBG-DR24 Action Plan, Local Needs Assessment, program applications, other related planning documents, substantial amendments, project/activity budget set-up and completion in IDIS and DRGR and related reporting to HUD.

Program Income

Any program income earned as a result of program-funded activities will be subject to the rules outlined in the Universal Notice. Program income received before closeout of the CDBG-DR grant would be subject to CDBG-DR requirements and must be used in accordance with the HCDD's Derecho and Hurricane Beryl CDBG-DR Action Plan. To the maximum extent feasible, HUD requires that program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made. Limited English Proficiency and Title VI of the civil rights act of 1964

Title VI of the Civil Rights Act of 1964 requires the City, including HCD and all satellite offices, programs, Subrecipients, Contractors, Vendors, and/or subcontractors funded in whole or in part with federal CDBG-DR funds to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or hearing impairment.

HCD ensures fair access through the implementation of a Language Assistance Plan (LAP), which includes non-English-based outreach, translation services of vital documents, free language assistance services and staff training. Refer to the "Language Assistance Plan" provision of Language Assistance Services for additional guidance and protocols.

Federal law prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d–2000d-7), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent directives, circulars, policies, memoranda, and/or guidance documents. The Supreme Court has held "national origin" to include individuals who, because of national origin, have Limited English Proficiency (LEP) (*Lau v. Nichols*, 414 U.S. 563 (1974)). Denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, the City shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the City's programs, services, and activities.

SUSPENSION AND DEBARMENT

HCD shall comply with Suspension and Debarment Executive Order [12549](#) and [12689](#) that prohibits an entity that has been debarred, suspended, or otherwise excluded or deemed ineligible from participating in federal programs or activities. Any entity seeking federal CDBG-DR funds received by HCD will undergo a debarment verification. Entities that are determined to be debarred, suspended, or otherwise excluded will not be eligible to receive federal CDBG-DR funds from HCD in accordance with the Executive Orders, [2 CFR Part 180](#) (OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Non-procurement)), [2 CFR Part 2424](#) (Non-procurement Debarment and Suspension), and the HCD Debarment Verification Policy and Procedure #01-14.

MINORITY- AND/OR WOMAN-OWNED BUSINESS ENTERPRISES

Applicants shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances and the applicable Office of Business Opportunity's ("OBO") Policies and Procedures. The applicant shall make good faith efforts to award subcontracts or supply agreements with at least 38% (30% MBE and 8% WBE) of the value of this Agreement to MWBEs ("Stated MWBE goal").

If the applicant is a certified MBE or WBE, the applicant may count toward goals the work that it commits to perform with its own work force, capped at 50% of the total advertised goal. The Applicant shall acknowledge that they have reviewed the requirements for good faith efforts on file with the Office of Business Opportunity (OBO), available at <http://www.houstontx.gov/obo/docsandforms/goodfaithefforts.pdf> and will comply with the set forth requirements.

The City operates its own certification program through the Office of Business Opportunity. Interested parties should refer to HCDD's Section 3 and MWSBE Compliance Forms Packet for more information. For questions, please call HCDD office at (832) 394-6200 or email HCDD at hcd-mwsbe@houstontx.gov.

PAY OR PLAY

Applicants must comply with the City Contractors' Pay or Play Program (POP), as set out in Executive Order No. 1-7. The Applicants and Contractors shall demonstrate that they are willing and able to comply with the Contractor POP, which applies to:

- I. Contracts for services for which the total expenditure by the City, including contingencies, amendments, supplemental terms and/or change orders, equals or exceeds \$100,000.
- II. Subcontracts for services in which the total value of the subcontract, including contingencies, amendments, supplemental terms and/or change orders, equals or exceeds \$200,000. The Contractor is responsible to the City for compliance of covered employees of covered subcontractors.

SECTION 3

Work performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC§1701) ("Section 3"). The City complies with Section 3 requirements to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted developments covered by Section 3 shall, to the "greatest extent feasible", be directed to low- and very low-income persons, including persons who are recipients of HUD assistance for housing, with a preference for both targeted workers living in the service area or neighborhood of the Development and Youth Build Participants, as defined at 24 CFR §75 ("Section 3 Regulations").

UNIFORM RELOCATION ACT (URA)

RESIDENTIAL ANTI-DISPLACEMENT

All applicants must follow HCDD's Residential Anti-Displacement Plan (RARAP). The City of Houston does

not anticipate considering funding proposal requests that may cause direct or indirect permanent displacement of persons or entities. The City’s RARAP strengthens efforts to prevent hardship of a displaced person or entity and increase oversight to ensure the requirements of Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended. The RARAP sets minimum standard for, but not limited to, planning efforts, Relocation Plan, relocation schedule, accommodations for displaced persons with disabilities, relocation budget, and project the number of staffing needed to carry-out URA requirements.

RELOCATION

Activities that lead to the temporary or permanent displacement of individuals, businesses, non-profits, or farms must follow specific relocation requirements outlined in 49 CFR 24, the HCD RARAP Plan, and HUD Handbook 1378. Applicants must submit a Relocation Plan with a detailed budget and issue the General Information Notices to all tenants within 30 days of submitting the application. Before the award, the applicant must also submit monthly tenant reports based on site occupancy interviews. Applicants must provide the following benefits to households that they temporarily or permanently displace, both before and after their award:

- I. Issue timely Notices to tenants and occupants;
- II. Relocation advisory services;
- III. 90-day notice to vacate;
- IV. Reimburse or pay for moving expenses;
- V. Issue timely replacement housing payment(s) or to use as down payment assistance for replacement housing; and/or
- VI. Issue reestablishment or fixed payment for displaced businesses, nonprofit organizations, and farms.

ACQUISITION

The acquisition of real property that the applicant does not currently own at the time of application, using federal funds, as administered by HCD, is subject to the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs, as amended (URA) and/or Section 104(d) of the Housing and Community Development Act of 1974.

REGULATORY AND STATUTORY REFERENCES

The applicable federal regulations are located at 49 C.F.R. § 24 (URA), 24 C.F.R. § 42, Section 104(d) of the Housing and Community Development Act (42 U.S.C. § 5304(d) (“Section 104(d)”), and in the Tenant Assistance, Relocation and Real Property Acquisition Handbook (HUD Handbook 1378). HCDD programs subject to the URA and Section 104(d) must adhere to HUD Programs requirements, HCDD policies and procedures, RARAP, Optional Relocation Policies, and any other federal or state rules, as appropriate.

WAIVERS

Federal Register Notice 90-1754 waived relocation assistance requirements under section 104(d)(2)(A)(iii) and 104(d)(2)(B) of the HCDA and 24 CFR 42.350. The requirements of 42 U.S.C. 3537(c) are waived to the extent necessary to permit a grantee to make lump-sum relocation rental assistance payments to displaced residential tenants. For CDBG–DR, 49 CFR 24.101(b)(2), as it may be amended, is waived to the extent that it applies to a homebuyer, who does not have the power of eminent domain, and uses CDBG–DR funds in connection with the voluntary purchase and occupancy of a home the homebuyer intends to make their primary residence.

INSURANCE AND PROPERTY MANAGEMENT

For all projects in the Program, all property owners must procure and maintain insurance for the duration of the agreement to protect all contract assets from loss due to any cause, such as theft, fraud, and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the property owner is responsible for ensuring that:

- I. The property continues to be used for its intended (and approved) purpose;
- II. The subrecipient keeps track of, and takes care of, the property; and
- III. If the subrecipient sells or disposes of the property during the contract period, the subrecipient reimburses HCDD for the entire amount of the funds provided by HCDD, as specified by the agreement.

Note: *Property owners receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to provide written notice to any transferee of the requirement to obtain and maintain flood insurance. This written notice must be included in the documents showing the transfer of the property. A transferring owner may be liable for failure to comply with this requirement.*

REAL PROPERTY

If CDBG-DR funds are used to acquire real property, HCDD ensures that the property continues to be used for its intended (and approved) purpose; proper records are maintained to keep track of it; steps are taken to protect and maintain it; and if the property is sold, HCDD is reimbursed for the entire amount of the funds provided to the applicant by HCDD pursuant to the agreement between the parties. HCDD, as the grantee, along with its sub-recipients and contractors, must tag and log all property valued at greater than \$1,000 and update inventory records annually.

This approach to the ownership, use, management, and disposition of property is complicated by two facts. First, the rules about property management and disposition differ slightly depending on whether a grantee is a public-sector grantee (the rules are generally more explicit for governmental grantees). Second, the rules depend on the nature of the property. Real property (e.g., land, buildings) is treated differently than personal property (e.g., equipment, supplies, intangible property such as copyrights). (Property Management and Disposition Regulations 24 CFR 570.503; all sub-recipients (subs) 24 CFR 85.32; 85.34, govt. subs 24 CFR 84.32; 84.34, nonprofit subs) (as amended by 2 CFR 200 as needed).

The federal requirements relating to real property are organized according to title (ownership), use, and disposition. In general, the property management system must provide accurate records, perform regular inventories, provide adequate maintenance and control, and proper sales procedures. Grantees must follow sales procedures that provide for competition, to the extent practicable, and that result in the highest possible return.

FRAUD, WASTE AND ABUSE

The Program is subject to, and will follow, HCD's Policy# 21-10, Fraud, Waste, and Abuse. Anyone with information regarding known or suspected misappropriation of CDBG-DR funds or resources is

encouraged to report the information to the City by sending an electronic report via email to the following email address: housingfraud@houstontx.gov.

Note: Title 18, section 1001 of the U.S. Code states: “[W]hoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States knowingly and willfully—(1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact; (2) makes any materially false, fictitious, or fraudulent statement or representation, or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry, shall be fined under this title, imprisoned not more than five years, or if the offense involves international or domestic terrorism (as defined in section 2331), imprisoned not more than 8 years, or both.

CONFLICTS OF INTEREST

In accordance with 2 CFR 200.113, all Applicants must complete and sign a conflict-of-interest disclosure form before CDBG-DR funds are expended. This disclosure requires Applicants to disclose, under penalty of perjury, whether they, their immediate family members, or those with whom they have business ties are currently or within the past year an employee, agent, consultant, officer, elected official or appointed official of the City, any designated public agencies (for example, a redevelopment authority or housing authority), or Subrecipients receiving funds under 24 CFR Part 570 (i.e., CDBG or CDBG-DR funds).

Note: “Immediate family members” or “immediate family ties” means and includes (whether by blood, marriage, or adoption) a covered person’s spouse, parent (including a stepparent), child (including a stepchild), sibling (including a stepsibling), aunt/uncle, niece/nephew grandparent, grandchild, great grandparent great grandchild in-laws with the same titles, romantic partners, and anyone who resides in the same Household of the covered person.

The Conflict-of-Interest provisions at 2 CFR § 200.112 require HCD staff to disclose any relationship with an Applicant.

If a conflict of interest is determined to exist and the threshold requirements of 24 CFR § 570.611(d)(1) are met, the City is permitted to submit a written request for an exception from HUD pursuant to 24 CFR § 570.611(d), which HUD may, in its sole discretion, grant on a case-by-case basis, taking into account the cumulative effects of the factors listed at 24 CFR § 570.611(d)(2).

HCD will handle any conflicts of interest in accordance with 2 CFR 200.112, the City’s Administrative Policy 2-22: Conflict of Interest, the HCD #01-40 Non-Procurement Conflict-of-Interest Policy that outlines the process for waivers, and any other applicable federal, state, and local law, rules, and regulations.

THE FEDERAL PRIVACY ACT OF 1974⁷

The Federal Privacy Act of 1974, as amended, provides for confidentiality and the restriction of disclosing confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The data collected from Subrecipient applicants and Beneficiaries for HCD programs and services may contain personal information on individuals that is

⁷ <https://www.justice.gov/opcl/privacy-act-1974>
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covered by the Federal Privacy Act of 1974, as well as applicable state laws. The information collected may only be used for limited official purposes: The Multifamily Division may use personal information throughout the award process to ensure compliance with Program requirements, reduce errors, and mitigate fraud and abuse. Independent auditors, when hired by the City to perform a financial or programmatic audit of the Program, may use personal information in determining Program compliance with all applicable HUD and federal regulations, including the Stafford Act, HUD program requirements, and State and local law. HCD may disclose personal information on a Subrecipient applicant or Beneficiary to those with a valid power of attorney for the Subrecipient applicant or Beneficiary, for whom the Subrecipient applicant or Beneficiary has provided written consent to do so, or as permitted pursuant to 5 USC § 552a(b) (1974). Organizations assisting HCD in executing the Programs must comply with all federal and state law enforcement and auditing requests, including, but is not limited to, requests from HUD, FEMA, FBI, Office of the State and City Comptroller, and the Office of Inspector Generals. Per HCD Personally Identifiable Information Policy #01-41, HCD is committed to protecting the privacy of all individual stakeholders, including the public and those individuals working on the Program. The HCD policies describe how information is to be handled and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed.

RECORD KEEPING AND RETENTION REQUIREMENTS

In accordance with HUD regulations, the City and Subrecipients of CBDG-DR follow the records retention requirements cited in 2 CFR 200, which include financial records, supporting documents, statistical records and all other pertinent records. HCDD establishes recordkeeping and retention requirements in its subrecipient and contractor agreements in accordance with the guidelines stated in 24 CFR 570.506 and 24 CFR 570.503(b)(2). The DR24 Multifamily Program will adhere to the stricter retention policies of either HCDD, or HUD for the use of CDBG-DR funds as required by the grant.

All official records on the Program and activities shall be maintained for at least four-years beyond the closing of the grant. Applicant records may be maintained electronically.

Record retention per 2 CFR 200.334 is a requirement of the Program. Records are maintained to document compliance with Program requirements and federal, state, and local regulations and to facilitate a review or audit by HUD. The HCDD Records Management Program seeks to ensure that:

- I. HCDD complies with all requirements concerning records and records management practices under federal and state regulations;
- II. HCDD has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements, and community expectations;
- III. These records are managed efficiently and can be easily accessed and used for as long as they are required.

Records shall be retained for the greater of:

- I. four years from the date of the expiration of the Release of Lien and Land Use Restriction Agreement (LURA)
- II. the period required by:

- (a) A litigation hold or audit hold; or
- (b) An unresolved finding.

These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner based on HUD Handbook 2225.6, Records Disposition Schedules and HUD Handbook 2228.2.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT (PRWORA)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996(Welfare Reform Act) (Pub. L. No. 104-193, 110 Stat 2105)(codified as amended in scattered sections of Titles 7, 8, 21, and 42 U.S.C.) (PRWORA) prohibits the use of CDBG-DR funds in a manner that by design or effect facilitates the subsidization or promotion of illegal immigration or abets policies that seek to shield illegal aliens from deportation. Subject to the exceptions provided by the PRWORA, the recipient must use the Systematic Alien Verification for Entitlements (SAVE) program, or an equivalent verification system approved by the Federal government, to prevent any Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States.

ACCESS TO RECORDS (CITY)

Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property about the administration, receipt, and use of CDBG funds and necessary to facilitate such reviews and audits.

The availability of records is subject to the exceptions to public disclosure outlined in Chapter 552 of the Texas Public Information Act if the Texas Government Code (TPIA). Requests under the TPIA must be made in writing to the Public Information Officer and will be processed per the procedures outlined in the TPIA and applicable City policies, such as Administrative Procedure 2-9, Guidelines for Responding to Requests for Public Information.

REPORTING

As a recipient of CDBG-DR funds, HCDD will establish reporting requirements in accordance with 24 CFR 570.507. As a recipient of federal CDBG-DR funds, HCDD has established its own reporting requirements in accordance with the provisions as found in 2 CFR 200, as applicable:

- I. At execution of agreements;
- II. Monthly⁸;
- III. Quarterly;
- IV. Annually; and
- V. As required.

AUDIT REQUIREMENTS

This Program is subject to audit at the federal and local level. HUD, HUD's Office of Inspector General, the

⁸ The city has implemented the specific condition under 2 CFR 200.208(c)(1) (requiring payments as reimbursements rather than as advance payments). Accordingly, pursuant to the exception under 2 CFR 200.329(b) the City collects performance reports more frequently than quarterly.

U.S. Government Accountability Office (GAO), and the City's Finance Department (typically via a contracted third party) all have the authority to audit this Program. All auditors are independent of HCD and report either to their respective authorities at the federal level or to the Mayor of Houston.

In accordance with Subpart F of 2 CFR Part 200, non-federal entities that expend \$1,000,000 or more during their fiscal year in federal awards must have a single or program-specific audit conducted for that year. HCD is responsible for conducting reviews of these single or program-specific audit reports and for coordinating the issuance of management decisions for audit findings relating to HCD-provided federal CDBG-DR funds.

The U.S. Department of Housing and Urban Development (HUD), HUD's Office of Inspector General, the U.S. Government Accountability Office (GAO), and the City of Houston's Finance Department (typically via a contracted third party) all have the authority to audit this Program. All auditors are independent of HCDD and report either to their respective authorities at the federal level or to the Mayor of Houston.

AFFIRMATIVE MARKETING AND OUTREACH

The City of Houston has engaged in a robust community engagement strategy to inform Houstonians on the status of the local government's efforts to secure funding for its long-term recovery from Derecho and Hurricane Beryl. The City of Houston, through HCDD, is committed to decreasing housing discrimination through established affirmative marketing policies. Affirmative marketing efforts will include the development of an Affirmative Marketing & Outreach Plan based on U.S. Department of Housing and Urban Development (HUD) regulations to ensure that units financed through the Program are affirmatively marketed to the public at large. This plan will ensure that outreach and communication efforts reach eligible homeowners and renters from all racial, ethnic, national origin, religious, familial status, disabled, and gender groups.

The Affirmative Marketing & Outreach Plan will give detailed information about how the City of Houston plans for effective outreach to all groups of homeowners, landlords, and renters mentioned above, as well as how the application and enrollment process for programs will be suitable for persons with limited English proficiency, persons with disabilities and those with special needs. For each program offered by the City of Houston, notification to these populations will include: information on vacant units available for sale and/or rent; information on how to apply for unit purchase, rehabilitation or rental; opportunities to buy and/or rent the unit of their choice, and opportunities to rehabilitate their primary residence to address storm-impact.

Particular emphasis will be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the storm. Outreach efforts will include door-to-door canvassing and special outreach efforts for hard-to-reach populations (e.g. seniors and persons with severe disabilities who either do not have information about the resources or are unable to independently apply for resources.)

In addition to marketing through widely available media outlets, efforts may be made to affirmatively market the DR24 Multifamily Program, including but not necessarily limited to the following:

- I. Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
- II. Include flyers in utility and tax bills advertising the City of Houston’s Derecho and Hurricane Beryl CDBG-DR funded recovery programs.
- III. Reach out to public or non-profit organizations and hold/attend community meetings.
- IV. Other forms of outreach tailored to reaching the eligible population may be used, including door-to-door outreach, if necessary, particularly on the weekends.
- V. Measures will be taken by the City to make the CDBG-DR Disaster Recovery Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing American Sign Language (ASL) translation when requested, and providing special assistance for those who are hearing or visually impaired when requested.
- VI. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.

The City of Houston is required to use the fair housing logo in Program advertising, post fair housing posters and related information, and, in general, inform the public of its rights under fair housing regulations law. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity. Evaluation will be an ongoing process.

HCDD has discretion in the modification and/or addition of requirements to the Affirmative Marketing & Outreach Plan.

Complaints

HCDD welcomes feedback and complaints from any member of the public. Complaints are accepted in writing or over the telephone. Complaints will be responded to in writing within 15 business days, when possible, of receiving the complaint.

Any member of the public may file a complaint in writing via letter or email or verbally by phone or in-person as outlined below.

- I. Letters containing a complaint may be submitted to via United States Postal Service or third-party Vendor or hand-delivered Monday – Friday from 8 A.M. – 5 P.M. to:

Housing and Community Development Department

Attn: Complaints and Appeals

Travis Street, 9th floor Houston, Texas 77002

- II. EMAIL containing complaints may be submitted to the Complaints and Appeals team at HCDComplaintsAppeal@houstontx.gov. A written response will be issued within 15 business days, when possible, of receiving the complaint.
- III. Phone complaints may be made by contacting the following number, 832–394–6200 option 1.
- IV. In–person complaints may be made at the HCD office, City Council Public Session, or any event or meeting where an HCD employee or elected official is present.
 - (a) HCD Office – 2100 Travis Street, 9th floor, Houston, Texas 77002
 - (b) City Council Public Sessions are typically held every Wednesday. HCD City Council Liaison will refer to the Complaints and Appeals team member that responds to any public speakers who express complaints regarding HCD operations.

Appeals

All Applicants have the right to appeal a determination made by HCDD. HCDD’s appeal process will be provided in writing to any appellant upon request or receipt of an appeal, and the same process will be clearly posted on the City’s website. HCDD will keep a record of each appeal that it receives and include all communications and their resolutions therein.

Applicants have the right to appeal decisions made on their program file based on the following:

- I. Non-receipt of award through NOFA or RFP process
- II. Denied services through any of HCDD’s programs
- III. Denial of a request for resolution for tax credits
- IV. Eligibility determination
- V. Award calculation (or determination amount)
- VI. Program determination of Moderate or Substantial damage leading to Rehabilitation or Reconstruction
- VII. Procedural error(s) caused by staff following the department operation, policy, program guidelines, procedures, practices, and other governing documents; and
- VIII. Procedural error where the Applicant submitted incorrect or incomplete information
- IX. Affirmatively Furthering Fair Housing

Appeals are accepted to HCD according to the filing methods outlined below.

- I. Letters containing an appeal may be submitted via United States Postal Service or third-party Vendor or hand-delivered Monday – Friday from 8A.M. – 5 P.M. to:

Housing and Community Development Department ATTN: COMPLAINTS AND APPEALS
2100 Travis Street, 9th floor

Houston, Texas 77002

- II. Email containing an appeal may be submitted to the Complaints and Appeals team – HCDComplaintsAppeal@houstontx.gov.

- III. Online Appeal Request Form may file an appeal using the following link <https://houstontx.gov/housing/appeals.html>.

Upon receipt of an appeal request, the Complaints and Appeals team will work with the Multifamily Division to provide a timely response. Appeal Requests must be submitted within 30 calendar days of the notice of determination. To be considered complete, an appeal request must contain the following information:

- I. Name
- II. Property Address
- III. Mailing Address (if different from Property Address)
- IV. Phone
- V. Application number (if applicable)
- VI. Email Address
- VII. Reason for Appeal (consistent with the reasons listed above)

Appeals must be made within thirty (30) days of notice of the determination in the applicant's file that generated the appeal.

APPEALS REVIEW

Tier 1 Appeals are the initial determination appeals, in which the program area will review all documentation submitted and either reiterate the initial determination or approve your appeal and overturn the determination. Appeals will be responded to in writing within 30 calendar days. When an Applicant does not agree with the decision made in the initial appeal, Program Applicants have the right to request a Tier 2 Appeal. If the request is approved, the Appeals Review Committee (ARC) will review all documentation and the supporting documents you send to support your appeal and make a final decision.

The appellant may only escalate the appeal after the completion of the initial program area process. The ARC will process the escalated appeal within 30 days, as practicable. The ARC will transmit its decision to the appellant in writing.

Note: *The appellant may only escalate an appeal after completing the preceding Appeal. Additionally, the reason for the Tier 2 appeal must be for the same reason for the Tier 1 Appeal.*

HCDD will keep a record of each appeal that it receives and include all communications and their resolutions. For more information regarding HCDD's Appeal Process, please visit www.houstontx.gov/housing/appeals.html.

APPEALS PROCESS FOR NOFAS

- I. An appeal for a NOFA must be submitted in writing within 5 business days from the date of the determination letter.
- II. When an appeal is filed concerning NOFA, the NOFA staff at the Tier 1 level and the Appeals Review Committee at the Tier 2 level will submit THE DRAFTED response letters and backup documentation to the Legal Department for review, as applicable.
- III. The Legal Department will review the drafted appeal response letters and backup documentation and provide legal advice to HCD regarding the response.

Note: Generally, a decision for a NOFA appeal will be provided in writing within 7 business days of the accepted appeal, as practicable. However, NOFA appeals may take up to 20 business days to render a decision when the Legal Department has been engaged.

Program Closeout

HCDD assigned Program staff will coordinate all required file documentation with applicants and contractors necessary for verification of completion of construction to Program requirements and submit for approval of completion and closeout and proper record keeping. In accordance with HCDD approved Standard Operating Procedures, the HCDD assigned project staff will ensure compliance with program construction requirements.

DOCUMENT CONTROL

While this document is the primary document governing how this program is administered, these guidelines are controlled by the Grant Agreement, applicable laws, statutes, and requirements at the federal, state, and local level. Every attempt is made by the HCD to update this document to reflect changes “upstream.” However, in cases of conflict between this document and a controlling, upstream document, the upstream document controls. Examples of upstream documents include, but are not limited to:

- I. The Grant Agreement between HUD and the City;
- II. The Stafford Act and its implementing regulations as interpreted by HUD, FEMA, or other controlling federal agencies, unless a waiver or alternative requirement is issued by the applicable federal agency;
- III. 90 FR 1754, as amended and updated;
- IV. 90 FR 4759, as amended and updated;
- V. Applicable laws, statutes, and requirements set by the federal government or the State of Texas;
- VI. Relevant notices from the U.S. Department of Housing and Urban Development published in the Federal Register;
- VII. City of Houston Code of Ordinances;
- VIII. Mayoral Policies and Procedures, such as:
 - (a) Mayor’s Policies;
 - (b) Executive Orders;
 - (c) Administrative Policies; and
- IX. City’s CDBG-DR24 Action Plan.

In cases where conflict concerns a requirement, the more stringent requirement controls unless otherwise determined by the Director of HCD to the extent of applicable laws and requirements.

AMENDMENTS

As the Multifamily Guidelines mature, HCD may request waivers and alternative requirements to the guidelines. Per Ordinance No. 2005-1395, as amended by Ordinance No. 2018-121, and the latest HCD #01-01: Governing Documents Policy, the guidelines may be amended administratively or by a vote from the Houston City Council, as applicable.

Definitions

Acquisition: Acquisition of Real Property at 100 percent post-disaster fair market value (FMV) of the land and structures that allow the City to acquire real property for any public purpose, as set forth in 24 CFR 570.201(a). Acquisition-only is typically not considered a complete activity in the Program and may be combined with another eligible activity (i.e., relocation assistance and new construction of housing). Methods of acquisition include purchase, long-term lease (15+ years), donation or otherwise (CPD-17-09). The City has the flexibility to hold any property purchased through acquisition as undeveloped green space in perpetuity or to redevelop it in a resilient manner.

Adjusted Gross Income (AGI): AGI is an individual's total gross income minus specific deductions as shown on the federal tax return.

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.

Applicant – A potential program participant who has applied for funding under this Program.

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.

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.

City: The City of Houston, unless otherwise specified.

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

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

DR24 Multifamily Program: The City of Houston's 2024 Derecho and Hurricane Beryl Multifamily Program, unless other specified in the document.

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 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 geographic area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Floodway: FEMA designated channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

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

HCDD: The City of Houston’s Housing and Community Development Department.

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

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship with 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.

Houston Special Flood Hazard Areas (HSFHA): Includes both 100- and 500-year Floodplains under the City's Code of Ordinance.

HUD: The United States Department of Housing and Urban Development.

Low/Mod Income (LMI): Activities which benefit people whose income does not exceed 80 percent of the area median income:

- 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.

Minimum Property Standards (MPS): The standards for the maintenance and occupancy prescribed for a multifamily property. Using these standards as a baseline form monitoring, a housing inspector identifies the physical deficiencies of a property and dwelling unit.

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

Multifamily Rental: Eight or more rental units in the property.

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

One for One Replacement: Subpart B Requirements Under Section 104(d) of the Housing and Community Development Act of 1974, 24 CFR 42.375 provides for public and/or assisted lower-income dwelling units to be demolished or converted to a use be replaced with comparable lower-income dwelling units. This requirement has been waived under [83 FR 5844, Vol. 83, No. 28](#).

Performance Based Loan: Finance arrangement in which capital disbursement and repayment are contingent upon the achievement of predefined, measurable performance metrics, milestones, or key

performance indicators, rather than traditional collateral requirements. This structure aligns incentives between lenders and borrowers, promotes accountability, and is commonly used to support scalable growth initiatives and development-driven projects by linking funding to verified outcomes.

Permanent Supportive Housing (PSH): Long-term, community-based housing model combining affordable, non-time-limited rental assistance with voluntary, individualized support services for individuals and families experiencing chronic homelessness, particularly those with disabilities or complex health conditions.

Program: The City of Houston’s 2024 Derecho and Hurricane Beryl Multifamily Program (DR24 Multifamily Program), unless other specified in the document.

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

Rehabilitation: Repair or restoration of housing units to applicable construction codes and standards.

Subrecipient: Cities, counties, Indian tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured vendors, private grant administrators, or contractors providing supplies, equipment, construction, or services and may be further restricted by Program rules or other guidance including applications. See vendor definition for further clarification.

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

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

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

“historic structure,” provided that the alteration will not preclude the structure’s continued designation as a “historic structure”(44 CFR 59.1).

Uniform Physical Conditions Standards (UPCS) inspection: A standardized inspection protocol used by HUD to ensure that housing is “decent, safe, sanitary, and in good repair.” It assesses the physical condition of properties by evaluating five areas: Site, Building Systems, Common Areas, and Unit.

Vendor: Vendors and private grant administrators procured by the city or contractors to provide supplies, equipment, or services necessary to implement the Program and to serve program needs. Upon approval, the vendor may implement the Program or act on behalf of the City.