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FOR PUBLIC COMMENT

Lee County CDBG-DR Housing Guidelines

2016 Flood Events

Texas General Land Office Community Development and Revitalization (GLO-CDR) Program
Community Development Block Grant – Disaster Recovery (CDBG-DR)

Approved TBD

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Introduction

In 2016, Lee County experienced severe flooding in a large storm event that brought heavy wind and rain through May 22nd to June 24th 2016. Due to the significant damage caused by these storms, Lee County was determined by HUD (U.S. Department of Housing and Urban Development) to be one of the Most Impacted and Distressed¹ counties in the State of Texas. Through the Method of Distribution, the Texas General Land Office allotted \$2,000,000 directly to Lee County for housing assistance.

Eligible housing activities supported by these funds will be administered by Lee County under the guidelines and oversight of the GLO. Thus, Lee County adopts with minor changes the general housing guidelines put forth by GLO published August 3, 2018 for the 2015-2016 Community Development Block Grant Disaster Recovery (CDBG-DR) Flood Recovery.

The Texas General Land Office (GLO) and Long-Term Recovery

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

CDBG-DR funds are a special appropriation from Congress associated with a Presidentially declared disaster pursuant to Stafford Disaster Relief and Emergency Assistance Act. These GLO Housing Guidelines (the Guidelines) address the 2015 storms and flooding disaster events associated with the following CDBG-DR funds:

Table 1. Applicability

Event	Federal Register (FR)	Date of Publication	Public Law(s)	FR Located at:
2016	81 FR 83254, Vol. 81, No. 224	11/21/2016	P.L. 114-223	https://www.gpo.gov/fdsys/pkg/FR-2016-11-21/pdf/2016-27969.pdf
	82 FR 5591, Vol. 82, No. 11	01/18/2017	P.L. 114-245	https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-01007.pdf
	82 FR 36812, Vol. 82, No. 150	08/07/2017	P.L. 115-31	https://www.gpo.gov/fdsys/pkg/FR-2017-08-07/pdf/2017-16411.pdf

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

¹ Most Impacted and Distressed is defined on page 21 of 81 FR 39687, published June 17, 2016. Found at: <https://www.gpo.gov/fdsys/pkg/FR-2016-06-17/pdf/2016-14110.pdf>

- Benefiting Low- to Moderate-Income Persons (LMI)
 - Low- and Moderate-Income Housing (LMH) provides that any assisted activity which involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- to moderate-income only to the extent such housing will, upon completion, be occupied by such persons;
 - Low to Moderate Buyout (LMB): Benefiting low- to moderate-income persons where the award amount is greater than their post-disaster fair market value of the property; and
 - Low to Moderate Housing Incentive (LMHI): Benefiting low- to moderate-income persons participating in the voluntary buyout or other voluntary acquisition of housing to move outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion, will be occupied by an LMI household.
- Preventing or Eliminating Slum or Blight (SB) through buyout or acquisition with demolition.
- Meeting an Urgent Need (UN) by providing housing assistance to applicants making in excess of 80 percent of the area median income (AMI).

Lee County will make every effort to expend 100% of CDBG-DR funds on activities benefiting low-to-moderate income households. At minimum, the County will comply with HUD 2016 allocation requirements to expend 70% of funds overall grant funds on low-to-moderate income benefit.

The purpose of these Guidelines is to aid in the long-term recovery efforts following the 2016 storms and floods; specifically, to facilitate the replenishment of housing stock lost during the storms and subsequent flooding and to assist in moving eligible homeowners out of harm's way through fair market value buyouts. Lee County will administer the 2016 housing recovery with the support of grant administrator, Langford Community Management Services, Inc. Questions regarding these Guidelines or requests for more information should be directed to Lee County contact at erin@lcms.com.

1. PROGRAM OBJECTIVES

PROGRAM OBJECTIVES The primary focus of the housing recovery program is to provide relief for survivors affected by an event while complying with all CDBG-DR requirements and addressing recognized impediments to fair housing choice as required under the Fair Housing Act. Assistance can be provided to survivors under a variety of housing option, however, for the purposes of Lee County's involvement in this program, only buyout and demolition are included as allowable by GLO's approved Action Plan. All housing activities should consider the following objectives:

- Prioritize income-qualified households and properties located in flood hazard areas while affirmatively furthering fair housing. Applications will be evaluated for priority status based on the following criteria:
 - Whether the household is low-to-moderate income (LMI). LMI households will be prioritized over urgent need households.
 - Whether the property is located in a flood hazard area. Homes located in the floodway will be prioritized over homes located in the 100-year floodplain. Homes not located in a FEMA designated flood area will receive lowest priority.

- Whether the qualifying property is adjoined to two or more contiguous properties that also qualify for assistance. The County will prioritize the buyout of contiguous lots where possible in order to reduce unnecessary checkerboarding.
- Emphasize housing choices and designs to reduce maintenance and insurance costs, as well as provide the provision of independent living options
- presence of any additional social characteristics that may qualify the household as historically vulnerable to recovery barriers such as: households with members that are age-dependent meaning 5 years or under or 65 years or over, under the age of 18, disabled, and/or Veteran households while affirmatively furthering fair housing.

LEE COUNTY APPLICANT PRIORITY MATRIX				
Property must demonstrate:	HOUSEHOLD AREA MEDIAN INCOME (AMI)			
	Extremely Low 30% AMI or Below	Very Low 31% - 50% AMI	Low 51% to 80% AMI	Non-LMI Above 80%
<ul style="list-style-type: none"> • Property is located within a floodway and contiguous to two or more adjacent lots 	1 st priority	2 nd priority	3 rd priority	10 th priority
<ul style="list-style-type: none"> • Property is located in the 100-year floodplain and contiguous to two or more adjacent lots 	4 th priority	5 th priority	6 th priority	11 th priority
One or more of the following characteristics: <ul style="list-style-type: none"> • Age-dependent (<i>over 65 or under 5</i>) • Disabled • Veteran • Female Head of Household • 1 or more household members under the age of 18 • None of the social characteristics listed above 	7 th priority	8 th priority	9 th priority	12 th priority

2. DEFINITIONS

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

Affirmative Fair Housing Marketing Plan (AFHMP): A document used to help subrecipients offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability¹ (24 CFR Part 200, Subpart M). Implementing Affirmative Fair Housing Marketing Requirements Handbook (8025.1) can be obtained from HUD's website https://www.hud.gov/program_offices/administration/hudclips/handbooks/fheo/80251.

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

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

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

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

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

Buyout: Purchase of an eligible property at the fair market value of the land and structures with the intent to reduce risk from future flooding or to reduce risk from future hazard. Buyouts are properties within defined Disaster Reduction Risk Areas (DRRA), determined in consultation with county and local governments such as areas within the 100-year floodplain and/or in the highest risk areas as defined by FEMA flood map "V Zone." The property acquired will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational use, or floodplain and wetlands management practices. Buyout-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).

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

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

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts: All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those

prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property only if such property contains not less than 8 units.

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

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

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

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

Event: The 2016 Texas Presidentially declared storm and flooding disaster event.

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

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

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

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

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

Flood Insurance: The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Area (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP).

In order to be able to purchase flood insurance, the community must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

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

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

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

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

Home/Housing Unit: (used interchangeably) a house, 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 to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the household.

Housing and Urban Development Act of 1968, Section 3: Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32.²

Housing Incentives: Incentive payments are generally offered in addition to other programs (e.g., buyout) or funding (such as insurance) to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan. The housing incentive may be offered to improve a residential structure that upon completion will be occupied by a low- to moderate- income household. An incentive may be offered in addition to a buyout payment for households that volunteer to relocate outside of the floodplain or to a lower-risk area. A buyout incentive is not available for properties that served as second homes at the time of the disaster or following the disaster.

² <https://www.hudexchange.info>

Low to Moderate Buyout (LMB) National Objectives: LMB is used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster (current) fair market value of that property.

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

Low to Moderate Housing Incentive (LMHI) National Objectives: LMHI benefits are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for the purpose of moving outside of the affected floodplain or to a lower- risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion, will be occupied by an LMI household.

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

- Very low: Household's annual income is up to 30 percent of the area median family income, as determined by HUD, adjusted for family size;
- Low: Household's annual income is between 31 percent and 50 percent of the area median family income, as determined by HUD, adjusted for family size; and
- Moderate: Household's annual income is between 51 percent and 80 percent of the area median family income, as determined by HUD, adjusted for family size.

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

Needs Assessment: A needs assessment is a critical component in the allocation of funding across and within National Objectives for CDBG-DR funds. A given needs assessment will recommend the proportions of funding that should be set aside to benefit each LMI and non-LMI economic group. The needs assessment will determine the activities to be offered, the demographics to receive concentrated attention, the disabled, "special needs," vulnerable populations, and target areas to be served. The needs assessment will also include an assessment of the types of public services activities that may be needed to complement the program, such as housing counseling, legal counseling, job training, mental health, and general health services. The needs assessment should set goals within the income brackets similar to the housing damage sustained within the impacted areas. Deviations from goals must be approved by the GLO before the Program may move forward. The GLO will work with subrecipients to develop regional local needs assessment. Each needs assessment will be posted for a 14-day public comment period and approved by the GLO before implementation.

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

Overall Benefit: The state must certify that, in the aggregate, not less than 70 percent of the CDBG-DR funds received by the state during a period specified by the state will be used for activities that benefit persons of LMI. Lee County will make every effort to spend 100 percent of grant funds on LMI benefit.

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

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

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

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

Single Family Rental: Seven or less rental units under common ownership. Units may be on contiguous or scattered lots. Scattered site rentals (rental properties not on an undivided lot or on contiguous lots or parcels) may exceed seven units without wage requirements.

Slum and Blight National Objective: Activities which help to eliminate slum and blighted conditions. (Use of this National Objective is limited due to its inability to contribute towards the overall requirement for 70 percent LMI to benefit low- to moderate-income beneficiaries.) See 24 CFR 570.208(b).

Slum and Blight activities must meet the criteria of one of the three following categories:

- Prevent or eliminate slum and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

Subrecipient (Lee County): GLO defines Subrecipients as cities, counties, Indian tribes, local governmental agencies (including COGs), other entities identified in approved Action Plans, 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.

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

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

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

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA’s objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months, as waived by the FR.

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

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

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

Table 2. Eligible Counties and Most Impacted Counties

Impacted	
2	Most Impacted Counties (5) Brazoria, Fort Bend, Harris, Montgomery, Newton
0	Impacted Competition Counties (66) Anderson, Angelina, Austin, Bandera, Bastrop, Bosque, Brazos, Brown, Burleson, Caldwell, Callahan, Cass, Cherokee, Coleman, Colorado, Comanche, Coryell, Eastland, Erath, Falls, Fayette, Fisher, Gregg, Grimes, Hall, Hardin, Harrison, Henderson, Hidalgo, Hood, Houston, Jasper, Jones, Kleberg, Lamar, Lee, Leon, Liberty, Limestone, Madison, Marion, Milam, Navarro, Orange, Palo Pinto, Parker, Polk, Red River, Sabine, San Augustine, San Jacinto, Shelby, Smith, Somervell, Stephens, Throckmorton, Travis, Trinity, Tyler, Upshur, Van Zandt, Walker, Waller, Washington, Wharton, Wood
1	
6	
6	

3. PROGRAM DESIGN

To develop the Program Design for all activities offered through this funding, each subrecipient must use qualified data (HUD/FEMA/SBA, insurance data, or other data as approved by the GLO in advance, to allocate the disaster funding). Section 3.A.2 explains an unmet needs assessment, which will be required by all participating subrecipients. The GLO will assist subrecipients in the development and approval of its needs assessment.

- Qualified data will be used to document the impact of the relevant event on the LMI subcategories which will aid in the development of a goal for targeting the use of housing funds in the appropriate levels and to the appropriate economic categories.
- The method of data evaluation utilized by the state and the subrecipient (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar amounts impacting communities, etc.) must be made available to the public for 14 days on a publicly accessible website. Notice of the posting of the method of review must be provided to the GLO not later than the day the method is posted on a website. If any public comment is made, the subrecipient must address the comment in a public response.

A. Program Design Requirements

(1) National Objective

All housing activities must meet a National Objective required under the authorizing statute of the CDBG-DR Program. Lee County will utilize the following National Objectives to meet this program requirement:

- LMI — Benefitting Low- to Moderate- Income persons:
 - LMH — Benefitting Low and Moderate-Income Housing (LMH) where any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons;
 - LMB — Benefitting Low to Moderate Income persons where the award amount is greater than their post-disaster fair market value; and
 - LMHI — Low to Moderate Housing Incentive assisted with a housing incentive tied to the voluntary buyout or other voluntary acquisition of housing owned by the qualifying LMI household for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion will be occupied by an LMI household.
- Slum and Blight — Aid in the prevention or elimination of slums or blight; or

- Urgent Need — Meet a need having a particular urgency.

(2) Unmet Needs Analysis

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

The GLO will assist Lee County on the methodology and data analysis and provide applicable raw data needed to develop and assist in development of their regional Needs Assessments. Additional information and guidance on developing a Needs Assessment is available at <http://recovery.texas.gov/>. In accordance with GLO guidelines, Lee County will complete an Unmet Needs Analysis with the completion of initial outreach efforts and amend these Housing Guidelines to include the report as an appendix, upon approval by the GLO.

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

The Needs Assessment will document goals within the income brackets in proportion to the damaged units in the impacted area. Deviations from goals must be approved by the GLO before subrecipients can move forward:

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

(3) Environmental Review

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

(4) Proof of Event Damage

For assistance activities, the unit must demonstrate that the damage or destruction to unit occurred by the event. Disaster damage can be documented as follows:

- a) FEMA, Small Business Administration (SBA) or Insurance Award Letters;

- b) If the above-referenced documentation is not available, an inspection report/Damage Assessment (complete with photos of the damage and a written assessment of the damage with each photo taken) conducted by a certified or licensed inspector (HQS, TREC, or similar license) must be supplied by the subrecipients that certifies the damage occurred as a result of the event (refer to the GLO's Damage Assessment Guidelines found at www.recovery.texas.gov); or
- c) If FEMA, SBA, or Insurance Award Letters are not available and an inspection report is inconclusive as to the cause of the damage, subrecipients may provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations. GLO approval is required for this form of proof.

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

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

(5) Timeliness of Application Status

Lee County will ensure timely communication *(a return call or email within 48 hours of receipt)* of application status to homeowner applicants who apply for disaster recovery assistance. Email will be the default method of communication for updates regarding verified paperwork and eligibility determination. Any applicants who identify that they have limited to no email access may opt in at the time of application for telephone updates. All applicants will receive an official determination of eligibility mailed to the address on their application with enclosed information on how to appeal a decision of ineligibility.

In addition to this procedure, Lee County will maintain a dedicated call-in number to reach case management staff at any time during business hours Monday-Friday from 8am to 5pm and select extended hours to accommodate working families.

Lee County adheres to strict privacy protection practices to protect Personally Identifiable Information (PII). The County will ensure the accessibility and privacy of individualized information for all applicants.

(6) Affirmatively Furthering Fair Housing Review

Lee County will utilize HUD data, local data and local knowledge to affirmatively further fair housing opportunities in the County's jurisdiction. In accordance with GLO guidelines, Lee County will complete an AFFH analysis and amend these Housing Guidelines to include the report as an appendix, upon approval by the GLO.

All projects must undergo an AFFH review by the GLO prior to any commitment of funds. Such review will include assessment of a proposed project's area demography, socioeconomic characteristics, housing configuration and need, educational, transportation, health care opportunities, environmental

hazards or concerns, and all other factors material to the determination. Applications should show that projects are likely to lessen area racial, ethnic, and low-income concentrations, and/or promote affordable housing in low-poverty, non-minority areas in response to natural hazard related impacts.

A. Housing Assistance Caps

Unit Costs must be necessary, reasonable, allowable, and allocable. Refer to 2 CFR Part 200 Subpart E. The following table (Table 3) charts monetary caps for assistance apply to applicants based on project type.

Table 3. Housing Assistance Caps

Project Type	Home Buyer Down-Payment Assistance	Buyout**
Base Unit		Fair Market Value (Pre or Post-Disaster)
Relocation Assistance		Up to \$5,000 for temporary moving and relocation costs \$35,000 for a lot or newly constructed home****
		Up to \$10,000 for an existing home****
Down Payment	Up to 100% of the Required Amount	Up to 100% of the Required Amount
Buyout Incentives		Up to \$35,000****

****Acquisition:** See section 4.H(3)(b) for additional information

****Buyout:** See section 4.H(3)(a) for additional information

******Buyout Incentives:** The purpose of the incentive is to encourage maximum participation by property owners and remove as many properties as possible from high-risk areas. Incentive payments should assist the household with necessary funds to buy an existing home or construct a home on a newly purchased lot, as applicable. **Incentives are only allowable if the post-disaster fair market value is used to purchase the home.** *This buyout program and any buyout incentives are not available for properties that served as second homes.* A second home is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance. Subrecipients may provide relocation assistance outside of buyout activities, as necessary. Subrecipients

must document how the assistance will be determined and issued to applicants when determining final eligibility assistance costs. The vacant land limit is set at \$35,000. Although this is the cap, it is not the floor; the actual lot cost should not exceed the standard single lot size in the community.

Rental Project Cap: The maximum award caps under the Multifamily and Single Family Rental Programs may be found in the GLO's approved Action Plans. Rental Program participants must follow federal and state procurement requirements that mandate reasonable rehabilitation, reconstruction, or new construction costs. Refer to the GLO's approved Action Plan to obtain caps for the specific event. Additionally, all CDBG-DR funded rental activities will require a minimum 10-year Land Use Restriction Agreement (LURA).

B. Affirmative Marketing Outreach Plan

In accordance with GLO guidelines, Lee County will complete an Affirmative Marketing Outreach Plan and amend these Housing Guidelines to include the report as an appendix, upon approval by the GLO.

Local jurisdictions administering the Program are committed to affirmatively furthering fair housing through established affirmative marketing policies. Lee County affirmative marketing efforts for the disaster funding will include the following:

- An Affirmative Fair Housing Marketing Plan, based on HUD regulations will be followed by Lee County. The plan must include items on the GLO's checklist to affirmatively market units financed through the Program. The procedures cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.
- The goal is to ensure that outreach and communication efforts reach eligible survivors from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," and gender groups. For each project or program, notification to these populations should include:
 - Fully informed of vacant units available for sale and/or rent;
 - Encouraged to apply for purchase, rehabilitation, and/or rent;
 - Given the opportunity to buy and/or rent the unit of their choice; and
 - Given the opportunity to rehabilitate their primary residence that sustained damages due to the event and/or its after-effects.
- Emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster. Outreach efforts may include door-to-door canvassing and special outreach efforts to hard-to-reach populations (e.g., seniors, and persons with severe disabilities who either do not have information about the resources available or are unable to apply for resources).
- In addition to marketing through widely available media outlets, efforts may be taken to affirmatively market the CDBG-DR Program as follows:
 - Advertise with the local media outlets, including newspapers and broadcast media, that provide unique access for persons who are considered members of a protected class under the Fair Housing Act;
 - Include flyers in utility and tax bills advertising the Program;

- Reach out to public or non-profit organizations and hold/attend community meetings; and
 - Other forms of outreach tailored to reaching the eligible population, including door-to-door outreach, and on the weekends, if necessary.
- Measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
 - Applications and forms will be offered in English and other languages prevailing in the region in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 8.6), Limited English Proficiency (LEP), and other fair housing and civil rights requirements such as the effective communication requirements under the Americans with Disabilities Act. Every effort will be made to assist such applicants in the application process.
 - Case managers will help navigate and inform survivors who may qualify for acquisition and buyout of their damaged unit to remove them from flood hazards, environmental hazards, segregated areas, and other unsafe conditions while meeting AFFH obligations.
 - Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.
 - Lee County will be required to use the Fair Housing logo in Program advertising, post Fair Housing posters and related information and, in general, inform the public of its rights under Fair Housing regulations law.
 - Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity. Evaluation should be an ongoing process. The GLO will assist Lee County by reviewing application intake reports before subrecipients begin qualifying applicants, and periodically thereafter.
 - Lee County is also required to coordinate with HUD-certified housing counseling organizations to ensure that information and services are made available to both homeowners. Additional information is available here:
<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary>

C. Reporting Requirements

Compliance will be maintained in accordance with the reporting requirements under the GLO's CDBG-DR Program. This includes providing all information and reports as required under the GLO's contract with Lee County, demographic data and other information acquired from the applicants, and project documentation from awarded applicants.

(1) Section 3

Compliance with Section 3 is required by 24 CFR Part 135 and the executed agreement between subrecipients and the GLO. Subrecipients should refer to the GLO's Section 3 Policy.

(2) Applicant Data

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

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

(3) Records Retention

Lee County will follow federal and state record retention guidelines. All official records on programs and individual activities shall be maintained for a 3-year period beyond the closing of a grant between the GLO and HUD. Applicant records may be maintained electronically. Subrecipients should contact the GLO to obtain an approved electronic record management system utilizing the GLO's Activity File Checklist. All projects, program activity files, and applicant information received must be maintained within the GLO's system of record.

D. Procurement Requirements

Lee County follows federal and state procurement requirements. As a subrecipient of grant funds, Lee County shall provide adequate documentation to show that procurement selection is carried out in an open, fair, uniform, and thorough manner to ensure that federal (2 CFR 200.318–200.326) and state procurement requirements were met.

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

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

During the procurement process, Lee County must clearly identify any items included in the bid/purchase that are not included in the CDBG-DR contract. Lee County may utilize HUD's CDBG-DR and Procurement Guidance.³

³ <https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>

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

Subrecipients should update their procurement policies and procedures to correspond with the procurement and contract requirements of 2 CFR 200.318 – 200.326 for CDBG-DR funding. Additionally, the GLO may review draft solicitations or responses prior to award for compliance. Subrecipients should clearly identify, during the procurement process, any items included in the bid/purchase that are not included in the CDBG-DR contract.

Regardless of the type of procurement used, subrecipients must execute a contract to document the period of performance, the work to be completed, the agreed price, and contractor or provider's required compliance with all applicable federal, state, and local requirements that subrecipients must follow. If there is a conflict between federal, state, and local laws and regulations regarding procurement, the more stringent law or regulation will apply. Additionally, subrecipients are required to achieve compliance with Section 3 (24 CFR Part 135). It is strongly suggested that HUD's best practices be utilized to help achieve compliance (HUD Model Section 3 Plan), including creating a Section 3 plan. Subrecipients are also required to "take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible." (HUD CFR 200.321).

Furthermore, HUD requires the GLO to maintain a public website that provides information accounting for how all grant funds are used and managed/administered. To meet this requirement, Lee County must make the following applicable items available for the state to post on the GLO's website at www.recovery.texas.gov: procurement policies and procedures; description of services or goods currently being procured by Lee County; and a summary of all procured contracts (as defined in 2 CFR 200.22), including those procured by Lee County (e.g., a summary list of procurements, the phase of the procurement, requirements for proposals, and any liquidation of damages associated with a contractor's failure or inability to implement the contract, etc.). Updated summaries must also be posted monthly on the website.

E. Displacement of Persons and/or Entities

Displaced people, regardless of income, can receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA" or "Uniform Relocation Act"). URA applies to both temporary (during construction) and permanent displacement (one year or greater).

Section 104(d) requires relocation assistance for lower-income individuals displaced as a result of the demolition or conversion of a lower-income dwelling and requires one-for-one replacement of lower-income units demolished or converted to other uses.

Lee County must provide the following benefits to households that they displace:

- Relocation advisory services;
- A minimum of a 90-day notice to vacate;
- Reimbursement for moving expenses; and

- Payments for added cost of renting or purchasing comparable replacement housing.

The relocation assistance requirements at Section 104(d)(2)(A) of the Housing and Community Development Act and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR Part 24, as modified by the notice for activities related to disaster recovery. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to Section 104(d), while FEMA funds are not.

The URA provides that a displaced person is eligible to receive a rental assistance payment that covers a period of 42 months. By contrast, Section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the Section 104(d) requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance under the federal register notice.

The GLO will follow its Residential Anti-displacement and Relocation Assistance Plan (RARAP). Subrecipients must minimize the direct and indirect displacement of persons from their homes by: (1) planning construction activities to allow tenants to remain in their units as long as possible, (2) by rehabilitating empty units or buildings first, (3) where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement, (4) adopt policies to identify and mitigate displacement resulting from intensive public investment in neighborhoods, (5) adopt tax assessment policies, such as deferred tax payment plans, to reduce impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas; and/or (6) target only those properties deemed essential to the need or success of the project.

F. Conflict of Interest

Lee County certifies it has no conflict of interest with the GLO that would in any way prohibit the County or its staff from implementing recovery activities for the 2016 Floods.

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

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

The GLO can consider granting an exception to the conflict of interest provision should it be determined by the GLO that Lee County adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. The subrecipient should not enter into a conflict of interest until justification has been received and approved by the GLO in accordance with applicable procurement laws.

G. Complaint/Appeal Process

(1) General Policy

Lee County and the State are responsible for responding to complaints and appeals in a timely and professional manner. Lee County will keep a record of each complaint or appeal that it receives to include all communications and their resolutions.

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

(2) Responsibilities

Lee County, supported by vendor Langford Community Management Services, will assist residents with the application process through a team of dedicated customer service specialists that will be tasked with handling all homeowner inquiries. The customer services team can be contacted at any time during working hours at 1-888-710-5255. Phone calls made after hours will be returned within 48 hours.

Customer service specialists are responsible for (1) determining if complaints and appeals relate to the business or authority of the subrecipient, (2) ensuring that a response to all complaints and appeals are within the appropriate time frame (a final response must be provided within 15 working days of the receipt of the final complaint need for additional time), and (3) ushering all complaints and appeals through to a resolution.

Lee County will maintain internal procedure(s) for handling incoming complaints, including a complaint escalation process to ensure that complaints are handled at the earliest stage in the process.

(3) Documentation

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

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

H. Audit Requirements

Lee County maintains compliance with Single Audit requirements. Lee County is receiving funds which exceed the thresholds set in 2 CFR 200.501, Audit Requirements, shall have a single or program specific audit conducted in accordance with the applicable federal requirements.

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

I. Changes, Waivers, and/or Conflicts

Lee County has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of the GLO.

Waivers to the requirements in these Guidelines can only be approved by the GLO and must be provided in writing. The GLO will provide the option for a waiver only after the waiver request has been posted on subrecipient's website for a public comment period of at least 7 days. The waiver request must demonstrate why the housing guidelines are not practicable for the subrecipient.

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

4. SINGLE FAMILY HOUSING PROGRAMS

Although there are many eligible activities under Single Family Housing Programs, Lee County is ONLY taking part in the Buyout Program. Relocation assistance and down payment assistance will also be included where applicable. All of these activities are designed to relocate families outside of the floodplain.

A. Survivor Case Management

Lee County has a dedicated case management team to provide consistent services to program applicants. Impacted residents can contact this team at any time at the following number: 1-888-710-5255.

Lee County case managers will work to assist survivors from inception to close-out of their recovery needs associated with the Program for which they participate. Where practicable, Lee County will maintain a single point of contact for each survivor to ensure that survivors have the immediate contact information and needs to be successful in their long-term recovery efforts. As survivor applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each survivor will be counseled and made aware of their application status.

B. Application Intake and Counseling

Anyone who makes an inquiry about the Program will be provided with a GLO application package to complete. The GLO requires a standardized application. All such inquiries will be reported in a format to be provided by the GLO. Applications will be submitted electronically through the GLO's system of record.

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

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

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

C. Applicant Eligibility Requirements

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

(1) General Eligibility

(a) Income Determination

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

(b) National Objective

- i. Beneficiaries of the Buyout Programs must meet the LMH National Objective of supporting housing activities for impacted persons of low- and moderate-income that, upon completion of the housing activity, will be occupied by such person.
- ii. Assistance to non-LMI applicants may be provided under urgent need (see d. below).
- iii. Slum and blight may be addressed under the Local Buyout and Acquisition Program.

(c) Unmet Needs

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

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

HUD has waived homeownership assistance for households with up to 120 percent of the area median income. While homeownership assistance may be provided to households with up to 120 percent of the

area median income, only those funds used to serve households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit National Objective.

(2) Proof of Ownership

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

- Provide a copy of a valid deed of trust or warranty deed that is recorded in the County records which cites the applicant's name. Liens on Housing Units: Lee County will coordinate with lienholders to ensure the rehabilitation or reconstruction assessment is approved by the lender.
- For MHUs, a Statement of Ownership and Location (SOL) must be provided. Liens on MHU properties: If an applicant owns a mobile home and there is a lien on the property, Lee County will work to ensure that the lien is transferred properly (if one is in place with the mortgage company). The MHU needs to be "perfected" and made a real property showing that is fixed to the lot. The wheels and axel need to be removed, and a statement of location needs to be in place from Texas Department of Housing & Community Affairs, Manufactured Housing Division (TDHCA).⁴ Once this is done, the lender can transfer the lien from the mobile home to the new property.

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

(a) Applicants may prove ownership by providing documentation and completing a notarized affidavit that certifies one of the following circumstances applies:

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

(b) Subject to approval by the GLO, instead of a copy of the deed, alternative documentation proving ownership may be provided including (in order of preference):

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

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

⁴ <https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>

(3) Principal Residency

The unit to be Bought Out must have been the applicant's principal residence during the time of the event. Principal residency for applicants can be demonstrated through property tax homestead exemptions. If a homestead exemption was not in place at the time of the disaster, an Affidavit of Principal Residency may be utilized as an alternative method of verification of principal residency. The affidavit must be supported by documentation such as asset verification (income tax returns, credit check, etc.) or utility bills specific to the property address and name of the applicant, which were active as of the date of the event. Vacation homes and rental properties are not eligible for assistance under the Single Family Homeowner Program. The Affidavit of Principal Residency Form may be found on the GLO's website: www.recovery.texas.gov.

(4) Property Taxes

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

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

Support documentation verifying the tax deferral or tax exemption must be provided by the applicant. Any applicant that enters into a payment plan must supply a signed copy of the payment plan from the applicable taxing entity along with documentation that they are current on their payment plan.

(5) Duplication of Benefits (DOB) Review

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

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

At the time of application, Lee County will require all assisted applicants to sign and execute a Subrogation Agreement authorizing the County to collect future claims or funds paid to the applicant for 2015 flood recovery. Lee County must develop policies and procedures to prevent any duplication of benefits when determining an applicant's unmet need. **If an applicant is suing or currently in litigation with private insurance or FEMA, the applicant will be required to sign a duplication of benefit repayment agreement in the event that additional financial assistance is granted to the homeowner after litigation is complete.** Monitoring procedures to include priorities and frequency to comply with an executed Subrogation Agreement.

(6) Child Support⁵

All applicants and co-applicants must be current on payments for child support. If the applicant or co-applicant is not current on child support, that individual will be required to enter into a payment plan that will be obtained from the Office of Attorney General (OAG). A copy of the payment plan signed by all applicable parties along with documentation demonstrating that they are current on their payment plan must be supplied.

(7) Damage Assessment

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

(8) Environmental Review

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

(9) Flood Insurance Verification/Requirements

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

D. Property Eligibility Requirements

The following threshold requirements are applicable to the assisted unit and must be met for the applicant to receive assistance. They are discussed further under Section G below.

⁵ Family Code, Title 5, Section 231.006

- Unit Characteristics — Only single-family owner-occupied units within the subrecipient’s jurisdiction will be eligible for Single Family Homeowner Programs.

E. Inspection Requirements

Each project will require an inspection(s) during the lifecycle of the project. The required inspections are for the BUYOUT Program Only. Further details regarding the inspections are included under the specific activity types in Section H, Housing Project Activity Types, of these Guidelines. The program will only pay for one inspection per activity per phase outlined below. Any additional inspection cost

s will be the responsibility of the designated contractor demolishing the home.

Table 4. Inspection Requirements

Single Family Housing Inspection Requirements		
Application Type	Demolition Confirmation	TREC
Down Payment Assistance		Yes***
Buyout and Acquisition	Yes	
Demolition	Yes	
***Not performed on mobile homes.		

F. Project Closeout/Affordability Monitoring Requirements

Lee County will implement monitoring procedures throughout the life of the program in compliance with single family affordability periods as set by the GLO.

Approved projects will require Affordability Note Monitoring. Lee County must consider setting a budget to accommodate the necessary work to perform the monitoring requirements for the affordability period. To ensure compliance with the requirements of the executed Note with the homeowner, Lee County will perform at a minimum an annual check to confirm all Note commitments are in place through its term. Insurance notices of default should be documented and evaluated as they are received. Lee County should use the GLO Monitoring Process, but alternates can be proposed for GLO approval.

G. Housing Activity Types and Additional Requirements

(1) Local Buyout & Acquisition Program

HUD has authorized the use of buyout programs to (1) reduce the risk to homeowners from the effects of subsequent disasters, (2) assist in the recovery of low and moderate-income households, and (3) protect taxpayer resources that might otherwise be needed after a disaster in the same area (80 FR 72102).

Buyout programs support hazard mitigation, floodplain management goals, and resiliency by removing homeowners from the floodplain to minimize the possibility of future flooding to the home. After homes are purchased, the structures are demolished or relocated. The Local Buyout and Acquisition Program serves multiple objectives and provides a resiliency option versus rebuilding within a floodplain. Buyouts help prevent repetitive loss and extreme risk to human health and safety.

A final Buyout award will be a calculation of the appraisal and title fees, the post-storm value appraised Property cost, demolition and relocation incentives.

Buyout and Acquisition services are limited to actual costs for services used to complete a buyout of a home in a floodplain or floodway; the intent is to relocate the homeowner and their family to a low-risk area outside of the floodplain/floodway. Housing incentives are generally offered in addition to other programs or funding (such as insurance) to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan and should include higher opportunity areas. Incentive payments are ineligible for households that move to disaster-impacted floodplains.

Lee County will use the Low to Moderate Housing Incentive (LMHI) to resettle beneficiaries who were affected. Housing incentives are usually offered to encourage households to relocate to a suitable housing development or to an area promoted by the community's comprehensive recovery plan and may be in addition to the buyout award. Lee County must ensure that the intent of the housing incentive is satisfied at award.

All buyout activities are a type of acquisition of real property (as permitted by section 105(a)(1) of the HCD Act). However, only acquisitions that meet the definition of a "buyout" are subject to the post-acquisition land use restrictions discussed further below. To determine whether the acquisition is a buyout activity, it must be ascertained whether the intent of the purchase is to reduce risk from future flooding or to reduce the risk from the hazard that lead to the property's Disaster Risk Reduction Area designation.

To conduct a buyout in a Disaster Risk Reduction Area, the subrecipient must first establish criteria in their policies and procedures to designate the area subject to the buyout. To designate an area, subrecipients must demonstrate that: (1) the hazard must have been caused or exacerbated by the Presidentially declared disaster area; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries as evidenced by the best available data and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

Lee County has the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster fair market value (FMV). Based on information taken from the Lee County Central Appraisal District Annual Report from 2016 and 2018*, Lee County has decided to offer post-disaster FMV.

HUD is waiving Section 104(d), the one-for-one replacement requirement, for lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation.

*See: <https://www.lee-cad.org/wp-content/uploads/2019/03/2018-Lee-CAD-Annual-Report.pdf> for complete report.

Average Value of Single-Family Residence

Entity	2017			2018	
	Market Value	Taxable Value		Market Value	Taxable Value
Lee County Gen Fund	136,764	134,018		144,787	143,068
Lee Co. Road & Bridge	136,764	134,018		144,787	143,068
Dime Box ISD	116,331	81,993		120,859	90,173
Lexington ISD	138,614	111,960		146,920	121,209
Giddings ISD	138,193	97,784		146,437	105,966
City Of Giddings	111,455	110,730		120,515	119,481
City Of Lexington	96,519	93,538		105,328	103,130
Lee County FWD #1	77,539	74,078		80,218	77,764
Cummins Creek WCD	205,703	203,873		217,874	216,597
Elgin ISD	163,636	138,636		175,435	151,114
Austin Community College	163,636	159,417		144,787	143,068

(a) Buyouts

Property acquired through a buyout program will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices, as well as other purposes allowed by HUD and accepted by the GLO. No new structure will be erected on property acquired, accepted, or from which a structure was removed under the buyout program other than: (1) a public facility that is open at all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (2) a restroom; or (3) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream or downstream, and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure. After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the buyout program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the subrecipient to any federal entity in perpetuity.

Buyouts will be encouraged to be used strategically as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management practices.

(c) Housing Incentives

i. Relocation assistance

Relocation assistance may be offered at the discretion of Lee County; however, the assistance may not exceed \$35,000 for purchase of a lot or newly constructed home, or \$10,000 for an existing home.

Temporary relocation assistance may be offered at the discretion of Lee County; however, the assistance may not exceed \$5,000 and 3 months of expenses per household. It is anticipated that the assistance will be provided when the closing occurs for the new or existing home purchase; furthermore, temporary relocation assistance may not be necessary unless otherwise allowable by the applicable Federal Register notice and approved by the GLO.

ii. Down Payment Assistance

This activity is available only under the Voluntary Buyout. The subrecipient will choose the option that best benefits their community.

The following items must be met to provide additional funding:

- Purchased a lot or using a pre-owned lot located outside of a floodplain, or to a lower-risk area within the subrecipient's jurisdiction, for construction of a new home (a construction date must be provided), or the applicant purchased a newly constructed or existing home located outside of floodplain or a lower-risk area in the subrecipient's jurisdiction.
- Purchased homes must be considered decent, safe, and sanitary.
- The funding must be used within an established sixty (60) days.
- Down Payment Assistance:
 - a) HUD has waived homeownership assistance for households with up to 120 percent of the area median income. While homeownership assistance may be provided to households with up to 120 percent of the area median income, only those funds used to serve households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit National Objective.
 - b) The replacement home is usually more expensive than the buyout home because new homes are built to recently adopted building codes and zoning requirements as opposed to older homes.

- c) The amount of assistance is based on the determined need of the applicant; however, the amount will not exceed \$35,000.
- d) Eligible properties for down payment assistance may reside within the jurisdiction of the subrecipient:
 - 1) Single family property (detached and attached 1–4 units)
 - 2) Condominium unit
 - 3) Cooperative unit
 - 4) Modular home/Manufactured home
 - 5) Vacant land

(d) Types of Buyout Programs

i. Voluntary

Applicants located in a floodway, floodplain, or areas designed as Disaster Risk Reduction Areas (DRRA) by the subrecipient may be assisted if:

- The applicant is offered/accepts an incentive to relocate outside of the floodplain or to a low-risk area, e.g., moving costs, down payment assistance, (incentive costs must be for a specific purpose and must be properly defined for award).
- The applicant was required to maintain flood insurance at the time of the event and still has unmet recovery needs.

Transactions with no threat or use of eminent domain and meet requirements set forth in 49 CFR 24.101(b)(1) as follows:

- No specific site or property needs to be acquired.
- The property to be acquired is not part of an intended, planned, or designated project area where all or substantially all of the property within the area is to be acquired within specific time limits.
- Lee County will not acquire the property through eminent domain condemnation if negotiations fail to result in an amicable agreement and the owner is so informed in writing.
- Lee County will inform the owner in writing of what it believes to be the market value of the property.

(e) Program Requirements

- i. All proposed buyout programs will undergo Affirmatively Furthering Fair Housing (AFFH) review by the GLO before approval. Such review will include assessments of (1) a proposed project's area

- demography, (2) socioeconomic characteristics, (3) housing configuration and needs, (4) educational, transportation, and health care opportunities, (5) environmental hazards or concerns, and (6) all other factors material to the AFFH determination. Case manager's will assist homeowners in determining eligible homes that are in a higher opportunity area.
- ii. Provide an estimate of Fair Market Value. An appraisal (pre-storm) and a current appraisal (post-storm) are used to establish the agency's estimate of fair market value in accordance with the Uniform Relocation Act (49 CFR 24.103 and 24.104).
 - iii. A Duplication of Benefits (DOB) and a National Flood Insurance (NFIP) review must be completed and documented for each applicant.
 - iv. A statement of the amount offered as compensation, description, and location of the real property, and a list of buildings, structures, or other improvements must be provided to the applicant. The final settlement (buyout offer) must be properly documented and assistance calculations must show how the subrecipient determined the final offer.
 - v. The applicant will have the right to determine the value of the property by hiring an appraiser to conduct their own assessment. If accepted, the subrecipient will update the offer and submit it to the owner.
 - vi. The owner must remove all personal property from the residence prior to the day of closing. **This includes clearing of abandoned items and the cancellation of all utilities. The buyout process will not be completed until all abandoned items have been removed. Relocation incentives will be offered to homeowners to aid in the relocation to a safe, location outside of the floodway.**
 - vii. Closing documents: The applicant must sign the agreement for sale document and a limited subrogation agreement document. If a buyout incentive is part of the final buyout offer, e.g., the family will agree to relocate outside the floodplain or to a lower-risk area, the incentive award is provided once confirmation is received (closing statement of new home) by the subrecipient.
 - viii. Lee County will ensure the property title is deed restricted and remains public open space in perpetuity, as necessary (buyout program) as described above.
 - ix. The project must comply with all applicable federal and state requirements.

(f) Eligibility Requirements

i. Buyout

To conduct a buyout in a Disaster Risk Reduction Area, the subrecipient must establish written policies and procedures to designate the area subject to the buyout, pursuant to the requirements as noted above.

ii. Property Types

- Single family residences, multifamily residences, and single-family rental

- Vacant lots (inclusion of vacant lots may prove essential to meeting the objectives of the Buyout Program by preventing further residential development in the designated area).

(g) Amount of Assistance

Lee County may offer up to 100 percent amount of assistance provided and should only include the amount needed by the applicant to achieve homeownership. The amount of assistance would be based on the FMV, plus any program incentives offered (if applicable).

(h) Disposal of Storm-Damaged Property

Once the applicant has purchased a lot or home as result of an acquisition/buyout, the applicant's storm-damaged property will be demolished. The subrecipient should complete the demolition of the home within 45 days of vacancy. The cost of the demolition can be charged to the program.

The land will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, floodplain, or wetlands management practices. There are options for disposing of the property including:

- i. Lee County can lease the property to adjacent property owners or other parties in return for a maintenance agreement;
- ii. Lee County can convert the land to green space; or
- iii. Lee County can opt to sell the acquired property at a fair market value; however, the proceeds will be classified as program income and must be returned to the state. Additionally, if the subrecipient acquired the property as part of a buyout, the subrecipient will be required to place a deed restriction or covenant dedicating the property to be maintained for compatible uses in perpetuity as discussed above.

Lee County must send the funds to:

Attention:
Texas General Land Office
Agency Cashier
PO Box 12873
Austin, TX 78711-2873

In the accompanying check, Lee County will need to include the grant number, contract number, activity number(s), identify it as program income, and the reason for return.

(i) Additional Allowable Expenditures

The following expenditures are allowable under the Buyout Program:

- i. The closing costs associated with processing the transaction;

- ii. Recording fees, transfer taxes, documentary stamps, evidence of title, boundary surveys, legal descriptions of the real property and similar expenses incidental to convey the real property to the subrecipient. Costs associated with perfecting the property are not allowed;
- iii. Penalty costs and other charges for prepayment of any pre-existing recorded mortgage; and
- iv. The pro rata portion of any prepaid real property taxes which are allocable to the period after the subrecipient obtains the title to the property or effective possession of it, whichever is earlier.
 - Funding provided toward the purchased property must not be used to duplicate benefits already paid by another federal agency such as FEMA and SBA. The DOB Calculation Form will need to include payments for eligible relocation assistance.

(I) Program Requirements

Unsecured Forgivable Promissory Note

- 1) Participants in the Buyout (with incentives) Programs shall be required to sign an Unsecured Forgivable Promissory Note (GLO Form 13.09).
- 2) Lee County will be required to execute the Unsecured Forgivable Promissory Note (the Note) with assisted homeowners for all homeowner activities under the CDBG-DR Program. The Note may be required to be recorded in the County's records during the affordability monitoring period conducted by the subrecipient or the state. The homeowner must comply with the terms of the Note as follows:
 - a. Assisted homeowners are required to maintain ownership of the assisted property for at least 3 years. Cash-out refinancing, home equity loans, or any loans utilizing the assisted residence as collateral are not allowed for 3 years. A violation of this policy will activate the repayment terms of the Note.
 - b. Assisted homeowners are required to maintain principal residency in the assisted property for 3 years. A violation of this policy will activate the repayment terms of the Note.
 - c. Taxes are to be paid and in good standing for the properties assisted. Homeowners may be on a payment plan, but it needs to be submitted to Lee County.
 - d. Insurance must be maintained at the assisted property. Hazard, flood (if applicable), and windstorm (if applicable) will be monitored for the 3-year period.
 - e. Transfer notice of requirement to obtain and maintain flood insurance for property. Failure to do so shall deem the homeowner liable to reimburse the state for the relief assistance applied to the property. Evidence of this requirement must be maintained in disclosure documents by the homeowner.
- 3) Lee County is required to monitor assisted households for compliance with the terms of the Note. Homeowners who default on the terms of the Note will repay the prorated amount and any funds remaining on the Note. The calculated default amount may be reported to credit bureaus and the Texas Office of the Attorney General.

- 4) If the assisted homeowner continues to occupy the home until the term of the Note expires, the loan is forgiven and conditions are clear on the disposition of the property. If the property is sold, transferred, or vacated by the assisted homeowner for any single period that exceeds thirty (30) days during the 3-year forgivable loan period, the repayment terms of the Note will be enforced, except in those cases addressed below.
 - a. Migrant farm workers who are recipients of a home under this program may, when proven to be performing work for not more than 6 months, leave a home vacant during the time of their employment; however, the recipient may not rent out the home, and they must intend to return to the home. If the assisted homeowner for any reason ceases to reside in the assisted unit during the subrecipient's CDBG-DR contract period, only LMI persons may re-occupy the unit until the contract is administratively closed by the GLO or the CDBG- DR contract period expires, whichever is earlier.
 - b. Accelerated forgiveness in certain cases: In the event of (1) the death of the assisted homeowner, (2) relocation of the assisted homeowner to a managed-care facility, or (3) relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application, the subrecipient may forgive any remaining loan balance. However, the requirement that only LMI persons may occupy the assisted housing unit until the CDBG-DR contract is closed by the GLO or the contract period expires, shall not be waived by the subrecipient. Subrecipients may submit a request to the GLO for assistance with unique accelerated forgiveness cases that may require review as a result of trust or will heirship matters.
- 5) The project must comply with all applicable federal and state requirements.

H. Files and Reports

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

Appendix A

Lee County 2019 Income Limits⁶

Median Family Income	FY2019 Income Limit Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
\$70,600	Extremely Low-Income Limits (0% - 30% AMI)	\$14,850	\$17,000	\$21,330	\$25,750	\$30,170	\$34,590	\$39,010	\$43,430
	Very Low-Income Limits (31% - 50% AMI)	\$24,750	\$28,250	\$31,800	\$35,300	\$38,150	\$40,950	\$43,800	\$46,600
	Low Income Limits (51% - 80% AMI)	\$39,550	\$45,200	\$50,850	\$56,500	\$61,050	\$65,550	\$70,100	\$74,600

NOTE: * The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low-income limits may equal the very low (50%) income limits.

⁶ Source information located on HUD website at the following location:
https://www.huduser.gov/portal/datasets/il/il2018/select_Geography.odn