**HOUSING POLICY AND PROCEDURE GUIDELINES**

**SINGLE FAMILY HOMEOWNER ASSISTANCE PROGRAM (REHABILITATION, RECONSTRUCTION, AND NEW CONSTRUCTION)**

**Newton County, Texas**

****

**CDBG DISASTER RECOVERY FUNDS**

**DR-4223 AND DR-4545 DISASTER DECLARATIONS**

**May 2015 and October 2015 FLOODING EVENTS**

**&**

**DR-4266 DISASTER DECLARATION MARCH 2016**

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# INTRODUCTION AND OBJECTIVES

The following Newton County, Texas Housing Guidelines apply to DR-4223 and DR-4545 Disaster Declarations for May 2015 and October 2015 flooding events as funded through the State of Texas General Land Office (GLO). Guidelines are intended for use by interested stakeholders, such as homeowners damaged by the flooding, elected officials, homebuilders and contractors, the Texas General Land Office (GLO), U.S. Department of Housing and Urban Development (HUD), other state/federal monitoring or auditing agencies, the general public, and others who might have an interest in the Newton County programs.

Newton County, Texas was inundated with historic flash and river flooding in 2015 and 2016. These disasters were included in three Presidential Declarations: DR-4223 declared May 29, 2015, DR-4245 declared November 25, 2015 and DR-4266 declared March 19, 2016.

The first event, now called the “Memorial Day Floods,” occurred overnight on May 23rd and early May 24th. May, 2015 has been documented by the National Weather Service as the wettest month in Texas History, with well above-normal rainfall during the first two to the three weeks of the month. A persistent area of low pressure over the western United States brought multiple rain events throughout the month of May that saturated soil throughout south-central Texas. By the time Memorial Day weekend arrived, much of the region was at least 2-4 inches (100-300%) above normal. These wet antecedent conditions meant that any new rain, and especially heavy rain, would become rapid run-off directly into rivers, streams, and flash flood prone areas.

The second flood event followed just six months later in October 2015, referred to as the “All Saints Day flood.” A number of factors came together to produce rainfall in excess of ten inches, causing the Sabine River to once again swell beyond its banks.

Finally, less than a year after the Memorial Day floods and less than five months after All Saints Day flood , the Sabine River crested at its highest level in over 130 years due to rainfall in the basin totaling over eighteen inches during a five day period in March, 2016. With the weather system lingering over the area, the previous high water record set in 1884 was surpassed by over a foot. More than 400 homes were flooded and mandatory evacuations were required.

In response to the needs of homeowners damaged or displaced by these flood events, the County applied and received HUD Community Development Block Grant-Disaster Recovery (CDBG-DR) from the Texas General Land Office. These funds will be available primarily to low-income homeowners who are in need of repairs or reconstruction of their damaged homes. The funds can be used for repairs caused by the flood events and to bring the homes into compliance with minimum property standards adopted by the County’s Commissioner Court. Homes that are determined to be substantially damaged must be elevated or reconstructed in accordance with the local floodplain requirements.

CDBG-DR funds must meet a HUD designated National Objective to be eligible for award. For Newton County’s 2015 Single Family Homeowner Assistance Program, applicants must qualify under the benefit to low- to moderate-income persons as established by the Texas General Land Office. For 2016, applicants may be served if they qualify for the Low-Moderate Income or Urgent Need National Objective.

The objectives for the Program are as follow:

* Provide high quality, durable, resilient, mold resistant, energy efficient, decent, safe, and sanitary housing that also mitigates impacts from future disasters.
* Place an emphasis on housing choices and designs to reduce maintenance and insurance costs, as well as provide the provision of independent living options.

# DEFINITIONS

***Affirmatively Furthering Fair Housing Data and Mapping Tool*** – (AFFH-T) A tool made publicly for use by program participants to access HUD-provided data to conduct the fair housing analysis required as part of the Assessment of Fair Housing.

***Affirmative Fair Housing Marketing Plan*** – A document used to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability.

***Area Median Family Income (AMFI) –*** Calculated limits based on HUD-estimated median family income with adjustments based on family size.

***Builder Assignments*** – A qualified pool of builders developed by a subrecipient or state. They must also meet state and federal procurement requirements and possess controls that will ensure quality construction based on the Minimum Property Standards (MPS).

***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 take into account 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 unit to document damage from the event. The assessment by a certified or licensed inspector (MPS, TREC, or similar license) is required to specifically and clearly document storm related property damage via photographic evidence and detailed narratives. Damage assessments may also include final cost of repair estimates.

***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 Disaster Recovery 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.

***Environmental Review-*** All substantially qualified applicants (e.g. applicants who apply for the repair and replacement of their damaged unit must have received damage from the event, own their home and lived in the home as their primary residence) 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.

***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).

***Family*** – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being and the surviving member or members of any family described in this definition who were living in a unit assisted under the Housing Opportunities for Persons With AIDS (HOPWA) program at the time of his or her death.

***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.

***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 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.

***Green Building Standards –*** All rehabilitated (meets the definition of substantial improvement), reconstruction or new construction units must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multi family High-Rise), (ii) Enterprise Green Communities, (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC–700 National Green Building Standard.

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

***Household*** – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two (2) 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 low- to moderate- income (LMI) objective is based on the LMI of households.

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

***Housing Unit-*** An owner-occupied housing damaged or destroyed by an event.

***Low- to Moderate- Income (LMI) National Objective*** – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with GLO’s Adjusted Gross Income Methodology. The most current income limits, published annually by HUD, shall be used by a subrecipient to verify the income eligibility of each household applying for assistance at the time assistance is provided.

• Very low: Household’s annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;

• Low: Household’s annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size;

• Moderate: Household’s annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

***LMH National Objectives -*** Low Moderate Housing benefit where activities undertaken to provide or improve permanent residential structures that will be occupied by low/mod income households.

***LMHI National Objectives -*** Low Moderate Housing Incentive (LMHI) benefits LMI households that are used for a housing incentive award and tied to a voluntary buyout or other voluntary acquisition of housing owned or occupied by a qualifying LMI household. (This National Objective applies to Buyout).

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

***Minimum Property Standards (MPS)* –** The Minimum Property Standards (MPS) establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single family homes, multi-family housing and health care type facilities as outlined in HUD’s 1994 Edition Handbook (4910.1).

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

***Needs Assessment*** – An assessment that determines the type of housing programs that will be offered equitably and based upon an objective assessment of unmet needs in the affected community’s population.

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

***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 a subrecipient, as well as how the Program will be marketed, how Fair Housing Objectives will be achieved, 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 a single fiscal year, received by a subrecipient and directly generated from the use of housing CDBG-DR funds.

***Reconstruction*** – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. Activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new or standard MHU or stick-built/modular housing unit. The number of units on the lot may not increase, and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

***Rehabilitation*** – Repair or restoration of housing units in the impacted areas to applicable construction codes and standards.

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

***Subrecipient*** – Cities, Counties (in this design is Newton County), Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured contractors providing supplies, equipment, construction, or services and may be further restricted by Program Rules or other guidance including applications.

***Subrogation Agreement–***Means an agreement executed by the beneficiary agreeing to repay any duplicative assistance if they later receive other disaster assistance for the same purpose.

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

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

***Unsecured Forgivable Promissory Note*** – Is an agreement between the assisted beneficiary and subrecipient/GLO that requires applicants to comply for several terms during a set affordability period. At the end of the affordability period the terms are forgiven after they are met by the homeowner.

***Urgent Need National Objective*** – Activities designed to alleviate existing conditions for which the local government certifies are a serious and immediate threat to the health or welfare of the community, the conditions are of recent origin or recently became urgent, the local government is unable to finance the activity on its own, and other sources of funds to carry out the activities are not available.

# PROGRAM DESIGN

## **3A.** **Program Design Requirements**

## **3A.1** **National Objective**

The following national objective must be met by each applicant receiving 2015 funds or 2016 funds. The following national objectives apply to each year separately:

2015 Funds

* LMH Housing (Benefit Low- to Moderate- Income persons) (HAP)

2016 Funds

* LMH Housing (Benefit Low- to Moderate- Income persons) (HAP)
* LMHI ***-*** Low Moderate Housing Incentive (LMHI) benefits (Buyouts)
* Urgent Need – no more than 30% of 2016 applicants may meet this National Objective
* At least 70% of the 2016 funds must be used by applicants meeting the Low- to Moderate- Income person criteria.

## **3A.2 Needs Assessment**

In administering the CDBG-DR funds, HUD regulations requires that Newton County conduct a Needs Assessment to evaluate three core aspects of recovery – housing (interim and permanent, owner, rental, single-family and multi-family, affordable and market rate), infrastructure, and the economy (e.g., estimated job losses or tax revenue loss due to the disaster). By understanding where its critical needs lie, the County will be able to more effectively allocate the resources to the appropriate areas.

Newton County’s CDBG-DR Needs Assessment will include an analysis of HUD/FEMA demographic disaster victim data as recommended by GLO for the proportions of funding awarded that must be set aside to benefit each LMI subcategory. The Needs Assessment will determine the activities to be offered, the demographics to receive concentrated attention, and any target areas to be served. The GLO will assist Newton County with the analysis and provide applicable raw data needed to develop their needs assessment. To assist in its allocation of these funds, Newton County has completed a Draft Unmet Needs Assessment. The Draft Unmet Needs Assessment is a separate document that is available for review and comment at the Newton County Courthouse, and online at the Newton County website.

Applicants applying for disaster assistance are processed by Newton County and must meet certain eligibility standards to qualify for assistance. Eligibility standards are further discussed in the activity-specific housing guidelines. The Needs Assessment will set goals within the income brackets similar to the damaged units within Newton County’s impacted area. Deviations from goals are subject to GLO approval.

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

The final Unmet Needs Assessment also assists in prioritizing funds by type and location based on concentration of damage and community needs, with a particular focus on low and moderate-income areas, households with special needs and displaced populations. The **Draft Unmet Needs Assessment** has not yet factored in all appropriate resiliency measures worthy of consideration on order to avoid future repetitive losses at this time. The County recognizes that there will be updates to this data and therefore cautions that this is an estimate of need, not a statement of fact. Information regarding NFIP payout amounts, FEMA Public Assistance payment amounts, unidentified disaster impacted projects, and more will be continually expanding. Thus the Needs Assessment will need to be reviewed periodically and amended to incorporate additional funding sources and presently unknown needs that will be discovered as projects move forward.

## **3A.3 Environmental**

All sites must undergo a complete environmental review prior to any commitment of funds. The environmental review should 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 evaluation is complete.

## **3A.4 Proof of Event Damage**

### Policy Statement

For assistance activities, the unit must demonstrate that the damage or destruction to unit occurred by the event. The applicant must have occupied the damaged home as their principal residence on May 23 and May 24, 2015 and in October, 2015 in accordance with the Federal Register and FEMA notices issued for the DR-4223 and DR-4545 Disaster Declarations for the May 2015 and October 2015 flooding events and for DR-4266 for March 2016 Flood. All verification methods are subject to Newton County approval and must be consistent to demonstrate occupancy at the time of the storm.

### Method of Verification

Disaster damage can be documented by the following source documentation:

• FEMA, SBA or Insurance award letters

### Alternate Method of Verification

* In the event that the above-referenced documentation is not available and/or if an applicant was denied assistance by FEMA or SBA, assistance through the Newton County Single Family Homeowner Assistance Program may still be available. Applicants are not solely ineligible based on a denial by FEMA. GIS mapping data may be used to verify the location of an applicant’s home relative to known flooding limits.
* A Damage Assessment complete with photos of the damage and a written assessment of the damage by each photo taken must be performed and conducted by a certified or licensed inspector (MPS, TREC, or similar license) to specifically and clearly document event related damage via photographic evidence and detailed narratives. The damage assessment may also include a final cost of repair estimate. Damage to homes will be repaired according to International Residential Code (IRC), HUD’s Minimum Property Standards, Newton County CDBG-DR Rehabilitation Standards, and Newton County CDBG-DR Reconstruction and New Construction Design Standards. This inspection must be completed in accordance with GLO’s Damage Assessment Guidelines and must be supplied by Newton County as the GLO subrecipient that certifies the damage occurred as a result of the event.

• In the event that FEMA, SBA, or Insurance award letters are not available and an inspection report is inconclusive as to the cause of the damage, Newton County as the subrecipient must provide alternative evidence to GLO for approval prior to any assistance, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations.

## **3A.5 Size of Unit**

HUD guidelines provide occupancy policies that allow for two persons per bedroom as reasonable. Newton County shall follow the HUD HOME Program in determining household size.

Exceptions to this standard are based on the following factors:

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

• Persons of different generations (i.e. grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom. Note: All persons over the age of 18 are considered adults.

• Couples living as spouses (whether or not legally married) must share the same bedroom for issuance size purposes.

• A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full time live-in aide must be documented.

• Individual medical problems (e.g. chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger sized unit and related subsidy must be provided and verified as valid.

• In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. If individual circumstances warrant special consideration, a waiver may be approved.

• To comply with the standard, Newton County must follow and document the reason for a requested exception as noted in the issuance size exception section below.

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

• Pregnant women: Children expected to be born to pregnant women are included as members of the household.

• Adoption: Children who are in the process of being adopted are included as members of the household.

• Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.

• Joint/Shared Custody Arrangements: In most instances children in joint/shared custody arrangements should occupy the unit at least 50% of the time. However, if individual circumstances merit special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions. The custody arrangement may be verified by the divorce decree/legal documents or by self-certification.

• Custody of Children in Process: Children, whose custody is in the process of being obtained by an adult household member may, be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (i.e. within three months) must be provided in order for such child to be included.

• Children Temporarily Absent from Household:

o Children temporarily absent from the home due to placement in foster care may be included as members of the household. Evidence that there is a reasonable likelihood that the child will return to the household (i.e. within three months) must be provided in order for such child to be included.

o Children who are away at school but live with the family during school recesses are included as members of the household.

**Issuance size exceptions may be granted by Newton County**

• Chronic Illness – An individual with an ongoing health problem who requires at least part-time assistance on a regular basis;

• Pending Child Custody cases – Includes, but is not limited to, children in foster care who may be returning home, foster children, pending adoptions, etc;

• Parental Custody Situations – Children physically occupy the unit less than 50% of the time as documented by a divorce decree and/or self-certification.

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

## **3A.6 Timeliness of Applicant Status**

Newton County, as a GLO subrecipient, will ensure timely communication of application status to applicants who have applied for disaster recovery assistance. Timeliness means multiple methods of communication, including, but not limited to, email and telephone communications, letters, case manager, toll free number, or other means that provide applicants for recovery assistance with timely information to determine the status of their application for recovery assistance at all phases. The Newton County operational procedures will indicate methods for communication to be used. Each applicant will have an assigned Case Manager to assist them through the application and eligibility process. The County will establish a 1-800-NUMBER to aid applicants through telephone communications. Newton County will ensure the accessibility and privacy of individualized information for all applicants, frequency of applicant status updates and personnel or units responsible for informing applicants of the status of recovery applications.

## **3A.7 Affirmatively Furthering Fair Housing (AFFH) Review**

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, socio economic 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.

## **3B. Housing Assistance Caps**

Unit Costs must be necessary, reasonable, allowable, and allocable. Refer to 2 CFR Part 200 Subpart E.

|  |  |  |
| --- | --- | --- |
| **Project Type**  | **Reconstruction/ New Construction**  | **Rehabilitation**  |
| **Stick-Built Base Unit**  | \*Local Composite Bid  | Xactimate pricing *Max Award* $65,000  |
| **Replacement With Energy Efficient Manufactured Housing Unit (MHU)**  | \*$95,000 |  |
| **Non-Coastal Elevation**  | $35,000 | $35,000  |
| **Water Well**  | $30.000 | $30,000  |
| **Septic System**  | $25,000 | $25,000  |
| **Accessibility**  | $20,000 | $20,000  |
| **Abatement**  | $20,000 | $20,000 or actual costs established by Xactimate cost estimate |
| **\*\*\*Project Soft Costs**  | \*\*\*Actual and max $10,000 | \*\*\*Actual and max $7,000 |

\*Local Composite Bid

All program units will require a local composite bid. Composite bid costs are set costs resulting from locally procured builders and include the builder's house plans to be used in the program. Builders will have their architect and engineering firm design or modify the plans as necessary for the program. This is included in the architecture costs of a unit. Note if floor plans are re-used, there shall be a one-time fee for the original production of the blueprints. That fee cannot be charged for every house built from that floor plan going forward. Only a nominal fee for producing copies of the floor plan will be allowed. Builder plans will be provided to Newton County for review and approval.

\*\*\*Project Soft Costs

Project soft costs are direct costs specifically related to the replacement of an MHU, rehabilitation, reconstruction, or new construction. These costs include site-specific utility disconnect or reconnect fees, permits, elevation certificate work, topographic survey costs, damage assessments/inspections, and code inspections. Additionally, one year of homeowner insurance(s) may be purchased for each unit. If a property was damaged by a flood but was outside of the 100-year flood plain, Newton County may purchase flood insurance to reduce the economic risk from future floods. Builder’s risk, general liability, and bonding requirements are included the price of each reconstructed home or rehabilitated home. Newton County may grant an exception to increase the unit soft cost for unexpected or unforeseen costs during construction.

Additionally, a change order request must be submitted with the necessary support documentation to warrant an exception.

## **3C. Affirmative Marketing Outreach Plan**

In administering the CDBG-DR funds, Newton County is committed to affirmatively furthering fair housing through established affirmative marketing policies and procedures. This plan is based on the U.S. Department of Housing and Urban Development (HUD) regulations and summaries outreach and communication efforts to reach eligible survivors from all racial, ethnic, national origin, religious, familial status, the disabled, “special needs”, gender groups and also low and moderate income persons and areas. For full details, please see Newton County’s CDBG-DR Affirmative Marketing Outreach Plan available as separate document.

## **3D. 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 Newton 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 contract between Newton County and the GLO. Newton County is subject to GLO’s Section 3 Policy.

**2. Applicant Data**

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

• Applicant household’s income;

• Household’s income as a percentage of area median family income 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.

**3E. Procurement Requirements**

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

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

• 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, Newton County will clearly identify any items included in the bid/purchase that are not included in the CDBG-DR contract. Newton County may utilize HUD’s CDBG-DR and Procurement guidance.

Newton County will 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 the U.S. Department of Housing and Urban Development (HUD). Newton County will also 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.

Newton County may request that the GLO review draft solicitations or responses prior to award for compliance. Newton County will execute a contract to document the work to be completed, the agreed price, and contractor or provider’s required compliance with all applicable federal, state, and local requirements that must be followed. If there is a conflict between federal, state, and local laws and regulations regarding procurement, the more stringent law or regulation will apply.

## **3F. Site and Development Restrictions**

**3F.1 General Standards**

All housing to be constructed in the Program will be required to meet Minimum Property Standards detailed under 24 CFR §200.925, Minimum Construction Standards, IRC code, Newton County CDBG-DR Rehabilitation Standards or Newton County CDBG-DR Reconstruction Design Standards, Fair Housing Accessibility Standards, and Section 504 of the Rehabilitation Act of 1973.

**3F.2 Constructed or Substantial Improvements**

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

**3F.3 Standards for Rehabilitation of Non-Substantial Damaged Residential**

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

**3F.4 Minimum Property Standards (MPS)**

CDBG-DR assisted housing that is construction or rehabilitation (e.g. acquisition) must meet all applicable State and local housing quality standards and code requirements, and if there are no such standards or code requirements, the house must meet HUD’s Minimum Property Standards in 24 CFR §200.925 or 24 CFR §200.926.

**3F.5 Green Building**

New Housing Construction in Newton County must include compliance with the following Green Standards: ENERGY STAR (Certified Homes or Multi Family High-Rise);

A certificate of compliance issued as part of the chosen standard’s compliance process will be required to be submitted as proof of compliance. Homes in high wind and hurricane areas must also be built in compliance with FORTIFIED Home© standards or any other equivalent comprehensive resilient or disaster resistant building program. These standards also apply to rehabilitation projects that fall within the HUD definition of substantial rehabilitation.

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

**3F.6 Accessibility**

Single Family Housing Units must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and the GLO’s Visitability Standards.

**3F.7 Elevation Standards for new construction, repair of substantial damage, or substantial improvement**

Newton County will apply the following elevation standards 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). All structures, as defined under 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined under 24 CFR 55.2(b) (10), must be elevated with the lowest floor, including the basement, at least 2 feet above the annual floodplain elevation.

**3F.8 Resilient Home Construction Standards**

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

## **3G. Conflict of Interest**

The conflict of interest regulations contained in the contract between Newton County and the GLO prohibit local elected officials, its 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 is able to consider granting an exception to the conflict of interest provision should it be determined by the GLO that Newton County has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. Newton County should not enter into a conflict of interest until justification has been received and approved by the GLO in accordance with applicable procurement laws.

## **3H. Complaint/Appeal Process**

1. General Policy

Newton County through the assistance of GLO will be responsible for responding to complaints and appeals in a timely and professional manner. The appeal process will be posted on the County’s website and all applicants will receive a copy of the Program’s appeal process. Newton 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 will respond to the complainant or appellant within three (3) business days where practicable. For expediency, Newton County will utilize telephone communication as the primary method of contact; however, email and postmarked letters will be used as necessary.

2. Responsibilities

Newton County has identified for 2015 applicants that its consultant, APTIM Environmental and Infrastructure (APTIM), will be tasked with handling all homeowner inquiries. For 2016 homeowner inquiries, the County will task its consultant, Gary Traylor & Associates, to handle.

Each consultant is responsible for (1) determining whether or not complaints and appeals relate to the business or authority of Newton County, (2) ensuring that a response to all complaints and appeals are within the appropriate time frame (a response must be provided within 15 working days of the receipt of the complaint), and (3) ushering all complaints and appeals through to a resolution. Newton County has established an internal procedure for handling incoming complaints, including a complaint escalation process in order to ensure that complaints are handled at the earliest stage in the process. All appeals or complaints will be routed through the appropriate consultant firm initially. If the issue is not resolved, it will be escalated to the County Commissioner’s Court. If no resolution is obtained at this stage, the issue will be escalated to the GLO for final resolution.

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.

## **3I. Audit Requirements**

Newton County, as the GLO subrecipient, is subject to receiving funds which exceed the thresholds set in 2 CFR § 200.501, Audit Requirements. Newton County shall have a single or program specific audit conducted in accordance with the applicable federal requirements. For-profit subrecipient audits should incorporate the program specific compliance guidance issued by the U.S. Department of Housing and Urban Development. Newton County does not anticipate having any subsequent entities receiving pass-through funds which meet the definition of a subrecipient. In the event, this occurs, audits requirements as detailed above will apply.

## **3J. Changes, Waivers, and/or Conflicts**

Newton 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 posting of the waiver request for a public comment period of at least seven (7) days. The waiver request must demonstrate why the housing guidelines are not practicable for Newton County. In the event that 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.

# SINGLE FAMILY HOMEOWNER ASSISTANCE – REHABILITATION, RECONSTRUCTION, NEW CONSTRUCTION

## **4.A Case Management**

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

Newton County Case Managers will work to assist applicants from inception to close out under the Single Family Homeowner Assistance Program. A single point of contact will be assigned to each applicant to ensure that applicants have the immediate contact information to be successful in their long-term recovery efforts. As survivor applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each survivor should be counseled and made aware of their application status.

**Application Intake and Counseling**

Included in this program design is the mechanism to prevent any pre-screening of applicants without a written application being taken therefore anyone who makes an inquiry about the program is provided a Newton County application package to complete. All such inquiries will be reported in a format to be provided by GLO. All documentation submitted by the applicant must include a signed statement, verifying that the information provided is true, complete and accurate. Any false, fictitious, or fraudulent information, or the omission of any material, may subject the applicant to criminal, civil or administrative penalties. Program documents include the following statement:

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

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

## **4.B Assisted Homeowner Priority and Eligibility Requirements**

### Policy Statement

The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not assure assistance since a prioritization strategy within LMI economic subgroups is required that is consistent with GLO Program Design requirements and it is expected that there will be more eligible applicants than can be served with available funds. Newton County is establishing the following priorities for applicant selection:

**Priority 1:** Low-to-moderate income 30 percent and below

**Priority 2:** Low-to-moderate income 50 percent and below

**Priority 3:** Low-to-moderate income 80 percent and below

2016 Funds – All households with annual AMI of 80 percent and below will have a priority over households meeting the criteria for Urgent Need National Objectives. All households that received damages for both 2015 and 2016 flood event will be assisted with 2015 funds if available.

## **4B.1 Eligibility**

### Policy Statement

All applicants must meet HUD National Objective criteria to be eligible for assistance. To meet this the Low-Moderate Income eligibility requirement, applicant households must earn no more than **80%** of the Area Median Family Income (AMFI). HUD publishes these AMFI levels annually, and eligibility will be based on the most recently published HUD income limits. This program will verify income received by all household members using the Internal Revenue Service (IRS) Form 1040 series method. Documents used in verifying household income must be current as of the date the application is signed.

|  |
| --- |
| Newton County, Texas 2018 Income Limits Summary |
| Family Size | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| Low (80%) Income Limits | **$31,650** | **$36,200** | **$40,700** | **$45,200** | **$48,850** | **$52,450** | **$56,050** | **$59,700** |

Income sources include but are not limited to the following:

* Tax Return
* Wages
* Benefits(Social Security, Pension or Retirement, annuity)
* Self Employed/Business Income
* Rental Income
* Unemployment
* Alimony/Spousal Support/Maintenance
* Other potentially taxable income
* Lump sum or on time potentially taxable receipts (capital gains, lottery winnings etc.)

### Method of Verification

a. IRS Criteria and Definition

Taxable income is the gross income of an individual or corporation, less any allowable tax deductions. Your taxable income is the amount of your income that is subject to income tax, as defined in the Internal Revenue Code Section 63. Jan 23, 2012.

b. Determining Household Composition

All persons living in the household are part of the household unless they are specifically excluded.

**Included persons:**

1. Head of household, spouse, or co-head of household
2. Dependents
3. A dependent is never the head, spouse, or co-head. A dependent is a family member who is under 18 years of age, disabled or a full-time student.
4. Prison inmates, if scheduled to be released within 12 months
5. Children in joint custody, if in home at least 50% of the time or more
6. Military personnel, but only if head, spouse, or co-head. Combat/Hazard pay should not be counted as income
7. Temporarily absent family members. Gross income and income from assets of temporarily absent family member must be counted in household income, regardless of the amount of income the absent member contributes to the household.
8. If an applicant is separated from their spouse, the applicant’s application will be used as proof that the estranged spouse is permanently absent from the household.

**Excluded persons:**

1. Live-in aides
2. Children of live-in aides
3. Foster Children
4. Foster Adults

## **4B.2 Proof of Ownership**

### Policy Statement

The applicant must be an individual who owns the property to be repaired, rebuilt, or replaced due to damage from the event.

### Method of Verification

Ownership can be documented as follows:

a. 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. 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, Newton 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 and Community Affairs (TDHCA). Once this is done, the lender can transfer the lien from the mobile home to the new property.

b. For the purposes of federally funded disaster recovery programs, in the absence of a valid deed, ownership may be proven in the following manner:

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

a) There is nobody else who has the right to claim ownership;

b) Anyone who has a right to claim ownership has agreed to participate in the program; or

c) Anyone who has a right to claim ownership could not be located (after reasonable attempts to contact).

2. The alternative documentation that can be provided instead of a copy of the deed includes (in order of preference):

a) Tax receipts;

b) Home insurance;

c) Utility bills; or

d) Other documentation deemed to be acceptable by Newton County and approved by GLO.

3. 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 www.texasrebuilds.org.

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

### Ineligibility Criteria

The following special circumstances related to the owner’s proof of ownership are not eligible:

1. Contract for deed
2. Rent to own
3. Bond for deed
4. Lease to own
5. Usufruct

## **4B.3 Principal Residency**

### Policy Statement

The applicant must have a primary ownership interest in the property as of the date of the disaster and the applicant must presently own the property. The unit to be rehabilitated, reconstructed, or replaced must have been the applicant’s principal residence during the time of the event.

### Method of Verification

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.

### Ineligibility Criteria

Vacation homes and rental properties are not eligible for assistance under Newton County’s Single Family Homeowner Assistance Program. Renter-occupied dwellings are not eligible for this program.

## **4B.4 Property Taxes**

Applicant must furnish evidence that property taxes are current, have an approved payment plan, or qualify for an exemption under current laws. Applicants 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 applicant entered into a payment plan with the applicable taxing authority.

• 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.

## **4B.5 Duplication of Benefit (DOB) Review**

Each applicant will be reviewed to determine if previous funding was appropriately used on the home. The applicant must have an unmet need to move forward in the program. Newton County will determine the applicant’s unmet needs prior to calculating the applicant’s DOB. Applicants must provide insurance, FEMA, SBA, and any other type of documentation for funds that were received. Additionally, Newton County will verify that the submitted data is accurate to the best of their abilities (e.g. validate against FEMA data).

Using a GLO-approved DOB Calculation Form, if the prior assistance received exceeds the documented repairs, this calculated amount becomes the DOB amount. To reconcile the DOB amount owed, the applicant can provide 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.).

### Policy Statement

Newton County has developed and will utilize the following policies and procedures to prevent any duplication of benefits when determining an applicant’s unmet need. Federal law prohibits any person or entity from receiving Federal funds for any part of structural damage or loss for which they have received funding from another source to the same purpose or effect to recover from the floods. The combination of various forms of Federal assistance in this manner is referred to as a "Duplication of Benefits" (DOB). Any previous benefit will result in a reduction of financial assistance offered for repairs made on applicant's behalf. The following are sources of funding assistance provided for structural damage and loss that are considered DOB:

* FEMA Individual Assistance (lA);
* FEMA National Flood Insurance Program (NFIP);
* Private Insurance;
* Small Business Administration (SBA); and
* Other sources.

Assistance received in the form of services (instead of funds) for property repairs from any source is not considered DOB. Any additional benefits received by the applicant after the assistance is awarded must be applied to reduce the award amount. Funds received from any source, including, but not limited to, flood insurance, FEMA, and hazard insurance that were previously used to cover repairs to the property will not reduce the amount of assistance if the documented prior repair expenditures are greater than or equal to the amount of assistance that was received.

### Method of Verifications

Newton County Duplication of Benefit (DOB) Policy and Procedures

Newton County will perform an on-site validation inspection and will utilize Xactimate cost estimating software to document the cost and type of prior repair conducted. For example, if the cost of prior repairs was greater than or equal to the funds previously received for those repairs, then the funds available for the CDBG-DR program will not be reduced. If the cost of prior repairs was less than the funds received for those repairs, then the funds available for repairs will be reduced by this difference or the applicant can elect to pay back the difference.

All program applicants will be required to sign a Subrogation Agreement upon application, permitting Newton County to recover any future insurance payout that may be issued to the applicant after the time of original award, for the applicable disaster under DR-4223 and DR-4545. Where additional benefit is received by the applicant and paid out, Newton County, has the right to recover any payment received by the applicant or may enforce the terms of the Subordination Agreement.

Recapture provisions are as follows:

Newton County will monitor and complete a DOB reconciliation at project close-out to ensure no funds are subject to recapture.

If an applicant is currently appealing or suing its insurance company, recapture of future funds will be pursued by Newton County. Additionally, monitoring procedures to include priorities and frequency to comply with an executed Subrogation Agreement.

## **4B.6 Child Support**

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

## **4B.7 Damage Assessment**

All homes 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. The inspection will include documenting any repairs that have been performed by the applicant utilizing private funds prior to submitting the application for the Program. The County will conduct an unmet need review (including requirements for elevation) to determine whether the applicant should proceed in the application process.

## **4B.8 Environmental Review**

Newton County will perform an environmental review on the property prior to federal funds being committed by Newton County (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 should 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 the floodway.

## **4B.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 a 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.

## **4C. Property Eligibility Requirements**

The following threshold requirements are applicable to the assisted unit and must be met for the applicant to receive assistance.

• Unit Characteristics – Only single family owner-occupied units within Newton County’s jurisdiction will be eligible for the Newton County Single Family Homeowner Program.

• Manufactured Housing Units (MHUs or mobile homes) are NOT eligible for rehabilitation Activities. Upon verification of eligibility and flood damage, all MHU projects will proceed to Reconstruction. Reconstruction of MHUs will consist of replacing the MHU with another MHU or a stick-built home that will meet the current needs of the family or individual.

## **4D. Improvements**

## **4D.1 Types of Improvements**

• Improvements needed to meet HUD Section 8 Existing Minimum Property Standards and Cost-Effective Energy Measures are eligible improvements.

• Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by GLO in cases where safety or the structural integrity of the house is involved.

• Improvements will include, as necessary, lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency, or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.

• Ranges, refrigerators, and other necessary appliances are eligible items.

• Documentation to support non-traditional housing costs because they are required by local codes or homeowner associations, must be submitted to the GLO for approval.

• Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.

• Assistance will not be used for luxury items, including but not limited to, garage door openers, security systems, swimming pools, fences, and television satellite dishes.

• Garages, fences, and brick or masonry are not generally eligible unless required by jurisdictional code set forth by the city, county, and/or a homeowner’s association. Removal of these items for purposes of construction needed to complete the project is allowable.

## **4D.2 Supplemental Improvements**

• All debris, abandoned vehicles, and buildings that pose a safety and/or health threat, as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. The applicant will remove derelict personal property.

• All electrical components must be inspected including service, meter, wiring, and fixtures, even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.

• All homes must be equipped with a smoke detector installed in conformance with the one and two-family dwelling code.

• Rehabilitated homes inhabited by handicapped or elderly persons must be analyzed as to the special physical needs of such persons. Improvements, such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas, must be installed, if appropriate.

• If a home is to be reconstructed or a replacement home provided, the original home must be removed from the site and properly disposed in a sanitary landfill.

## **4E. Inspection Requirements**

Each project will require an inspection(s) during the lifecycle of the project. The required inspections are dependent on the activity type (e.g. Reconstruction, Rehabilitation, etc.), which are outlined below. Further details regarding the inspections are included under the specific activity types in title 4G. Housing Project Activity Types of this guidance. The Program will only pay for one inspection per activity per phase outlined below. Any additional inspection costs will be the responsibility of the contractor building the home.

|  |
| --- |
| Single Family Housing Inspection Requirements  |
| **Application Type**  | **33%** | **50%** | 66% | **Final Inspection** |  |
| Reconstruction  | Yes | No | Yes | Yes |  |
| Rehabilitation  | No | Yes | No | Yes |  |
|   |

## **4F. Project Closeout/Affordability Monitoring Requirements**

Approved projects will require affordability note monitoring and Land Use Restriction Agreement Monitoring. For homeowner assistance activities, Newton County will consider setting a budget to accommodate the necessary work to perform the monitoring requirements under the Unsecured Forgivable Promissory Note for three (3) years. To ensure compliance with the requirements of the GLO Form 13.09 executed with the homeowner, Newton County will perform at a minimum an annual check to confirm all promissory note commitments are in place through the term of the GLO Form 13.09. Insurance notice of default should be documented and followed up on as they are received by Newton County. Newton County will use the GLO Monitoring Process.

The process will include requiring applicants to name Newton County on the insurance certificate in order to receive notification in the event of cancellation of the policy. Each applicant is required to submit a Declaration of Insurance annually for 3 years after project close-out.

## **4G. Housing Project Activity Types**

## **4G.1 Rehabilitation, Reconstruction or New Construction**

***a. Overview***

Newton County is carrying out only a Single Family Homeowner Assistance Program therefore all 2015 benefits will only be provided to low- to moderate- income (LMI) applicants. No less than 70% of the 201 applicants must be low-to-moderate income, and up to 30% of applicants for 2016 may be determined eligible if they meet the Urgent Need National Objective. Therefore this is the principal National Objective approved for the Disaster Recovery Single Family Homeowner Program. Eligible activities, which are defined in the definitions section of the guidelines, are as follows: rehabilitation, reconstruction, new construction, and associated elevation and demolition charges. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

Newton County’s program implementation begins with determining the survivor’s unmet needs for the rehabilitation, reconstruction, or new construction of survivor’s home and in accordance with its approved Newton County CDBG-DR Needs Assessment and Newton County CDBG-DR Marketing Outreach Plan (provided under separate document). This determines how this housing activity meets the types of housing needs experienced by the affected population and the demographics to receive concentrated attention.

Rehabilitation or Reconstruction assistance may be offered to survivors. Based on the extent of damage, survivors may be eligible for rehabilitation or reconstruction of their homes.

After validation of a successful final inspection, the builder will submit a Building Contractor’s Request for Payment, Form 11.03. The 11.03 Form is signed by the builder, homeowner, inspector, and the Newton County Representative.

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

***b. Housing Standardization***

For new and reconstructed homes, construction specifications (for 2, 3, and 4-bedroom homes with total square footage ranges) will be developed by Newton County. Each home must be constructed in accordance with the Program’s design standards and local code. Basic square footage (within ranges see Size of Units below), room requirements, building materials, and general specifications will be standardized for any home newly constructed or reconstructed with CDBG-DR funding. Elevation options will be developed by Newton County. The standardized specifications will then be put out for bid locally. House plans become property of Newton County to use for possible future federal funding. Plan cost should only occur once and may be used throughout the implementation of the housing recovery program.

***c. Visitability Checklist***

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

• At least one 36” entrance door (preferably the main entrance) is on an accessible route served by a ramp or no-step entrance.

• Each interior door is at least a standard 32” door, unless the door provides access only to a closet of less than 15 square feet.

• Each hallway has a width of at least 36” and is level with ramped or beveled changes at each door threshold.

• Each bathroom wall is reinforced for potential installation of grab bars.

• Each electrical panel, light switch, or thermostat is not higher than 48” above the floor.

• Each electrical plug or other receptacle is at least 15” above the floor.

• If the applicable building codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48” above the floor inside the building.

***d. Size of units***

Guidance for the preferred amount of people per bedroom is discussed in the Program Design section of these guidelines. Newton County determined total square footage ranges are as follows:

• 2 bedroom/1 bath home: 1,000 – 1,100 SF

• 3 bedroom/2 bath home: 1,200 – 1,300 SF

• 4 bedroom/2 bath home: 1,400 – 1,500 SF

***e. Rehabilitation Caps***

Rehabilitation of existing homes damaged by the event is capped at $65,000. Additional expenses, such as elevation, are allowed as limited by the Housing Assistance Caps as described in the Program Design section of these guidelines. Estimated rehabilitation costs exceeding this cap will be recommended for reconstruction. An estimated cost of repair (ECR) using Xactimate will determine if the unit is to be rehabilitated or reconstructed. Newton County will utilize the definition of “substantial improvement” when determining damage and final unmet need calculations as listed in Section 2.

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

***f. Construction***

1. If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead based paint. All units will be tested for asbestos containing materials (ACM). If present, the removal and abatement of lead based paint and ACM will be considered in the costs of rehabilitation under the Abatement cap as described in the Program Design section of these guidelines. Lead based paint and ACM inspections provide two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation, and (2) the health risks to residents, particularly children in the case of lead based paint, may be severe so any presence of lead based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.

2. A pre-construction conference between the assisted homeowner, contractor, and the Newton County representative will be conducted to ensure all parties are in agreement about the work to be completed. The pre-construction conference will consist of two parts:

a. Part 1 – Basic contract and procedural issues to include begin and end dates of the contract, terms of the contract, payment schedules and procedures, inspection procedures and requirements, responsibilities of the contractor and the assisted homeowner, change order procedures, payment requests and procedures (escrow account), lead-based paint requirements, role of the Newton County representative, complaint and conflict resolution procedures, and other programmatic procedures.

b. Part 2 – A walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding clean up, utility disconnections, and temporary relocation (if applicable) by the homeowner prior to the work and the contractor after the work. Newton County will not be providing funds for temporary relocation unless it is determined by the Commissioner’s Court to be an extreme hardship need.

3. Housing that is constructed or rehabilitated with CDBG-DR funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code 2012 or higher (IRC) (with windstorm provisions) and International Building Code (IBC) must also be met where they apply. All rehabilitation projects must comply with Minimum Property Standards (MPS) and all applicable local codes and ordinances. Additional codes and standard requirements are detailed in the Program Design section of these guidelines.

***g. Construction Agreement***

The construction agreement for stick-built homes will be a tri-party agreement between the Rehabilitation/Reconstruction Contractor, the assisted homeowner, and Newton County.

***h. Property Inspection and Final Payment***

1. Preliminary Inspections

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

2. Progress Inspections

a. Progress inspections performed by Newton County (50% and Final) serve three primary purposes: 1) to evaluate the contractor's progress; 2) to confirm that local building codes or standards have been satisfactorily met; and 3) to confirm that all requirements of the contract have been met to all parties' satisfaction.

b. At key stages in the project, Newton County will schedule inspections. Key stages are times when work such as wiring and plumbing are completed and still exposed prior to the wall or flooring being replaced; or when work being performed by a specialty subcontractor, who will be present for only a short time, is nearing completion.

c. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the processing of the contractor's payments.

d. Newton County requires that electrical work be completed by an electrician with an approved license from a city or cities that issue such licenses.

e. A master licensed plumber must perform all plumbing work.

f. Building permits are required for all applicable construction work if such permits are issued.

3. Final Inspections

a. As in all construction projects, a punch list will be developed toward the end of the job. A punch list is a listing of items written as specifications, which constitute the work necessary to complete the contract. The contractor and the homeowner can develop the punch list prior to the final inspection. The punch list will represent work documented on the work write up that was not completed. The list will not add work that had not already been identified. All punch list items shall be completed by the contractor prior to requesting a final inspection.

b. When work is nearing completion, including any punch list times, the contractor will notify Newton County of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. The final inspection will be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all single family homeowner activities, and clean-up should be closely checked for completion. Newton County and the homeowner will sign off on the final inspection report. In the event the Program inspector determines that all repairs or construction are satisfactorily completed, but the homeowner is not in agreement, the inspection results will be reviewed by an alternate Program inspector. If the alternate Program inspector also determines that all work is completed in accordance with Program requirements and the homeowner continues to disagree, Newton County reserves the right to execute an administrative close-out approval in order to release funds to the contractor.

c. Newton County will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.

4. Certificate of Completion and Owner Acceptance

After all items on the punch list have been satisfactorily completed, home has passed the final inspection, and all warranties issued, the project can be brought to final resolution. For purposes of accountability, the Single Family Homeowner Program must have written documentation that the assisted homeowner and Newton County have accepted the work (the Final Inspection requires signatures from the homeowner and Newton County).

5. Warranties and Retainage

a. When the final inspection determines that the work is completed in accordance with the contract, Newton County will submit the contractor's request for payment and upon receipt of the funds, disburse the funds to the contractor. Newton County shall retain 10% of the funds of all interim draw payments. Following a satisfactory final inspection, the retainage will be paid to the contractor upon availability of grant funds in no less than thirty (30) days from the final inspection date.

b. Should the contractor be doing other work under the Newton County Single Family Homeowner Program and fail to correct any warranty problems, the issue will be completely documented in the project file and no other payments will be made to him/her until such problems are corrected. Failure to respond in an acceptable manner to requests for warranty work may affect a builder’s future assignment opportunities.

c. All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his/her work under this contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation or new construction contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed two (2) weeks to respond. Warranty notices must be issued in advance of expiration (e.g. six (6) months and one (1) month prior to expiration date of the warranty).

d. In addition to the one-year warranty referenced above, the contractor shall provide a third party extended warranty that shall cover, at a minimum, the structural integrity and the foundation for a period of ten (10) years. Newton County will inform the applicants at closing what the home warranty terms are and when they expire.

## **4H. Program Requirements**

**Forgivable Promissory Note**

• Single Family Homeowner assistance shall be provided in the form of a Forgivable Promissory Note (Note). The Note (Form 13.09) may be found on the GLO’s www.texasrebuilds.org website. Newton will place a forgivable lien on the property for a period of 3 years.

• Newton County will be required to execute the Note with assisted homeowners for all homeowner activities under the CDBG-DR Program. The GLO will not be a party in the Note’s execution. The Note may be required to be recorded in the County Courthouse records for Affordability Monitoring by Newton County. The Note will require the homeowner to comply with the following items:

1. All applicants must verify an ownership interest in the home at the time of the flood event(s) as validated by a review of the Newton County Appraisal District (NCAD), or other methods as described previously.

2. Assisted homeowners are required to maintain principal residency in the assisted property for three (3) years. Cash out refinancing, home equity loans, or any loans utilizing the assisted residence as collateral are not allowed for three years. A violation of this policy will activate the repayment terms of the Note.

3. Taxes are to be paid and in good standing for the properties assisted. Homeowners are allowed to execute a payment plan (a copy of the payment plan shall be provided to Newton County.)

4. Insurance must be maintained at the assisted property. Hazard, flood (if applicable), and windstorm (if applicable) will be monitored for the three-year period. Flood Insurance must be maintained for the life of the property. Newton County shall be listed on the Insurance Certificate to be notified in the event of cancellation.

5. Transfer notice of requirement to obtain and maintain flood insurance for property to any subsequent owners of the property. Evidence of this requirement must be maintained in disclosure documents executed by the homeowner.

Newton County will monitor assisted households for compliance with the terms of the Note. Homeowners who default on the terms of the Note will repay any funds remaining on the note and may be reported to credit bureaus and the Texas Office of the Attorney General.

• If the assisted homeowner continues to occupy the home until the term of the note expires, the loan is forgiven and conditions are cleared 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 three-year forgivable loan period, the repayment terms of the Note will be enforced, except in those cases addressed below.

1. Migrant farm workers who are recipients of a home under this program, may, when proven to be performing work for not more than six 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 Newton County’s CDBG-DR contract period, only LMI persons may reoccupy the unit until the contract is administratively closed by the GLO or the CDBG-DR contract period expires, whichever is earlier.

2. Accelerated Forgiveness in Certain Cases – In the event of (1) the death, (2) relocation 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, Newton County 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 Newton County. Any waiver of this policy must be given by the GLO.

## **4I. Files and Reports**

Newton County, as the GLO subrecipient, will maintain accurate Single-Family Homeowner Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of 5 years after the GLO closes their respective 2015 and 2016 grants with HUD. 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.