

THE CITY OF HOUSTON, HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT



NEW HOME DEVELOPMENT PROGRAM GUIDELINES

Version 3

Effective Date: August 12, 2022

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Version	Date Adopted	Changes
1.0	July 25, 2018	New Home Development Program Guidelines
2.0	April 1, 2020	First Amended and Restated New Home Development Program Guidelines
3.0	August 12, 2022	<ul style="list-style-type: none"> • Added liquid asset limit \$30,000 to homebuyer eligibility • Rate of forgiveness chart updated • Added additional regulation requirements • Added contractor assignment method and construction plan options • Added CLT Transactions, CLT Improvements, CLT Improvement Buyers, Death of Homebuyer in a CLT Transaction

I. Definitions

100-Year Flood Plain: means land that is predicted to flood during a 100-year storm, which has a 1% chance of occurring in any given year, as determined by the United States Federal Emergency Management Agency (or FEMA).

Acquisition and Development Agreement: The Amended and Restated Acquisition and Development Agreement, dated May 5, 2020, between the City of Houston (“City”) and the Houston Land Bank (“HLB”) (approved by City Council pursuant to Ordinance No. 2020-279) and as may be further amended, providing for the development of new single-family homes on land owned or acquired by HLB and the sale of the completed homes to eligible homebuyers under the New Home Development Program (“NHDP” or “Program”).

Affordability Period: A period of time a Homebuyer is required to live in a home purchased under the Program as their primary residence, as stated in the Section entitled “Recapture Restrictions” in these NHDP Guidelines (“Guidelines”). (See below).

Affordability Restrictions. Land use restrictions, included in either the purchase agreement, loan agreement, or deed of trust related to the NHDP Loan, that require the household income of a Homebuyer, a CLT Improvements Buyer, or their respective transferee be at or less than the Low-Moderate Income.

Area Median Family Income (AMFI): Area Median Family Income is determined annually by HUD for the City of Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA).

City’s Deed of Trust: a deed of trust issued by HLB in favor of the City securing a non-recourse promissory note in the amount of the cost of construction of a home constructed under the Program.

CLT: An existing community land trust, such as the Houston Community Land Trust or one to be created, operating in the City, organized as a Texas nonprofit corporation under Texas Business Organizations Code §22.001(5) and/or any applicable section of the Local Government Code, and approved by HCDD for participation in the Program.

CLT Ground Lease: A ground lease of CLT Land to a CLT Improvements Buyer from a CLT that owns the land, with terms intended to preserve the affordability of such land and improvements.

CLT Improvements: The improvements located on CLT Land (see definition below) that will be conveyed to a CLT Improvements Buyer in which the CLT Land is leased to a CLT Improvements Buyer pursuant to a CLT Ground Lease.

CLT Improvements Buyer: A Homebuyer of the CLT Improvements on CLT Land that is leased from an CLT pursuant to a CLT Ground Lease having terms intended to preserve the affordability of such improvements.

CLT Improvements Buyer Subsidy: The reduction in the sales price and market value of the improvements on CLT Land that are sold to a CLT Improvements Buyer and subject to the requirements in the CLT Ground Lease, the requirement that the property remain affordable for at least 99 years and the restrictions on the gain which the CLT Improvements Buyer may receive if such buyer sells the improvements to another qualified CLT Improvements Buyer.

CLT Land: Land that may be conveyed without charge by HLB to a CLT, subject to use restrictions and with a requirement that the CLT lease the land to a CLT Improvements Buyer subject to requirements that are intended to preserve the affordability of the land and improvements for at least 99 years.

CLT Subsidy: The difference between (i) the proceeds that the City would receive from the sale of both the CLT Improvements and CLT Land to a Homebuyer and (ii) the proceeds that the City would receive from the sale of CLT Improvements to a CLT Improvements Buyer and the conveyance of the CLT Land to a CLT.

Completed Property: A Non-Strategic Property (see definition below) and the completed improvements thereon.

Contractor: An entity, selected by HCDD pursuant to a request for proposal in accordance with the bid laws of the State of Texas, to which the City provides funding for the construction of new homes to be sold under the Program.

Director: The Director or Interim Director of HCDD or their designee.

Floodway: means a channel and adjacent areas under water during the overflow of water caused by flooding.

Grant: The grant of Tax Increment Reinvestment Zone (“TIRZ”) Affordable Housing Funds to be advanced from the City to HLB, pursuant to the Grant Agreement, for certain costs to acquire and maintain land for Affordable Housing purposes and to cover acquisition and maintenance costs and other related costs related to the Property acquired under the Program.

Grant Agreement: The Land Assembly and Development Grant Agreement between the City and HLB, dated August 31, 2018 (as amended by three amendments, respectively, on: January 3, 2020, pursuant to Ord. 2019-674, approved by City Council on September 4, 2019; May 5, 2020, pursuant to Ord. 2020-330, approved by City Council on April 22, 2020; and March 1, 2021, pursuant to Ord. 2021-145, approved by City Council on February 24, 2021), as it may be further amended from time to time by the parties thereto.

Homebuyer: shall mean a Homebuyer(s) whom HCDD has approved to purchase a Property or CLT Improvements, as applicable, developed under the Program pursuant to these Guidelines.

Housing and Community Development Department (HCDD): The City department that administers federal, state, and local funding for affordable housing and economic development projects.

Housing and Urban Development (HUD): The Federal Department that manages and establishes regulations and rules for housing funds, including, but not limited to CDBG, CDBG-DR, and HOME.

Houston Community Land Trust (HCLT): An existing community land trust operating in the City, organized as a Texas Nonprofit corporation under Texas Business Organizations Code 22.001 (5) and/or any applicable section of the Local Government Code.

Houston Land Bank (HLB): a Texas local government corporation created pursuant to Tex. Transp. Code Ann. §431.101.

Low-Moderate Income: A household/family having an income equal to or less than 80% of the AMFI established by HUD by Metropolitan Statistical Areas.

Master Contractor Agreement: Agreements to be executed between the City and each Contractor that sets forth the terms and conditions applicable to their participation in the Program.

New Home Development Program (NHDP) Loan: The loan from the City to the Homebuyer subject to the Affordability Period and recapture provisions.

Net Proceeds: The sale price of a Property minus (i) the amount applied to repay any purchase money loan created by a lien having priority over the City's Deed of Trust and (ii) any bona fide closing costs paid by the Homebuyer related to such sale.

Non-Strategic Properties: Single family lots purchased for affordable housing for the Program that are not to be considered a Strategic Property (see definition below).

Post-Completion Agreement: An agreement that may be entered between HLB and Contractor where Contractor will be responsible for all costs of insuring, maintaining, and securing the Completed Property (the "**Carry Costs**") until the Completed Property is transferred to HLB to (i) sell to a Homebuyer or (ii) sell to HCLT or a CLT for a CLT transaction.

Pre-sale of Homes: Occurs when homes are available to purchase but are not move-in ready. The Homebuyer enters into a purchase agreement to purchase a specific home prior to construction completion.

Program Funds: Funds that have been duly appropriated or allocated to the Program.

Project: The construction of a new single-family home under the Program.

Project Documents: The Tri-Party Agreement, the Master Contractor Agreement, the Plans and Specifications, the Work Write-Up, Change Orders approved and executed by the Director (if any), the Guidelines and the procedures adopted pursuant thereto, the Baseline Schedule, the Notice to Proceed, the Certificate of Compliance, the City's Deed of Trust, the Promissory Note, the Homebuyer's Acceptance Form, and all other documents pertaining to or executed in connection with the Project.

Project Funding: Any and all governmental and private funds used to pay for hard and soft costs to carry out the construction of a new single-family home.

Promissory Note: means a promissory note issued by HLB to the City in the amount of the cost of construction of a home constructed under the Program.

Property: Unless otherwise specified, the land and improvements of each lot of real property designated for sale to Homebuyers under the Program.

Real Estate Brokerage Service: A licensed third-party brokerage service that will market, list, and sell properties to Homebuyers.

Real Estate Professional: Persons employed by the Real Estate Brokerage Service who are licensed to represent buyers and sellers in real estate transactions.

Recapture Restrictions. Restrictions providing that if a Homebuyer fails to comply with the Affordability Requirements or any other requirement of the NHDP Loan, the Homebuyer will be required to repay funds to the City, and that if the related Property is sold, the Homebuyer will be required to pay the Net Proceeds to the City.

Strategic Properties: Properties that, due to a larger size (e.g., lot portfolios) and/or current or prior usage (e.g., tracts that are currently, or were previously, operated as multifamily residential projects) are intended to be acquired for multifamily affordable housing purposes and may be recharacterized for use as single-family properties.

Substantial Completion: The stage in the progress of construction work when such work is sufficiently complete in accordance with contract documents and only punch list items or adjustments are pending to be completed.

TIRZ (Tax Increment Reinvestment Zone) Affordable Housing Set-Aside: TIRZ's designated under Section 311.005(a)(4) of the Tax Code, where the population of the county exceeds 3.3 million, must contribute at least one-third of the tax increment of the zone toward the provision of affordable housing, during the term of the zone. These funds, collectively, are referred to as TIRZ Set-Aside funds.

Tri-Party Agreement: An agreement entered by the City, HLB, and a Contractor for funding and construction of specific homes developed through the Program.

II. Introduction and Authority

The objective of the City's New Home Development Program (the "Program" or "NHDP") is to provide newly constructed, affordable single-family homes for Low-Moderate Income Homebuyers. These Second Amended and Restated New Home Development Program Guidelines (these "Guidelines"), as they may be further amended, supersede the previous versions of the guidelines and govern the implementation of the Program. The Program will be funded using TIRZ affordable housing set-aside funds, any related program income, and any other non-federal funding that may be available.

HCDD staff will administer the Program on behalf of the City. The Director has approval authority for administrative matters related to the Program.

III. Acquisition Process

- A. HLB and the City have entered into an Acquisition and Development Agreement in which the HLB agrees to acquire certain properties at the City's expense and to set aside, at the City's request, certain properties previously acquired.
- B. HLB will use funds on hand or in the Acquisition Funding Account or advanced by the City pursuant to the Grant Agreement and HLB's policies and procedures, including customary due diligence, subject to the reasonable approval of the Director, defined duties and responsibilities of the respective parties for the acquisition and development of such lots, and funding availability to acquire single family lots.
- C. HLB will hold said properties for the development of single-family homes for the NHDP. The NHDP single-family homes will be constructed by HCDD and sold by HLB to Homebuyers or sold by HLB to HCLT or a CLT to sell the CLT Improvements to a CLT Improvements Buyers who will enter a CLT Ground Lease with HCLT or an CLT.
- D. HLB will hold title for such properties until resale and the City will reimburse HLB for all reasonable costs associated with acquisition and maintenance of these properties pursuant to the Acquisition and Development Agreement.

IV. Property Considerations

- A. **Lots for Construction**
All homes built under the Program will be within the property tax jurisdiction of the City.
- B. **Environmental Review**
HLB shall provide a title report to HCDD. HCDD's environmental group will perform an environmental review that consists of a written notice followed by applicable documentation, including a historical letter and clearance, flood map, photos, noise documentation, and, where needed, contamination mapping (Phase I/II, if required). If required by the results of the environmental review, HCDD will hire a consultant to complete a Phase 1 and, if necessary, a Phase II.

C. Flood Plain

Construction of newly built Single-Family Homes will not be built in a Floodway, or within a 100-Year Flood Plain.

V. Construction of Homes

A. New Home Development

HCDD will coordinate the development of properties and will cover all eligible costs associated with the development and construction of new single-family homes, including installation of security features, fencing, alarm system and motion sensor lights to all new homes constructed (this additional scope of work will deter vandalism and theft of new homes). During construction, a contractor hired by HCDD will be responsible for construction and costs of such security devices, utilities, and lighting. After construction is complete, HLB will initially cover (and subsequently invoice HCDD for) the costs of such security devices, utilities, and lighting unless the contractor has agreed to pay such expenses.

The City will enter into a Tri-Party Agreement with a Contractor and HLB for the construction of each new home. Prior to the execution of the Tri-Party Agreement and the commitment of funds, the Contractor shall sign a Master Contractor Agreement which will include requirements related to the work performed under the Tri-Party Agreement. Any new construction, construction budgets and plans will be approved by the Director.

At the time the City enters into a Tri-Party Agreement, HLB will execute and record the City's Deed of Trust in favor of the City securing the Promissory Note in the amount of the cost of construction of the home. The Promissory Note will be deemed satisfied, and the City's Deed of Trust will be released when the Completed Property or CLT Improvements, as may be applicable, are sold to the Homebuyer pursuant to the Acquisition and Development Agreement.

The Contractor will be responsible for obtaining all necessary permits and construction documents. The Contractor will also be responsible for identifying the site-specific cost items to be included in its budgeted soft and hard costs for construction. HCDD will develop independent cost estimates with industry-standard software to ensure cost reasonableness. All contractors will be subject to a construction schedule and liquidated damages for exceeding approved construction schedule. Contractors are also subject to the withholding of a reserve (10% of project cost) pursuant to Section 53.101 of the Texas Property Code, as amended, which may be drawn if contractor is not in compliance.

Post-Completion Agreement: It is anticipated that Contractors may enter into Post-Completion Agreements with HLB to address all reasonable requests for repairs or maintenance, theft, or damages related to vandalism following the completion of the Project until the closing of its sale to a Homebuyer. HLB will be responsible for maintaining the Property and insuring the homes so that there is no gap in insurance coverage. The contractor will be responsible for all warranty claims related to the correction of any defects that arise out of defective workmanship or construction materials that appear after

completion until the end of the warranty period of the Completed Property. All charges are subject to determination of cost reasonableness and City approval.

B. Funding of Construction Work and Soft Costs

Program funds shall be made available to pay for all eligible hard and soft costs up to amounts indicated in the approved construction budget.

- Fees and Interest Payments
Subject to the written approval of the Director, reasonable and customary fees and interest payments for lines of credit and construction loans secured by the contractors may be eligible costs for reimbursement by the City and will be counted toward the total cost basis of the development of the property. HCDD will review these costs to determine if they are eligible for reimbursement.
- Performance and Payment Bonds
Contractors will be responsible for obtaining performance and payment bonds and builder's risk insurance, in accordance with, or in addition to, the terms of their Master Contractor Agreement and Tri-Party Agreement.

VI. Contractor Assignment And Standardized Pricing Guidelines

- A. **Introduction.** HCDD may use either: (1) the standard bid award method (as used exclusively prior to the effective date of these Guidelines in which HCDD sends the Scope of Work to the Contractors to bid on and selects the Contractor with the lowest, most responsible, and responsive bid) in which NHDP Contractors bid on a NHDP Project, or (2) the Contractor assignment method to assign NHDP Contractors to Projects without requiring a separate bidding process for each home.

Initially, HCDD will evenly distribute Projects among the Contractors. For subsequent Projects, the City may use either the standard bid award method or the Contractor assignment method. To determine additional NHDP Project assignments under the Contractor assignment method, HCDD will track, evaluate, and grade the Contractor's NHDP Projects according to the criteria set forth in the Project Documents, including, but not limited to, Contracts, Pre-Construction, Construction, and Finance as further detailed in the scorecard, attached hereto as Exhibit A, as may be amended. HCDD will determine the extent to which a Contractor will be assigned additional Projects, if any, based on the (i) results of the scorecard(s), (ii) Contractor's capacity, and the quality and timeliness of Contractor's work. The volume of work allocated to a Contractor depends on a comprehensive analysis of the actual measurable performance in completing the activities in a timely and satisfactory manner in accordance with these Guidelines and programmatic and contractual requirements.

- B. **Construction Plan Options.** Either of the construction plan options may be used with the standard bid award method or Contractor assignment method.

Option 1: HCDD Single-Family Standardized Plans

HCDD will secure the services of an Architectural firm to prepare standardized house plans and will be responsible for the cost associated with the standardized plans. These plans will consider local design features and characteristics that are common within a certain geographical area.

A standardized price per square foot will be developed from HCDD's cost reasonableness analysis. Also developed at this time will be standard unit costs for design alternates such as accessible entry ramps, accessible bathrooms, elevation requirements and site-specific activity pricing such as demolition and debris removal.

Option 2: Contractor-Supplied Plans

Each Contractor will supply their own set of design plans and specifications that are compliant with the HCDD Single-Family NHDP design standards and specifications as specified in Request For Qualifications (RFQ). The plans shall be presented on 11"x17" sheets with no specific builder identifiers.

The Contractors will submit price proposals for each plan type, and HCDD will develop its own price estimates.

Since the plans will vary by Contractor, both the Contractors' price proposals and HCDD's price estimates will be used to develop a standard price per square foot. Each Contractor-supplied plan will then be assigned a standard price using the standard square foot price for that floor plan type. Additionally, standard unit prices will be developed for design alternates such as accessible entry ramps, accessible bathrooms, elevation requirements and site-specific activity pricing such as demolition.

VII. Home Purchasing, Pricing of Homes, and Homebuyer Assistance Programs

It is the intent of the Program to develop homes that are affordable to Low-Moderate Income Homebuyers. The final sales price of a home will be its after-construction market value determined by HLB and based on comparable home prices in the specific area to determine fair market prices. Homebuyers may participate in the NHDP in two primary ways: (1) a Completed Property Purchase, in which a Homebuyer purchases a Completed Property directly from HLB; and (2) a CLT Transaction, in which the CLT Improvement is sold to the CLT Improvements Buyer and the CLT Land is owned by a CLT and leased to the CLT Improvements Buyer.

1. Completed Property Purchases: Completed Properties will be sold based on a current appraised value determined by HLB and approved by HCDD. Homebuyers who purchase a Completed Property may receive assistance from the City through the NHDP or another homebuyer assistance program operated by the City or other entities. In order to receive an NHDP Loan, a Homebuyer must meet the minimum loan or financing requirement of \$100,000.00. Program applicants must disclose all non-NHDP financial assistance that they have applied for, received, or plan to apply for or receive (from the City or otherwise). Applicants must promptly update HCDD as to any change in the status of any, and all new and pre-existing, non-NHDP financing. In the event that a Homebuyer receives financial assistance from another program or source, the City shall reduce its funding accordingly. The NHDP may provide an NHDP Loan to Homebuyers that will not bear interest, that will be secured by a second lien to the

first-lien mortgage securing a bank loan, and whose payment will be deferred until the end of the Affordability Period, at which time it may be forgiven. The amount of the NHDP Loan is based on the difference between the sales price of the home and the maximum amount of the first lien loan (minimum of \$100,000) for which the Homebuyer has qualified (less any other amount of financial assistance provided from another source), (based on a 30-year term, level payments, and fixed market rate interest) and that will provide affordable payments to the Homebuyer. Unless otherwise approved in writing by the Director, the NHDP Loan amount may not exceed \$50,000.00. An example of the amount of subsidy permitted is:

Example #1 (Buyer is only receiving assistance from NHDP)

Home Sales Price	\$250,000.00
<u>First-Lien Mortgage</u>	<u>\$220,000.00</u>
<u>NHDP Loan is</u>	<u>\$30,000.00</u>

Example #2 (Buyer is receiving additional assistance)

Home Sales Price	\$250,000.00
First-Lien Mortgage	\$220,000.00
NHDP Loan is	\$30,000.00
LIFT Grant	(\$10,000.00)
Adjusted NHDP Loan is	\$20,000.00

2. CLT Transactions: In a CLT transaction, HLB will sell the CLT Improvements to a CLT Improvements Buyer. HLB will convey the CLT Land to HCLT or a CLT subject to restrictions that are intended to preserve the affordability of the land and CLT Improvements for at least 99 years. HCLT or a CLT will lease the CLT Land to the CLT Improvements Buyer through a CLT Ground Lease that will keep the CLT Land owned by HCLT or a CLT and the CLT Improvements owned by a CLT Improvements Buyer, or permit the transfer of the CLT Improvements to an income-qualified household, subject to the execution of a new CLT Ground Lease and a limit on the return on the CLT Improvements Buyer's investment. The sales price of the CLT Improvements will reflect the impact of the CLT Ground Lease, the affordability requirement, and the limit on the return on the CLT Improvements Buyer's investment. HCLT or a CLT will hold title to the CLT Land, and the CLT Improvements Buyer will pay an administrative fee to HCLT or the CLT and be responsible for general maintenance. An NHDP Loan is not available for CLT Improvements Buyers in a CLT Transaction.

VIII. Post-Completion of Homes Constructed

A. Post-Completion Responsibilities.

Upon completion of the improvements in accordance with the construction contract, the Completed Property shall be owned by HLB subject to the terms of the Acquisition and Development Agreement. HLB shall maintain, secure, and insure (the cost of which, subject to available funds, shall initially be paid out of HLB's operational budget) the Completed Properties, in accordance with its customary policies and procedures from the time of acquisition of such property, or its designation as a Final Designated Property (as defined in the Acquisition and Development Agreement) until the closing of the sale thereof in accordance with the Acquisition and Development Agreement. HCDD shall reimburse

HLB for such costs periodically or at the time of sale, subject to the terms of the Acquisition and Development Agreement.

B. Damages and Repairs.

All requests for repairs and damages to a Completed Property until closing of its sale to a Homebuyer shall be performed in a manner that does not initiate activation of any homeowner or other warranties. HCDD and HLB will use their best efforts to have the Contractor who performed the initial work on a Completed Property to also perform the repairs. The cost of such work shall be eligible for reimbursement, subject to the terms of the Acquisition and Development Agreement.

C. Transfer of Homes

HCDD and HLB will work together to coordinate the following post-completion activities:

- i. Transfer Notification- HCDD will notify HLB a minimum of two weeks in advance that a subject property will be accessible to HLB for marketing and sale.
- ii. Substantial Walkthrough- the stage in the progress of work when the work or designated portion thereof is sufficiently complete in accordance with contract documents with the exception of a punch list of minor items to complete.
- iii. Punchlist- The list items or adjustments that are pending to be corrected before the home can be transferred.
- iv. Transfer- The transfer of the home, keys, warranties, insulation letters, and the responsibility of the home from HCDD to HLB.

IX. Program Marketing and Marketing and Sales of Homes

Program Marketing

The marketing of the NHDP will be conducted by HCDD unless otherwise delegated to HLB or a CLT. If delegated to HLB or a CLT, HCDD intends to provide necessary funding to promote the Program.

Marketing and Sale of Homes

The marketing and sale of the homes under the Program may be implemented through the following: HLB, HCLT or CLT community outreach programs, marketing personnel and the services of Real Estate Professionals, and the NHDP.

A. Responsibility for Marketing and Sales

HLB and HCLT or a CLT will secure the services of a Licensed Real Estate Brokerage Professional to work with their staff to market and sell the homes. HLB and HCLT or a CLT will be fully responsible for marketing the NHDP homes and selling such homes to Homebuyers.

B. Marketing Plan

HCDD, HLB, and HCLT or a CLT are committed to affirmatively furthering fair housing through its affirmative marketing policies. Affirmative marketing goals are to ensure that

outreach and communication efforts reach eligible homebuyers from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," and gender groups.

Pre-Sale of Homes

Pre-sale of homes, by which a Homebuyer may contract to purchase a home that is under construction, provided that the closing shall occur following the completion of the home, will be allowed for HLB to minimize the Carry Costs associated with the time a home is completed to the time a home is sold to a Homebuyer.

Guidelines for pre-sale of homes:

- Builder documents will be provided to HLB by HCDD before the sale of a home.
- Marketing for pre-sale of homes will be allowed at any time after construction starts.
- Marketing for pre-sale of homes may be done with the aid of illustrations of elevations, floor plans, and any available drawings that are specific to the homes to be pre-sold.
- Potential pre-sale homebuyers must sign a disclosure form confirming that they are aware that the pre-sold homes will be constructed in accordance with the construction drawings and material specifications that are stipulated in the construction contract. Potential pre-sale homebuyers will be presented with a copy of the applicable construction contract as an exhibit to their purchase contract.
- HLB and HCLT (or CLT, if applicable) will maintain a shared list of potential pre-sale homebuyers and the specific home that is being considered for final sale to each homebuyer.
- The potential pre-sale homebuyer who submits all required documentation first, will have the first opportunity to purchase the home, provided the potential homebuyer meets NHDP eligibility requirements.
- NHDP staff will inform HLB a minimum of two weeks before the substantial walkthrough will take place

Prior to marketing the first completed home, the Real Estate Professional must obtain written approval from HLB (or a CLT, if applicable) and HCDD for a program marketing plan. The marketing plan will include the following elements:

- Methods of affirmative outreach to diverse residents in compliance with HCDD affirmative marketing policies.
- Methods of advertising homes for sale, including, but not limited to, Multiple Listing Services, advertising, flyers, etc.
- Flyers, advertising and listings regarding income qualifications of buyers and financing being offered to buyers must be available in approved languages.
- Method and timing of prequalifying prospective buyers, in terms of income eligibility and eligibility for mortgage financing.
- Policy for managing a waiting list of potential buyers.
- Applicable disclosure statements to be given and explained to Homebuyers prior to signing purchase agreements and at closing.
- Applicable form of purchase contract.
- Provisions for establishing and adjusting sale prices.

X. Homebuyer Eligibility

All Homebuyers must meet income criteria to be eligible for assistance under the Program. To meet the income eligibility requirement for homes developed by HCDD using TIRZ funds, an applicant's household must be at or less 80% of the AMFI for the City of Houston-The Woodlands-Sugar Land MSA, as annually published by HUD¹.

HCDD staff will determine household income based on the HUD definition described in the Code of Federal Regulations, Title 24 – Housing and Urban Development – Section 5.609 – Annual Income (24 CFR 5.609) known as “Part 5”.

In addition to the income criteria above, each Homebuyer must meet the following eligibility requirements:

- Complete an eight-hour certified Homebuyer Education Course through a HUD-approved counseling agency.
- Must be able to obtain a 30-year fixed-rate level-payment mortgage, whose payments shall be affordable to the Homebuyer, for the portion of the purchase price not covered by the NHDP Loan, whose amount shall be subject to the Director's Approval. The program does not accept adjustable-rate mortgages (ARM) or seller-financed mortgages. Applicant must meet the minimum loan or financing requirement of \$100,000 to receive the NHDP Loan.
- Must agree to occupy the Home as their principal residence for the Affordability Period².
- Must agree to a lien to be placed on the Property to secure the NHDP Loan.
- Must agree to the Affordability Restrictions and other restrictive use covenants included in the purchase agreement, loan agreement or deed of trust related to the NHDP Loan.
- Must also agree to an annual monitoring of the residence performed by the HCDD staff to ensure that the Homebuyer is living in the home as their primary residence and complying with the restrictive covenants.
- Must receive income certification eligibility, which will be provided by the HCDD staff when the request is formally made in writing.
- Liquid assets³ for the household cannot exceed \$30,000.
- Applicant and co-applicant must provide supporting documentation of legal guardianship for all minor household members ages 17 or younger.
- Eligibility is valid for 90 days from the date the applicant is determined to be income eligible. If contracts are not signed within 90 days of that date, applicant may submit a written request for a one-time, 90-day extension, which HCDD may grant on a case-by-case basis at its' discretion. Income-eligible determination is subject to appeal by the applicant pursuant to Section XVII below.

¹ Visit the following link for the latest Area Median Family Income <https://www.huduser.gov/portal/datasets/il.html>

² See Table: Rate of Forgiveness of NHDP Loans for Affordability Period.

³ Generally, liquid assets are those readily convertible to cash (including but not limited to savings/checking accounts, certificates of deposit, cash equivalents, stocks, bonds, money market instruments or any other non-retirement investments or assets that are not tax-deferred. 'Liquid assets' will exclude savings held in a tax-deferred retirement account (e.g. Pension, 401(K), IRA, etc.), and college savings plan (e.g. 529 account). Specific details of the definition of 'liquid assets' may vary according to the guidelines of the specific homebuyer assistance program operated by the City.

Waivers may be granted to this requirement in situations where the applicant is (1) near retirement (within two years or less), (2) retired, (3) permanently disabled where the applicant's ability to work is severely diminished and the applicant is solely dependent on liquid assets to pay for basic living expenses. Waiver authorizations must be provided in writing, citing the justification for the waiver, signed and dated by the Director, and maintained in the client's file. Waiver requirements will be assessed annually. Applicant's liquid assets shall not exceed \$30,000 at the time of eligibility determination and prior to closing.

- Must be a first-time Homebuyer.⁴ If interest in an inherited property or sole ownership is determined, then the Homebuyer must file a Quit Claim Deed to relinquish ownership or sale the property.
- All household members (including applicant and co-applicant) 18 years of age or older must be current on payment for child support, or on an approved payment plan.
- All household members (including applicant and co-applicant) cannot be registered sex offenders. This requirement is still applicable when a spouse is listed in the household composition and not as a co-applicant.

XI. Recapture Restrictions IN GENERAL

The NHDP Loan will be used to fill the affordability gap for the Homebuyers who purchase completed properties. The NHDP Loan will be repayable, in whole or in part, until the end of the Affordability Period. The Director, by written notice to the Homebuyer, may declare the NHDP Loan to be due and payable, subject to recapture requirements, at sale or at transfer of title (except thru heirship, as described below). The Director may accelerate the promissory note evidencing the NHDP Loan following an uncured event of default, such as the failure to pay taxes, maintain insurance, or adhere to the applicable restrictive covenants in the Land Use Restriction Agreement.

The City places a sale restricted, forgivable lien on homes that it repairs or builds to encourage the Homebuyer to continue to live in the property for a specified period. There is no interest on the lien. If the Homebuyer lives in the home for the full length of the Affordability Period, the City forgives the lien. If the Homebuyer sells or moves during that period, the City forgives a prorated portion of the lien based on the length of time the Homebuyer complied with the occupancy requirement. If the Homebuyer becomes deceased, their heirs can fulfill the remainder of the Affordability Period provided such transferee is eligible under these Guidelines and continues to adhere to the Affordability Restrictions for the remainder of the period. (See Below).

Homebuyers who fail to comply with the Affordability Requirements, the restrictive covenants required by the NHDP or any other requirement of the NHDP Loan, will be required to repay funds to the City in accordance with the terms of the loan documents. More particularly, if the residence is sold or foreclosed during the Affordability Period, a payment in an amount equal to the lesser of (i) the unpaid deferred principal under the NHDP Loan or (ii) the net proceeds resulting from the sale or foreclosure of the home shall be immediately due and payable to the City upon demand by the City.

DEATH OF THE HOMEBUYER

This requirement will be enforced if an applicant has to be recertified every six months. Specific requirements regarding waivers may vary according to the guidelines of the specific homebuyer assistance program operated by the City.

⁴*First-time homebuyer* means an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with assistance under the American Dream Downpayment Initiative (ADDI) described in [subpart M of 24 CFR Part 92](#). The term first-time homebuyer also includes an individual who is a displaced homemaker or single parent, as those terms are defined in this section. An individual shall not be excluded from consideration as a first-time homebuyer on the basis that the individual owns or owned, as a principal residence during the three-year period, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations or is not in compliance with State, local, or model building codes, or other applicable codes, and cannot be brought into compliance with the codes for less than the cost of constructing a permanent structure.

If the Homebuyer receiving any type of assistance under the NHDP becomes deceased before the closing of the sale of the home, the co-applicant or other adult household member(s) listed on the Program application must be approved by HCDD to participate in the Program as the new applicant of the household. If no co-applicant and/or adult household member is listed on the Program application, HCDD will be unable to proceed with the sale of the home.

If the Homebuyer receiving a loan or other financial assistance under the Program becomes deceased after the sale of the home or during the Affordability Period, the surviving heir(s) can request one of the following options:

Loan Payoff

To repay the NHDP Loan or to sell the home and repay the NHDP Loan, subject to the recapture requirements of the Program, according to the terms established in the Program deed of trust and promissory note securing the NHDP Loan.

Affordability Period and Modification of the NHDP Loan

To allow surviving heir(s) to assume the original terms of the NHDP Loan and reside in the home as their principal residence, the proposed modification of the NHDP Loan, subject to the approval of the Director, will require the surviving heir(s) to be determined by HCDD to be eligible to participate in the Program at the time of modification of the NHDP Loan. If the surviving heir(s) is determined to be ineligible for the Program, HCDD will require repayment of the NHDP Loan.

Table: Rate of Forgiveness of NHDP Loans

Amount of Assistance	Length of Lien	Annual Reduction Rate*
Less than \$20,000	2.5 Years	40%
\$20,001 - \$40,000	5 Years	20%
\$40,001 - \$50,000	10 Years	10%
\$50,001 and above	15 Years	6.67%

* Subject to the written consent of the Director, the NHDP Loans may be subject to an annual reduction. If the reduction is implemented, the lien will be forgiven at a set percentage rate for each full year the buyer resides in the home.

In the event of inconsistency or conflict between the provisions of these Guidelines and those of an assistance program (operated by the City or otherwise) used by a Homebuyer, the more restrictive provisions shall apply.

Death of the Homebuyer in CLT Transactions

If a CLT Improvements Buyer dies (or if last surviving co-owner of the CLT Improvements dies), the executor or personal representative of CLT Improvements Buyer’s estate shall notify, within ninety (90) days of the date of the death, HCLT or the CLT (with which CLT Improvements Buyer has entered the CLT Ground Lease). Upon receiving such notice HCLT or the CLT shall consent to a transfer of the CLT Improvements to one or more heirs of CLT Improvements Buyer among the categories listed below and execution of a new CLT Ground Lease with said heir(s) (or assignment or other transfer as permitted by the terms of the CLT Ground Lease), provided that HCLT or the CLT approves said heir(s) as eligible for the Program pursuant to the criteria in Section X (Homebuyer Eligibility), said

heir(s) consent to a new CLT Ground Lease (or assignment or other transfer as permitted by the terms of the CLT Ground Lease), a Letter of Agreement, and a Letter of Attorney's Acknowledgement are submitted to HCLT or the CLT to be attached to the Lease when it is transferred to the heirs.

- a. The spouse of the CLT Improvements Buyer; or
- b. The child or children of the CLT Improvements Buyer; or
- c. Member(s) of the CLT Improvement Buyer's household who have resided in the CLT Improvements for at least one year immediately prior to CLT Improvement Buyer's death.

XII. Monitoring

A. Homebuyer Loan

Sale or Transfer of Property

If a Property is sold or transferred (except thru heirship), the Director may declare, by written notice to the Homebuyer, the unpaid balance of the NHDP Loan to be due and payable.

Monitoring

HCDD reserves the right to periodically monitor each Property sold under the Program to determine (i) if the Property was transferred or sold during the Affordability Period or (ii) if the Homebuyer has defaulted on any requirement of the Program. The following sources of verification may be used:

- Title report
- Lien and homeownership search in the applicable County Clerk's Office online records
- Homeownership verification in applicable tax office appraisal records
- Certification from homeowner of compliance
- Documentation verifying residency of home (current utility bill etc.)
- Documentation of deceased homeowner.

Releases of Liens

The release of liens will be issued once a Homebuyer has successfully complied with all the terms and conditions of the NHDP Loan and has completed the Affordability Period (or repaid the balance of the NHDP Loan).

Verification of Insurance

If required, property insurance and/or flood insurance must be maintained throughout the Affordability Period and must be furnished upon request.

Payment of Taxes

Property taxes must be paid before they are delinquent, and evidence of payment must be furnished upon request.

First Mortgage Compliance

Defaults and foreclosures under any first lien mortgage on the Property will also be a default under the NHDP Loan and Homebuyer may be required to periodically certified that no default or foreclosures have occurred or be noticed from a first lien holder.

XIII. Proceeds of Sale

At the closing of a sale of a Completed Property, CLT Improvements, or a Strategic Property, as applicable, HLB or HCLT, a CLT, as applicable, will convey the Property, pursuant to a Purchase and Sale Agreement ("PSA"), at the price set forth in the PSA and the proceeds from the sale will be distributed as follows (defined terms in this Section XIII that are not in Section I, Definitions, above shall have the meanings as defined in the Acquisition and Development Agreement) :

- a. All closing costs (including title insurance policy premiums) of HLB, as seller, will be paid to the appropriate parties entitled thereto; and
- b. All remaining proceeds will be distributed first to HLB in an amount equal to (x) any sales fee charged by the CLT, which shall be subject to the Director's consent and which HLB will pay to the CLT, and a Sales Administrative Fee (as determined pursuant to the Acquisition and Development Agreement) and (y) the total of all commercially reasonable costs incurred by HLB with respect to the purchase, maintenance and sale of the Completed Property or Strategic Property, including (i) (aa) the acquisition costs, due diligence costs and transactional costs related to the acquisition of an Acquired Property ("**Acquired Property Sale Reimbursement**"), or, (bb) the Market Value at Sale of a Final Designated Property ("**Final Designated Property Sale Payment**") the amount determined under (aa) or (bb), as applicable, being the "**Property Sale Payment**"), regardless of whether such acquisition costs were previously paid by the Grant or from the Acquisition Funding Account pursuant to the Acquisition and Development Agreement, and (ii) all carrying costs incurred by HLB not previously reimbursed, if any, following the acquisition or designation of such property pursuant to the Acquisition and Development Agreement until its sale, (including, without limitation, costs incurred during such time period that have not been previously reimbursed to insure, clear, maintain, secure, and market the property, legal fees, costs of third party inspectors hired by HLB to perform construction oversight during the construction and marketing of a Completed Property and other carrying costs), excluding any costs that have previously been paid to HLB, including, without limitation, those previously paid as ADA Program Delivery Costs or Carry Costs, as defined in the Acquisition and Development Agreement, (the "**Maintenance and Marketing Sale Reimbursement**"), which, excluding the Acquired Property Sale Reimbursement, may be used to fund HLB's operations for Affordable Housing Purposes in accordance with the terms of this Agreement. HLB will utilize the Acquired Property Sale Reimbursement received pursuant to this Agreement to acquire property to provide affordable housing, and, subject to the approval of the Director, for other affordable housing purposes.
- c. The balance of such proceeds will be distributed to the City to reimburse it for the costs of construction and other costs incurred by the City during the construction period (it being recognized that the City might not receive full reimbursement for all such costs, and that any unreimbursed costs shall be deemed to have been spent to provide affordable housing). The amount distributed to the City may reflect the impact of the following:

- i. The amount by which the cost to acquire, construct and maintain a Completed Property (including CLT Land with CLT Improvements) exceeds its market value ("**Development Subsidy**");
 - ii. The amount of any loans or grants made by the City to a Homebuyer of the Completed Property ("**Buyer Subsidy**");
 - iii. The amount of the CLT Subsidy;
 - iv. The amount of any loans or grants made by the City to a CLT Improvements Buyer so that the payments on any Senior Loan for the CLT Improvements will be affordable to the CLT Improvements Buyer (the "**CLT Improvements Buyer Subsidy**").
- d. The costs to be paid pursuant to (a) through (c) above shall only be paid from the proceeds of the sale of the applicable property and the City shall not fund a shortfall from any other source, provided that HLB may invoice the City for reimbursement of Carrying Costs, which amounts shall be paid to HLB, subject to available funds from the Grant pursuant to the Grant Agreement and further subject to the requirements set forth in Section 3.4 and 4.1(d) of the Acquisition and Development Agreement.

XIV. Regulatory Considerations

The NHDP will be designed and implemented in compliance with cross-cutting federal statutes and regulations when applicable, including, but not limited to:

A. Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services. HCDD takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by HCDD, and that any services are delivered in the most integrated manner possible. HCDD's mandate to conform to the requirements of ADA flows down to every stakeholder, including Vendors, Contractors, and Developers.

B. Fair Housing Act

The federal Fair Housing Act prohibits the discrimination in all housing transactions based on race, color, national origin, sex, religion, handicap, or familial status (having children under the age of 18). HCDD enforces the Fair Housing Act by ensuring that all grantees, and/or Contractors meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated on HCDD's website, where applicable. The Affirmative Marketing Plan must comply with applicable Fair Housing Laws and demonstrate how HLB will affirmatively further fair housing.

Homebuyers that feel they have been discriminated against can contact:

U.S. Department of Housing & Urban Development – Fair Housing & Equal Opportunity
Discrimination inquiries and/or complaints

800-669-9777 (Voice)
1-800-927-9275 (TTY)
HUD Local 713-718-3199 (Ask for a FHEO)
www.hud.gov/offices/fheo

Texas Workforce Commission

Civil Rights Division
1-888-452-4778 (Voice)
1-800-735-2989 (TTY)

City of Houston Fair Housing Hotline

832-394-6200 ext. 5

C. Access to Records (State of Texas – City)

The availability of records is subject to the exceptions to public disclosure set forth in the Texas Public Information Act, Chapter 552 of the Texas Government Code, (“TPIA”). TPIA requests must be made in writing to the City’s Public Information Officer and will be processed in accordance with the procedures set forth therein.

D. Fraud, Waste and Abuse

The City will assess the NHDP program, processes and standard operating procedures from an anti-fraud, waste, and abuse perspective. The City will provide anti-fraud training to program staff. Anyone with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the City by sending an electronic report via email to the following email address housingfraud@houstontx.gov.

E. Conflicts of Interest

The Program requires compliance with all applicable conflict of interest provisions, including but not limited to federal, state, and local statutes, laws, regulations, ordinances, and other requirements including but not limited to the Texas Local Government Code Chapters 1715, 1766, and 5537; Chapter 36, Sections 36.028 and 36.089 and Chapter 39, Section 39.0210 of the Penal Code; Article VII, Section 4 of the City Charter¹¹; Chapter 14, Article II, Section 14-18312, Chapter 15, Article III, Sections 15-113 (as amended by City Ordinance No. 2021-4414), 15-5515, & 15-5616 and Chapter 18, Article I, Section 18-317 of the City of Houston’s Code of

⁵ <https://statutes.capitol.texas.gov/Docs/LG/htm/LG.171.htm>

⁶ <https://statutes.capitol.texas.gov/docs/lg/htm/lg.176.htm>

⁷ <https://statutes.capitol.texas.gov/Docs/GV/htm/GV.553.htm>

⁸ <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.36.htm#36.02>

⁹ <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.36.htm#36.08>

¹⁰ <https://statutes.capitol.texas.gov/Docs/PE/htm/PE.39.htm#39.02>

¹¹ https://library.municode.com/tx/houston/codes/code_of_ordinances/178617?nodeId=CH_ARTVIICICO_S4REUPMECO

¹² https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH14CISE_ARTIIRU_DIV15RU15.DIACGE_S14-183VICEST

¹³ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIINGE_S15-1PUPOPRINCOPEINCI

¹⁴ https://library.municode.com/tx/houston/ordinances/code_of_ordinances?nodeId=1066559

¹⁵ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIIICOPR_S15-55COIN

¹⁶ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIIICOPR_S15-56ETVAGUPR

https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTIIICOPR_S15-56ETVAGUPR

¹⁷ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH18ETFIDI_ARTIINGE_S18-3STCO

Ordinances, Executive Order 1-280, A.P. 2-22¹, and the HCDD's latest Conflict of Interest Policy #01-040.

Program staff will be required to disclose any relationship with an applicant or contractor. Applicants in this program will submit a completed and signed Conflict of Interest Disclosure Form with the application noting any potential conflicts of interests with city employees. Program staff, sub-grantees, program administrators, and contractors who disclose such relationship are placed in roles where there are no opportunities for them to display favoritism or collude to financially or otherwise benefit, themselves, the applicant, or the contractor. For example, a customer service representative may not perform work on an application of family. For the purposes of this regulation, "family" is defined to include spouse, parents, mother-in-law, father-in-law, grandparents, siblings, brother-in-law, sister-in-law, and children of an official covered under the CDBG conflict of interest regulations at 24 CFR 570.48(h).

The NDHP will establish safeguards to prohibit employees, officers, and agents from using their position for a purpose that is, or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties. HCDD may require disclosure of any potential conflict of interest to the governing body of the locality, to the recipient's legal counsel, and as otherwise may be appropriate.

F. Confidentiality/Privacy

The Program is committed to protecting the privacy of all individual stakeholders, including the public and those individuals working on the program. The program's policies describe how information is to be handled and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed.

The data collected for the Program may contain personal information on individuals that is covered by applicable federal and state laws, regulations, and rules. Effective September 1, 2019, the Texas Public Information Act makes confidential the personal identifying information of any person who applies for federal or state disaster funding. These laws provide for confidentiality and restrict the disclosure of confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The information collected may only be used for limited official purposes:

- Program staff may use personal information throughout the award process to ensure compliance with program requirements, reduce errors, and mitigate fraud and abuse.
- Independent auditors, when hired by the City to perform a financial or programmatic audit of the program, may use personal information in determining program compliance with all applicable State and local law.
- HCDD may disclose certain personal information provided in accordance with the City's personal information policies and procedures. HLB, HCLT, a CLT, and any other organizations assisting HCDD in executing the NHDP must comply with all state and local regulations.

⁰ <https://www.houstontx.gov/execorders/1-28.pdf>

¹ <https://www.houstontx.gov/adminpolicies/2-22.pdf>

G. Record Keeping, Retention and File Management

HCDD has established recordkeeping and retention requirements for the Developer and Contractor agreements for the purposes of maintaining records to adhere to program requirements and applicable federal, state, and local regulations including, but not limited to Texas Gov Code Chapter 52²⁰, City of Houston Code of Ordinance Chapter 2, Article II, Division 5²¹, and HCDD Procedure #21-018 Records Management SOP.

The HCDD Records Management Program seeks to ensure that:

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

Minority Women Small Business Enterprises

It is the policy of the City to stimulate the growth of local minority, women, and small business enterprises by encouraging the full participation of these business enterprises in various phases of city contracting²². Contracting departments are responsible for ensuring contractors make a good faith effort to meet minority participation goals. Goal-oriented contracts requirements are based on construction contracts more than \$1,000,000 or the supply of goods or non-personal or non-professional services more than \$100,000.

The HCDD has an MWSBE goal applicable to a Contractor's participation in the program, according to the terms of the Master Contractor Agreement. Progress made towards meeting MWSBE goals will be counted based on participation credits of companies certified through the City of Houston, Office of Business Opportunity. If a project is not federally funded, other City MWSBE requirements may be imposed.

Debarment

It is the policy of the City that no debarred contractor shall be eligible for award of any contract and no debarred contractor is eligible to serve as a subcontractor or as a goods or materials supplier for any contract²³. Any contractor is subject to undergo a debarment verification in accordance with the latest HCDD Debarment Verification Policy and Procedure #01-014.

XV. Property Insurance

²⁰ <https://statutes.capitol.texas.gov/Docs/GV/htm/GV.552.htm>

²¹ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH2AD_ARTIVCIRE_DIV5MUREMA

²² https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTVMIWOSMBUEN

²³ https://library.municode.com/tx/houston/codes/code_of_ordinances?nodeId=COOR_CH15CO_ARTVIICODE_S15-102DEPEIN

The Homebuyer shall maintain property insurance, and, if applicable, flood insurance in accordance with city, county, state, and federal laws and regulations, and as may be required in these Guidelines or any related Program Document. If the Homebuyer fails to maintain the property insurance required by this Program or fails to notify any transferee of the Property of such insurance requirements, and the Property is damaged by a future disaster, then the Homebuyer's property **may not** be eligible for future assistance.

If an insurance check is received for damages to a Program Property in the amount of \$10,000 or more, the progress of repairs to the Property may be monitored by the City and, under certain circumstances, the insurance proceeds may be deposited in an escrow account maintained by the City or the senior lender.

XVI. Close-Out

Upon completion of a Program activity and closure of a Project under the Program, a close-out audit will commence which includes reimbursement of funds to the City from the proceeds of sale, compliance with the Affordability Period and a release of lien.

XVII. Complaints and Appeals Process

Complaints

The HCDD welcomes feedback and complaints from any member of the public. Complaints are accepted in writing or over the telephone. Complaints will be responded to in writing within fifteen (15) business days, as practicable.

Mailing Address

Housing and Community Development Department
2100 Travis St., 9th Floor
Houston, TX 77002
Attn: Planning & Grants Management

Email Address

HCDDComplaintsAppeal@houstontx.gov

Telephone

(832) 394-6200

HCDD Business Hours

Monday through Friday
8:00 AM to 5:00 PM

Appeals

All program participants have the right to appeal a determination made by the HCDD regarding their file within thirty (30) days of the notice of determination. Appeals are only accepted in writing. To be considered complete, an appeal must include:

- Project address
- Project number (if applicable)

- Date of appeal
- Nature of appeal

HCDD recommends, but does not require, using the Appeal Form to ensure a timely response and decision. The Appeal Form is available on our website and at our office during normal business hours.

Mailing Address

Housing and Community Development Department
2100 Travis St., 9th Floor
Houston, TX 77002
Attn: Planning & Grants Management

Email Address

HCDDComplaintsAppeal@houstontx.gov

HCDD Business Hours

Monday through Friday
8:00 AM to 5:00 PM

EXHIBIT A

Construction Management Team Contractor Scorecard

Contractor:	Tier:	Date:	
Applicant Name:	Duration:	GC Representative:	
Applicant ID:	HCDD PM:	HCDD DM:	
Address:		HCDD Director:	

Scoring Methodology: Contractor performance is evaluated throughout the life of the Project starting from execution of the Tri-Party Agreement ("TPA") through Final Payment. Each Division Area that holds key interactions with the Contractor over the life of the Project will report on the performance of the Contractor specific to the Division Oversight. The following Expectations, or Scoring Criteria, were created from language derived from the Master Contractor Agreement ("MCA"), TPA and advisement from Single Family Division Management. The Score Card is divided into FOUR sections representing the FOUR involved Division Areas over the life of the Project.

#	Criteria	Input	Comments
1	Is the Contractor actively registered in the System of Award Management?	Yes	
2	Was the Tri-Party Agreement executed in a timely manner by Contractor's authorized signatories (within 3 business days)?	Yes	
3	Did the Contractor timely deliver bond documentation (within 7 business days)?	Yes	
4	Did the bond documentation meet legal and contractual requirements for approval?	Yes	
5	Did the Contractor timely submit their annual Certificate of Authority and Authorized Signatures?	Yes	
Section Score:		100%	

#	Criteria	Input	Comments
6	Did the Contractor get permits from appropriate jurisdictions in accordance with the Project Documents (as defined in the MCA)?	Yes	
7	Does Contractor's Work Write-up (as defined in the TPA and MCA) meet requirements in the Project Documents, including the statement of work specifications (is form 11.1.7 Work Write-up filled out correctly)?	Yes	
8	Did Contractor's design meet all applicable laws, regulations, requirements in the Project Documents, and permitting requirements for the Project?	Yes	
9	Did the Contractor communicate in a timely manner with the City's representatives regarding issues that were being resolved by regulatory agencies?	Yes	
10	Did the Contractor communicate and provide in a timely manner the required notices to the City's representatives regarding the status of the permits?	Yes	
11	Did Contractor provide satisfactory MWSBE Participation and Utilization Plan for Project Scope?	Yes	
12	Did the Contractor submit complete permit applications within the timeframe specified in the Project Documents?	Yes	
Section Score:		100%	

#	Criteria	Input	Comments
13	Did Contractor begin the Work on the date, or within the timeframe, specified in the Notice to Proceed ("NTP")?	Yes	
14	Did Contractor submit Stormwater Prevention Plan (SWPP) and complete requirements per plan on site?	Yes	
15	Did Contractor properly mobilize with adequate resources on commencement date?	Yes	
16	Did 33% of construction activities run concurrent or ahead of the Baseline Schedule (as defined in the TPA and MCA)?	Yes	
17	Were no issues or corrective actions required at Interim inspection?	Yes	
18	Did Contractor adequately and timely address any issues documented at Interim inspection prior to next scheduled inspection?	Yes	
19	Did midpoint construction (T1) activities run concurrent or ahead of the Baseline Schedule?	Yes	
20	Were no issues or corrective actions required at Midpoint inspection?	Yes	
21	Did 66% of construction activities run concurrent or ahead of Baseline Schedule?	Yes	
22	Did final construction on activities run concurrent or ahead of Baseline Schedule and complete within the time period outlined in the NTP?	Yes	
23	Were no issues or corrective actions required at Final inspection?	Yes	
24	Was Contractor present and on time for scheduled program inspections?	Yes	
25	In the event of delays claimed to be due to force majeure, did Contractor comply with the relevant provisions of the TPA and MCA and submit action plans for HCDD approval to make up lost time and get back on track with the Baseline Schedule?	Yes	
26	Were Punch List construction activities completed in a timely manner without deficiencies?	Yes	
27	Did Contractor adhere to approved original Plans and Specifications/Work Write-up in accordance with the Project Documents (including approved Change Orders, if any)?	Yes	
28	Did Contractor install correct materials to scope and manufacturers' specifications?	Yes	
29	Did Contractor install correct quantities as per scope of work?	Yes	
30	Were no Stop-Work-Orders issued due to Contractor's performance?	Yes	
31	Did the Project pass CoH Code inspections?	Yes	
32	Did Contractor address issues documented at Final inspection prior to Punch List inspection?	Yes	
33	Were Punch List items addressed in a timely manner pursuant to the Project Documents? (And did the Final Walk-Through Punch List not exceed 8 items that needed correction?)	Yes	
34	Were Contractor installations aligned with Program expectations for quality of craftsmanship, technique and expertise as set forth in the Project Documents?	Yes	
35	Were installed appliances of the same brand and free of defects or blemishes?	Yes	
36	Did Contractor installations align with HUD's Housing Quality Standards (HQS)?	Yes	
37	Did Contractor maintain a clean and orderly worksite?	Yes	
38	Did Contractor meet OSHA Compliance, utilized appropriate PPE, and have 0 recordable instances during the Project?	Yes	
39	Did Contractor maintain professional and socially responsible conduct resulting in 0 community complaints? (E.g., obstructing street, profanity, unkept worksite, etc.)	Yes	
40	Did Contractor meet financial obligations to its subcontractors and suppliers in a timely manner (no liens filed on the Property)?	Yes	
Section Score:		100%	

#	Criteria	Input	Comments
41	Were the Complete 33% Contractor's Request for Payment submitted in less than 4 Days?	Yes	
42	Were the Complete 33% Contractor's Request for Payment submitted in less than 8 Days?	Yes	
43	Were the Complete 33% Contractor's Request for Payment submitted in less than 14 Days?	Yes	
44	Did Contractor fulfill all Program requirements and expectations for MWSBE at 33%?	Yes	
45	Did Contractor fulfill all Program requirements and expectations for Sacto on 3 at 33%?	Yes	
46	Were the Complete 66% Contractor's Request for Payment submitted in less than 4 Days?	Yes	
47	Were the Complete 66% Contractor's Request for Payment submitted in less than 8 Days?	Yes	
48	Were the Complete 66% Contractor's Request for Payment submitted in less than 14 Days?	Yes	
49	Did Contractor fulfill all Program requirements and expectations for MWSBE at 66%?	Yes	
50	Did Contractor fulfill all Program requirements and expectations for Sacto on 3 at 66%?	Yes	
51	Were the Complete 100% Contractor's Request for Payment submitted in less than 4 Days?	Yes	
52	Were the Complete 100% Contractor's Request for Payment submitted in less than 8 Days?	Yes	
53	Were the Complete 100% Contractor's Request for Payment submitted in less than 14 Days?	Yes	
54	Did Contractor fulfill all Program requirements and expectations for MWSBE at 100%?	Yes	
55	Did Contractor fulfill all Program requirements and expectations for Sacto on 3 at 100%?	Yes	
56	Were the Invoices and Contractor's Request for Payment forms accurate in their amounts and descriptions?	Yes	
57	Did Contractor submit all the required supporting documentation to process their payments?	Yes	
58	Was Contractor compliant with rules and regulations applicable to the Project's Program?	Yes	
Section Score:		100%	
Total Average Score:		100%	