

CDBG-DR Hurricane Harvey
Voluntary Acquisition Guidelines
Hardin County, Texas

(Public Comment Draft, July 15, 2019)

Public comments and feedback will be received until 5:00 pm on August 15th, 2019.

Source Guidance: GLO-CDR Housing Guidelines September 19, 2018

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SECTION 1: GENERAL

1.1 Background

Hurricane Harvey was the 3rd major hurricane to impact the Hardin County during the period 2005-2017. Local impacts were severe, with approximately 40% of the county area flooded. In housing damage alone, 4,753 households qualified for FEMA Individual Assistance (approximately \$100 million), 840 NFIP Flood Insurance Claims totaled \$152 million, and an additional \$113 million in SBA Disaster Loans were distributed. Estimated housing damage total from Harvey in Hardin County was at least \$365 million.

Statewide, the latest NOAA damage estimate from Harvey is \$125 billion. As a result, Congress through HUD and GLO authorized \$5.024 billion in Round 1 of disaster recovery funds for the State of Texas.

Among the eligible activities for those funds, HUD has authorized the use of Voluntary Acquisition programs. Voluntary acquisition programs accomplish the following: (1) reduce the risk to homeowners from the effects of subsequent disasters, (2) assist in the recovery of low- and moderate-income households, and (3) protect taxpayer resources that might otherwise be needed after a disaster in the same area (80 FR 72102).

1.2 Acquisition Program (General)

Voluntary acquisition programs support hazard mitigation, floodplain management goals, and resiliency by removing homeowners from the floodplain to minimize the possibility of future flooding to the home. The SETRPC (South East Texas Regional Planning Commission) Method of Distribution (MOD) finalized August 2018 allocated \$3,388,238.56 to Hardin County to fund HUD-qualified voluntary acquisition projects.

After homes are purchased, the structures are demolished, and the property is utilized to the optimal extent in pursuit of housing goals for Low-Moderate Income households, the County's disaster recovery plan, and long-term disaster resiliency which may include redevelopment of housing which meets specifications defined by HUD and GLO. The County will only redevelop acquired property if it is not acquired through a buyout program. The Local Acquisition Program serves multiple objectives and provides a resiliency option versus rebuilding within a floodplain, and helps prevent repetitive losses and extreme risk to human health and safety.

Importantly, as this project is not a buyout program as defined by HUD and the TX GLO in the State of Texas Plan for Disaster Recovery: Hurricane Harvey – Round 1, it does not carry the open space deed requirements post-property acquisition and does not require strategic acquisition of contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management.

1.3 National Objective

The Voluntary Acquisition Program is structured to serve the Low-Moderate Income benefit National Objective. It will accomplish this by serving qualified residents from lowest-income households first, then continuing up the household income scale until funds are extinguished. It is anticipated that 100% of the funds will be utilized to acquire and assist relocation of qualified Low-Moderate Income households.

1.4 Definitions

Designated Risk Reduction Area (DRRA): The DRRA is defined as all areas within County boundaries. The DRRA is delineated to meet the following definitions prescribed by the GLO: (1) the hazard must have been caused or exacerbated by the Presidentially-declared disaster area; (2) the hazard must be a predictable environmental threat to the safety and well-being of inhabitants as evidenced by the best available data and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

Eligible Properties (EP): Eligible Properties are those within the DRRA with documented impacts from Hurricane Harvey.

Documented Impact (DI): Documented Impact from Hurricane Harvey includes copies of Flood Insurance Claim Adjustor Report and Claim Payment Summary, FEMA Damage Assessment, FEMA Individual Assistance Emergency Home Repair payments, and geo-referenced/time-stamped photos. As all potential participants are required to provide documented proof of impact, this captures the tie back to the storm requirement as stated in the GLO's Buyout and Acquisition Program Guidelines Checklist.

Decent Safe Sanitary Housing (DSSH) Minimum Threshold: The minimum threshold for DSSH is hereby defined as \$90,480 which is 80% of the median home value for owner-occupied housing in Hardin County as of 2017 (source: United States Census Bureau; QuickFacts Hardin County, Texas; <https://www.census.gov/quickfacts/fact/table/hardincountytexas/PST045218>).

SECTION 2: ELIGIBILITY AND APPLICATION

2.1 Eligibility Test

Applications must meet following prerequisites in order to be considered for voluntary acquisition:

- 1) Structure must be inside Hardin County Designated Risk Reduction Area (DRRA) and currently insured with an NFIP flood insurance policy,
- 2) Property owner must be able to provide documented proof of impact from Hurricane Harvey at the property,
- 3) Property owner agrees to voluntarily participate,
- 4) Structure must be a Single-Family Primary Residence. Primary residence status will be verified with the Hardin County Appraisal District and property tax homestead exemption records; and
- 5) Applicant is current on their tax accounts and child support payments; tax account files will be verified with the Hardin County Appraisal District and child support documentation will be verified with the Texas Department of Health & Human Services to ensure affirmative status.

Applications that meet all of the prerequisites will be ranked and prioritized based on the percentage of household income in relation to area median household income. In the event of a tie, the following criteria will be used in individual determinations as suggested in the GLO's Hurricane Harvey Disaster Recovery Housing Guidelines (updated September 19, 2018):

- 1) Households with members under the age of 18 (minors),
- 2) Female heads of household,
- 3) Elderly & disabled households, and
- 4) Military veterans in the household.

2.2 LMI Eligibility

A household is considered LMI if they make less than 80% of the area median income. Income eligibility will be determined using Area Median Income (AMI) based on HUD Section 8 Housing Income Limits, adjusted for family size and verified following the GLO's Adjusted Gross Income Methodology. The methodology uses the previous year's filed tax return or tax return transcript for all household members to verify the household's annual income. The Low (80%) Income Limit for a Family of 4 in Hardin County in FY 2018 is \$49,450 (source: Texas General Land Office; What is LMI and How is it Calculated; <http://recovery.texas.gov/files/hud-requirements-reports/lmi-guidelines/how-lmi-is-calculated.pdf>). It is expected that 100% of the funds used for CDBG acquisition will benefit LMI households.

2.3 Eligibility Review and Appeals

A committee will be formed comprised of County staff for the purpose of eligibility determinations and case management. Attention will be placed on uniform and consistent documentation materials and criteria used to make determinations.

A property owner may also appeal the Current Fair Market Value (CFMV) appraisal of their property. If they choose this option, a second appraisal can be conducted if paid for by the homeowner and conducted in accordance with USPAP standards by an independent objective licensed certified appraiser with no connections nor affiliations with interested parties. The results of these 2 appraisals will be averaged to formulate the CFMV portion of the acquisition offer.

2.4 False Claims Disclaimer

False claims by applicant/homeowners are strictly prohibited. Application, qualification, and voluntary authorization documents signed by homeowner/applicant will carry the following warning disclaimer: "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."

SECTION 3: ACQUISITION OFFER, INCENTIVES, CLOSING

3.1 Current Fair Market Value (CFMV)

The initial basis for acquisition funds to seller is the Current Fair Market Value (CFMV) of their property. Appraisal methodology for this CDBG-DR acquisition project will be current fair market value of parcel (structure, land/lot, fee simple, highest best use assumption, comparable sales approach). The results of the CFMV appraisal will constitute the base offer.

3.2 Duplication of Benefits

Duplication of Benefits (DOB) as defined by federal agencies are strictly prohibited. Due to the acquisition project framework, utilizing current Fair Market Value (FMV), most Duplication of Benefits will not be applicable. If Duplication of Benefits does occur, property owners will pay all funds back to the respective government agency.

3.3 Timeliness of Application Notice & Status

An announcement will be posted and circulated announcing that applications are being accepted beginning TBD and that the deadline for applications is TBD, establishing an application period of 90 days. After the initial 90 day period, all applications that have been submitted will be reviewed for completeness and basic eligibility. From the list of applicants initially assessed to be potentially eligible, a follow-up correspondence will be made to request any additional information needed for secondary eligibility determination. Property owners will have 30 days to submit all necessary information. At the end of the 30 day period, all applicants who have submitted all required information and remain eligible will be ranked in descending order from lowest income to highest income. The appraisal process will be initiated for a wave of approximately 20 to 25 applicants beginning with those properties with the lowest incomes and continuing down the list. Additional waves will be initiated until the funds are extinguished so that 100% of the funds will be utilized.

Property owners will be contacted with an update on the status of their application within 30 days of each milestone/deadline.

3.4 Housing Incentives

Subrecipients may use the Low to Moderate Housing Incentive (LMHI) to resettle households who were affected. Housing incentives are usually offered to encourage households to relocate to a more suitable environment, including an area promoted by the community's comprehensive recovery plan and may be in addition to acquisition or buyout awards. Housing incentives will only apply to participants that are relocating in the Hardin County.

The purpose of offering additional housing incentives is to assist certain applicants to obtain Decent Safe Sanitary Housing (DSSH) options in safer, more disaster-resilient areas. A Needs Assessment Methodology will be utilized for each qualified applicant file to determine the minimum necessary funding in order to obtain DSSH. The Needs Assessment Methodology will calculate the difference between the Current Fair Market Value (CFMV) of the property and the DSSH Minimum Threshold. The difference or shortfall between CFMV and DSSH Minimum Threshold may be made up through a combination of Uniform Relocation Assistance (URA) and Down Payment Assistance (DPA) up to a maximum allowable by the Texas General Land Office (GLO). Subrecipients must ensure that the intent of the housing incentive is satisfied at award.

Property owners with a property appraised at a CFMV less than the DSSH Minimum Threshold can potentially qualify additional housing incentives. Property owners with a property appraised at a CFMV greater than the DSSH Minimum Threshold will receive only the CFMV and are not eligible for any housing incentives.

Table 3. Housing Assistance Caps

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

Source: Texas General Land Office (GLO); Hurricane Harvey, Disaster Recovery, Housing Guidelines; Sept 19, 2018; pages 22-23

******Buyout Incentives:** The purpose of the incentive is to encourage maximum participation by property owners and remove as many properties as possible from high-risk areas. Incentive payments should assist the household with necessary funds to buy an existing home or construct a home on a newly purchased lot, as applicable. Incentives are only allowable if the post-disaster fair market value is used to purchase the home. A buyout incentive is not available for properties that served as second homes. A second home is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance. Subrecipients and the state may provide relocation assistance outside of buyout activities, as necessary. Subrecipients and the state must document how the assistance will be determined and issued to applicants when determining final eligibility assistance costs. The vacant land limit is set at \$35,000. Although this is the cap, it is not the floor; the actual lot cost should not exceed the standard single lot size in the community.

Source: Texas General Land Office (GLO); Hurricane Harvey, Disaster Recovery, Housing Guidelines; Sept 19, 2018; page 23

Ultimate proceeds paid to seller of qualified eligible acquisition property will be comprised of the following subtotals:

- 1) Current Fair Market Value (FMV) as determined by licensed real estate appraiser
- 2) Uniform Relocation Assistance benefits deemed eligible
 - a. Relocation assistance will not exceed \$35,000 for purchase of a lot or newly constructed home, or \$10,000 for an existing home.
 - b. This is a voluntary program so no involuntary displacement will occur. As only primary properties will be included in the program, there is no risk of renters and non-owner occupants being involuntarily displaced.
- 3) Temporary Relocation Assistance benefits deemed eligible
 - a. Temporary relocation assistance will not exceed \$5,000.
- 4) Qualified Down Payment Assistance benefits

In order to qualify for Down Payment Assistance Benefits, the following must apply:

- a. Purchased a lot or are using a pre-owned lot located outside of a floodplain or to a lower-risk area within Hardin County for construction of a new home (a construction date must be provided), or the applicant purchased a newly constructed or existing home located outside of floodplain or a lower-risk area in Hardin County.
- b. Purchased homes must be considered decent, safe, and sanitary (DSSH).
- c. The funding must be used within 60 days.
- d. The amount of assistance is based on the determined need of the applicant but will not exceed amount determined by the GLO.
- e. Eligible properties may reside within Hardin County and must fit in the following categories:
 - i. Single family property (detached and attached 1-4 units)
 - ii. Condominium unit
 - iii. Cooperative unit
 - iv. Modular home/manufactured home
 - v. Vacant land

All costs for initial appraisal and closing will be paid by the project. Curative title issues will be the seller's responsibility to resolve but may be paid out of closing proceeds. Referrals to local legal aid services will provided for applicants with clouded titles or curative title issues.

3.5 Environmental Requirements

All sites will undergo a thorough environmental evaluation that approximately coincides with the timing of the initial appraisal. The environmental evaluation will be reviewed and approved by the GLO before an offer can be extended to the homeowner.

Lead-based paint and asbestos inspections will be conducted. No negative impacts to endangered species will occur as a result of this project and the US Fish and Wildlife Service (US FWS) will be consulted as to all project activities. US Department of Agriculture (USDA)-designated Prime Farmland will not be negatively impacted. Archaeological sites and historic structures will not be disturbed, and the State Historic Preservation Office (SHPO) will be consulted for verification. No hazardous materials will be disturbed and released into the environment over the course of this project. No wetlands will be negatively impacted and all necessary environmental permits will be obtained for project operations. All new buildings will be required to be built at a minimum of 2 feet above Base Flood Elevation (BFE). No new construction of residential structures will occur in a FEMA-designated floodway. Green building standards will be adhered to and green building practices will be employed. All relevant environmental laws and regulations will be followed.

3.6 Offer and Closing Process

Following the completion of the Current Fair Market Value (CFMV) appraisal and the calculation of additional housing assistance incentives the homeowner qualifies for, an offer to acquire property will be extended to the homeowner. If owner accepts, a sales agreement will be executed and documents sent to title company for deed research, issuance of title insurance policy, parcel boundary survey, and closing document preparation. Once closing date is set or negotiated, property owner will be given notice to vacate, instruction on utilities disconnection, and referrals for assistance with moving, etc. Advance payment of relocation assistance may be available for qualified applicants. Down payment assistance funds shall sit in escrow and shall be distributed to the proper agency upon relocation. Once closing is complete, demolition will begin. The entire structure, including discarded or abandoned items, will be removed from the property and disposed of at an approved disposal site.

3.7 Residential Anti-Displacement and Relocation Assistance Plan (RARAP)

This program is a voluntary acquisition program so there will be no involuntary displacement. Project management will provide general programmatic guidance. Additional support can be provided by Lone Star Legal Aid of Southeast Texas and the Hardin County Office of Disaster Assistance, among other resources potentially available.

SECTION 4: PROGRAM ADMINISTRATION

4.1 Affirmative Marketing & Fair Housing

Hardin County shall ensure that no person shall on the ground of race, color, national origin, religion, sex, sexual orientation, age, familial status, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to the CDBG Disaster Recovery Program. Hardin County will retain documentation of all marketing measures used, including copies of all advertisements and announcements that will be available for public viewing upon request. The County will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations. Hardin County will engage community members to gather stakeholder input, disseminate important program information, and to answer questions.

4.2 Public Outreach & Targeted Communities

All public notifications will include announcements in the Hardin County newspaper of record, on the County website, on County social media platforms, flyers that will be posted on bulletin boards and at points of congregation, targeted mailings, and a community survey.

4.3 Communication Strategies for Persons with Special Needs

Program administrators will maintain bilingual capabilities in order to adequately communicate to non-native English-speaking applicants and will provide sign language assistance & assistance for those who are visually impaired when requested. All print & written materials will align with the GLO's guidelines for communications with persons with special needs in accordance with Title VI of the Civil Rights Act of 1964, including persons with disabilities (24 CFR 8.6), Limited English Proficiency (LEP), and other fair housing and civil rights requirements such as the effective communication requirements under the Americans with Disabilities Act. All print & written materials will be available in multiple languages. Every effort will be made to assist such property owners in the application process. In addition, community engagement & informational events will include bilingual staff. The State of Texas Emergency Assistance Registry (STEAR) will be reviewed for potential targeted outreach.

4.4 Record Keeping

Hardin County will fully comply with all record-keeping and reporting requirements including but not limited to:

- 1) Record-keeping; records will be maintained and on file electronically for a minimum of 3 years beyond the closing of the grant between the GLO and HUD. All projects, program activity files, and applicant information received will be maintained within the GLO's system of record.
- 2) Applicant data; applicant data will be maintained in a private file bound by federal Privacy Act rules and standards regarding disclosure of personal and sensitive information, as well as entered into the TIGR system. Generated monthly reports will be submitted to the GLO for review. Applicant data kept on file will include but is not limited to: household income at the time of assistance, the household income as a percentage of area median income, the race/ethnicity/gender of the head of the household, the household's familial status, and any disabilities or veterans in the household.

- 3) Section 3 reporting; the project will comply with all Section 3 requirements including but not limited to affirmative placement of qualified individuals from low-to-moderate income households and county residents seeking job placements. A Section 3 Plan will be created and continue to be updated throughout the program process. Quarterly reports will be filed in the GLO grant management system of record.

4.5 Conflict of Interest

Conflicts of interest are defined as local elected officials, County employees, contractors, 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 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. Conflicts of interest are strictly prohibited in this program. Conflict of Interest Questionnaires (CIQs) and A503 forms will be completed and maintained on file for all parties with existing or potential conflicts of interest.

4.6 Audit Requirements

A mandatory single audit which complies with all county, state, and local requirements will be performed by an independent accountant at the end of each fiscal year. This audit will be maintained on file in compliance with record-keeping procedures set forth above.

4.7 Closeout Procedures

Following completion of project scope of work, invoices payments and reimbursements, closeout procedures will begin. The first step will be an internal audit, records inventory, and review of project financials. All data, records, and accounts will be reviewed and reconciled. The next step will be the packaging and summation of projects, including records structure for external audit and digital back-ups. The next step will be to request GLO and closeout procedures, including the delivery of any requested records, files or documents. Once all data requests are satisfied and final closeout is authorized by the GLO, the grant award contract will be closed by executing parties.

4.8 Citizen Comments

Citizen comments and complaints should be directed to cdbg4332@co.hardin.tx.us or Hardin County 300 W Monroe Street, Kountze, Texas 77625.

The project manager will handle all homeowner inquiries and complaints, and a timely written response will be provided to every citizen comment. The response will be provided within 15 working days of the receipt of the comment. Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

Documentation for each complaint will be maintained. Each file will include contact information for the complainant, the initial complaint, the property address, any communications to and from complainant, 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.



Texas General Land Office
Community Development and Revitalization
Buyout and Acquisition Program Guidelines Checklist

This tool is a guide to assist the Grant Manager in the review of a subrecipient's Buyout and Acquisition Program Guidelines. The Grant Manager should note any deviations and work to resolve those deviations with the subrecipient when finalizing its guidelines. Program deviations may require a waiver approval by the GLO. All items in the subrecipient's Guidelines must comply with the published Federal Registers (FR) (as applicable), GLO's Action Plan, GLO's Housing Guidelines and other HUD requirements.

ITEM	ATTRBUITE	ASSESS- MENT	COMMENTS	RESOLUTION/COMMENT
CITIZEN NOTICE AND PROGRAM VETTING				
	Did the subrecipient post the draft Program Guidelines for public comment? (recommended minimum 14 days comment period)			
	Did the subrecipient respond to all of the comments received? What was the resolution?			
PROGRAM OBJECTIVES				
	Do the Guidelines capture background information and need resulting from the event?			
INTRODUCTION/DEFINITIONS				
	Do the Guidelines describe the purpose of the Program and how the funding will be utilized?			
	Do the Program Guidelines provide definitions?			
PROGRAM OBJECTIVES				
	Do the Guidelines include and consider the Program Objectives which are discussed in the GLO's Housing Guidelines?			
	Do the Guidelines consider how to affirmatively further fair housing?			
PROGRAM DESIGN				
	Do the Guidelines describe which National Objective(s) (NO) will be met by the Program and how the NO will be met?			
	Do the Guidelines describe how the Program will serve the 70% LMI National Objective?			
	Do the Guidelines capture a Needs Assessment methodology?			
	Do the Guidelines clearly define the Disaster Risk Reduction Area (DRRA) and meet the DRRA requirements of the FR?			
	Do the Guidelines discuss what structures are eligible for the Program?			
	Do the Guidelines include the eligible property types?			
	Do the Program Guidelines describe environmental requirements?			
	Do the Guidelines capture tie back to the storm requirement?			
	Do the Program Guidelines discuss timeliness of application notice and status to survivors?			
	Do the Guidelines identify if the program is for Buyouts or Acquisitions (can only be one); voluntary or involuntary; and if incentives will be offered?			
	Do the Guidelines describe what will be the end use of the property acquired?			
	Do the Guidelines detail how the Program will comply with URA requirements (must include detailed processes, procedures and notices for URA compliance)?			
	Do the Guidelines follow the GLO's housing caps?			

	Do the Guidelines outline how the Program will target their communities?			
	Do the Guidelines include door-to-door canvassing or other special methods than news paper ads or notices?			
	Do the Guidelines outline how they will prioritize applications for affected survivors?			
	Do the Guidelines include an Affirmative Marketing Plan (AMP) which meets the criteria identified on GLO's AMP checklist?			
	Do the Program Guidelines capture the necessary reporting requirements, including, but not limited to: Section 3; applicant data; and record keeping?			
	Do the Program Guidelines capture the records retention requirements as described in the GLO's Housing Guidelines (3-year period beyond the closing of a grant between the GLO and HUD, records kept in electronic format, etc.)?			
	Do the Guidelines capture the site and development restrictions requirements that properties bought out through the buyout program will be demolished and no new structure will be erected on the property (with few exceptions, e.g. public facility, open space, etc.)?			
	Do the Guidelines discuss Program policy addressing conflict of interest concerns?			
	Do the Guidelines include a policy addressing a compliant/appeal process in alignment with that in the GLO's Housing Guidelines (e.g. 15 day minimum response time periods, contact name, address, and phone number and instructions)?			
	Do the Guidelines include the Program audit requirements?			
	Do the Guidelines capture what costs are eligible at closing?			
	Do the Guidelines describe if and how case management will be provided to affected applicants? And if applicable, referrals to local HUD approved housing counselors?			
	Do the Guidelines capture a Residential Antidisplacement and Relocation Assistance Plan (RARAP)?			
	Do the Guidelines provide that all Program documents to be signed by the applicant will incorporate "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"?			
	Do the Guidelines describe how Program Administrators will effectively communicate with clients that primarily speak other languages, persons with disabilities, etc.?			
	Do the Guidelines state that the Program will use HUD Section 8 housing income limits to determine an applicant's LMI eligibility to include using the GLO's adjusted gross income methodology?			
	Do the Guidelines capture eligibility review for Proof of Event Damage?			

	Do the Guidelines describe the eligibility review for proof of Ownership and a process to help the applicant with a clouded title (e.g. refer applicant to Lone Start Legal Aid, etc)?			
	Do the Guidelines capture eligibility review for Proof of Property Taxes?			
	Do the Guidelines capture eligibility review for Proof of Child Support?			
	Do the Program Guidelines capture eligibility review for an environmental review?			
	Do the Program Guidelines describe how the Program will ensure that second homes are not eligible?			
	Do the Guidelines describe the Program's eligibility review for Duplication of Benefits (DOB)?			
	Do the Program Guidelines on DOB procedures include a recapture SOP for those applicants in litigation as a result of denied claim due to the event?			
	Do the Guidelines describe all incentive programs that will be offered and are all incentives allowable under the FR?			
	Do the guidelines describe that the Program will not offer incentives to return households to disaster-impacted floodplains?			
	Do the Program Guidelines describe how a Fair Market Value (FMV) assessment will be performed and how it will used consistently and fairly across the Program.			
	Do the Guidelines describe the method and how the amount of assistance will be determined (calculated), necessary and reasonable? Do they capture a method to calculate the final buyout award?			
	Do the Guidelines describe what is the particular purpose of the housing incentive? Are incentives offered for applicants to relocate to a higher opportunity area?			
	Do the Guidelines describe how the Program will strategically acquire contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management?			
	Do the Guidelines include a National Flood Insurance verification for all potential applicants affected during eligibility review?			
	Do the Guidelines describe the applicant closing process which includes informing the owner of program requirements (e.g. applicant vacate notice, utility disconnection requirements, what will happen with abandon items, resources available to help applicant move, etc.)?			
	Do the Program Guidelines capture closeout requirements?			
Waiver/Public Comments to Buyout and Acquisition Guidelines				
	Did the Subrecipient provide a copy of the comments received to their draft Buyout and Acquisition Guidelines?			
	Did the Subrecipient address the comments received by the public?			

Comment Period			
	Provide a copy of this completed checklist to the subrecipient; provide Technical Assistance; seek waivers, etc.		
Buyout and Acquisition Guidelines Approval			
	If applicable, review edited Guidelines and provide additional comments and address issues as necessary.		
	Upon approval of the Buyout and Acquisition Program Guidelines mail the Approval Letter to the subrecipient.		
GLO Approval			
Name _____		Date _____	
Signature _____		Date _____	

Texas General Land Office

Community Development & Revitalization

Buyouts and Acquisition:

Frequently Asked Questions

Q1. What entities are eligible to receive funding from the GLO to administer the Local Buyout and Acquisition Program (the Program)?

A1. Units of local government and entities with the power of eminent domain authority are eligible to receive funding and will administer the Program as subrecipients after GLO Method of Distribution (MOD) approval.

Q2. What activities are eligible for funding in the Program:

A2. The following activities are eligible under the Program:

- Buyouts;
- Acquisition;
- Relocation Assistance with buyout or acquisition activities;
- Down-payment Assistance with buyout or acquisition activities;
- Demolition with buyout or acquisition activities;
- Housing incentives
- Activities designed to relocate families outside of floodplains;
- Public service within the 15 percent cap (e.g., housing counseling, legal counseling);
- FEMA Hazard Mitigation Grant Program (HMGP) cost share.

Q3. What is the difference between a “Buyout” and an “Acquisition”?

A3. While Buyouts and Acquisitions are both acquisitions of real property, the intended end use for the property is what distinguishes a “buyout” from an “acquisition”.

Buyouts=to reduce risk from future flooding of properties location in a floodplain, floodway or within a Disaster Risk Reduction Area (DRRA, see definition below) by converting the property to open space, recreational, or floodplain and wetlands uses. A DRRA is an area which is located outside of floodways or floodplains that is established by the subrecipient to reducing risks from the hazard that led to its designation in accordance with the buyout requirements of the approved action plan and Federal Register Notices. The property acquired will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreation, or floodplain and wetlands management practices. An appraisal is required but the local Program can decide as a policy whether to use a pre-disaster appraisal or a post disaster appraised value.

Acquisitions= may use the property for redevelopment activities while ensuring resiliency and mitigating the impact of future disasters. Acquisition is the utilization of CDBG-DR Disaster funds to acquire real property. Acquisition only is typically not considered a complete activity in the Program and must be combined with another eligible use (i.e. relocation assistance). The purchase price must be consistent with applicable uniform cost principals, for post disaster Fair Market Value (FMV).

Q4. What professional services may be procured to achieve success for the Program?

A4. The following is a list of some of professional services that may need to be procured.

- Appraisers
- Case Management Providers
- Demolition Experts
- Environmental Specialists
- Inspectors
- Realtors (if assisting with relocation)
- Surveyors
- Title Company

Q5. What are the criteria for the property to qualify for the Program?

A5. Each property must meet the following qualifications listed below:

- The property must have sustained damage from the disaster event
- The property must be in a flood plain/floodway/repetitive area; or the property must be designated as a Disaster Risk Reduction Area (DRRA). The DRRA will be defined by the Subrecipient and the DRRA must satisfy two criteria. The criteria must illustrate that the DRRA area is an environmental threat to the safety and well-being of the program beneficiaries and the area must be clearly delineated and mapped so that the public may easily determine which properties are located in the Subrecipient's designed DRRA's.

Q6. Is a property appraisal required?

A6. Yes, a qualified appraiser is required to perform the appraisal. The Program shall choose the appraiser and pay the cost of the initial appraisal. The appraiser shall contact the owner to schedule and gain access to the property, if required. The local Program can decide whether to use pre or post disaster appraisals for buyouts. However, for an acquisition, the Program must use the post disaster value appraisal.

Q7. What if the property owner disagrees with the appraiser's determination for market value?

A7. If the property owner disagrees with the appraisal, the property owner may, at their expense, have a second appraisal performed. The Program shall not reimburse the owner for the second appraisal. In the event of a pre-storm disaster appraisal, the Program can determine in policy if they want to accept an independent appraisal for a third-party transaction—like a refinancing—that was done relatively close in time to the storm as an appeal.

Q8. Is there an income qualification component to the Program?

A8. Yes, in most cases, where the applicant is going to be a CDBG-DR Buyout beneficiary, they will need to meet LMI qualifications. If houses are identified as meeting the national objectives of Urgent Need or Slum and Blight, they may qualify for parts of the Program.

Q9. Does the Duplication of Benefits review apply?

A9. Yes, under the Stafford Act: Sec. 312 – Duplication of benefits (DOB), any agency administering a federal grant must ensure that their assistance does not duplicate the benefits of any other assistance. If duplicate funding is discovered, the amount of the buyout award shall be decreased.

Q10. How can Duplication of Benefits be prevented?

A10. Property flood claim damage payments can be verified by the National Flood Insurance Program and a thorough review of the applicant's information will be conducted and evaluated.

Q11. Who is responsible for the property after the Buyout or Acquisition is completed?

A11. The Local entity is responsible for the property after the buyout or acquisition is completed. For Buyouts, the property must be maintained in perpetuity for open space, recreation, wetland or flood control and limited structures may be erected. In carrying out acquisition activities, subrecipients must ensure they are in compliance with their long-term redevelopment plans, and can only redevelop if the post disaster value was used for the purchase.

Q12. If we resell the property after acquisition, can we use the money for other programs?

A12. Sales proceeds in excess of \$35,000 in one calendar year will be considered program income and have to be returned to the GLO. If property sales are a part of program design the subrecipient must report program income semi-annually.

Q13. Are there any types of ownership that are ineligible for the Program?

A13. The following types of ownership are ineligible for the Program:

- Applicants who lost ownership of their home due to foreclosure;
- Applicants who have outstanding judgments, lawsuits that would prevent the issuance of a clear title on the property.

Q14. For the buyout program, how is a designated “Disaster Risk Reduction Area” determined?

A14. Disaster Risk Reduction Area criteria:

1. The hazard must have been caused or exacerbated by the Presidentially declared disaster for with the grantee received its CDBG-DR allocation;
2. The hazard must be a predictable environmental threat to the safety and well-being of Program beneficiaries, as evidenced by the best available data and science; and
3. The Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the Disaster Risk Reduction Area.
4. In carrying out acquisition activities, the subrecipient must ensure they are in compliance with their long-term redevelopment plans.

Q15. Is environment clearance necessary?

A15. Yes, all properties must receive environmental clearance status prior to any purchase offer being made.

Q16. What if an eligible owner dies before closing of the transactions occurs?

A16. If an eligible owner dies before the transaction is closed, the application will be processed in accordance with overall program guidance. The new owners of the deceased property must satisfy eligibility requirements as captured in the Subrecipients Program Guidelines, including HUD's national objective to serve low to moderate income households, e.g. Low to Moderate Buyout (LMB).

Q17. Can incentives be offered to increase participation in the Program?

A17. Yes, incentives may, and should be offered to increase participation, such as the following;

- Down Payment Assistance Incentive
- Replacement Housing Incentive to move to Higher Opportunity areas
- Housing Incentive
 - Social Vulnerability Incentive
 - Equity Incentive

Q18. Is a damage assessment required?

A18. Yes, an assessment by a certified or licensed inspector (HQS, TREC, or similar license) is required to specifically and clearly document storm related property damage via photographic evidence and detailed narratives.

Q19. If a homeowner has negative equity on their mortgage, can they still participate in the Program?

A19. Participation in the Program requires a clear title. If a clear title cannot be obtained, then the property does not qualify for the Program.

Q20. Who is responsible for the demolition?

A20. The local Program is responsible for the demolition of improvements on the property, but it is an allowable expense under the CDBG-DR Program.

Q21. How long do we (local governments) have to complete the Program?

A21. The Program must be completed as required by the applicable Federal Register Notice.

Q22. Are rental properties eligible?

A22. For Hurricane Harvey, the Program is limited to single family residences and vacant lots and for the 2015/16 Floods, this also includes multifamily residences, and single family rentals.

Q23. What if houses have renters?

A23. Federal law requires that when you contemplate taking federal funds (at application) that triggers the Uniform Relocation Act and provides renters with certain notices and protections. In this case, the Program will be permanent relocation and a URA policy will need to be developed.

Q24. If a homeowner has two parcels of land which are adjacent, and only one has a home (one being a vacant lot), can we buy them both?

A24. The Program can purchase both parcels of land, and they do not need to be re-platted to a single site. Purchase of land is allowed; however, it must meet the objective of the buyout program.

Q25. If a homeowner owns two parcels of land which are adjacent, and only one has a home (one being a vacant lot) can we purchase just the lot with the home? And are there restrictions on rebuilding on the vacant lot?

A25. The Program can purchase just one lot, and leave the homeowner with the second parcel of land. There are no restrictions within the HUD guidelines on the use of the funds once a home is purchased (as long as an incentive is not provided). However, the flood plain administrator for the area may have restrictions related to construction in the area.

Q26. If a homeowner demolished the home after the event, but applies to the buyout program, can the lot/home be purchased if they can prove the home previously existed?

A26. Yes, the subrecipient can purchase the home. The use of the County Appraisal District's records could be used to establish a value.

Q27. How does an involuntary buyout or acquisition activity work?

A27. Eminent Domain may only be used for a public use -- defined in Texas as ownership, use and enjoyment of the property by the State, a political subdivision of the state, or the public at large, or an entity granted the power of eminent domain under law, or the elimination of urban blight. Eminent Domain may not be used if a private benefit is conferred to a particular private party and may not be used if the primary purpose is for economic development or enhancement of tax revenues.

Hardin County Recovery

Hurricane Harvey: County Update



FEMA

all totals as of January 4, 2019



4,753

APPROVED
REGISTRATIONS
FOR INDIVIDUAL
ASSISTANCE



Direct
Housing



254

Housed

Housing
and other
disaster
related
expenses:

**\$35.54
MILLION**



Small Business Administration (SBA)

\$113.50 MILLION



Approved Loans **976**

NATIONAL FLOOD
INSURANCE
PROGRAM (NFIP)

AS OF 6/30/18

Claims **840**



Paid

\$152.76 MILLION

PUBLIC ASSISTANCE

Provides grants to Government organizations and certain private nonprofits.



62 PROJECTS
OBLIGATED



\$10.0 MILLION

FEDERALLY FUNDED



KEY STAFF LISTING
HARDIN COUNTY CDBG-DR 4332 (HARVEY) ROUND 1

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