

Affordable Housing Plan

City of Corpus Christi Housing and Community Development

Community Development Block Grant
Home Investment Partnerships Program
Emergency Solutions Grant Program



Revised: January 2017

Table of Contents

Background Information	3
Owner-Occupied Rehabilitation & Reconstruction	4
Refinancing Mortgages	9
Homebuyer Programs	10
Infill Housing Incentive Program (IHIP)	13
Vacant Lot Infill Incentive Pilot Program	16
Monitoring	19
Community Housing Development Organizations (CHDOs)	24
Resolutions of Support or No Objection	25
Future Land Use Map	26
Emergency Solutions Grant Program	27
Appendices	28
Appendix 1: Income Limits and Part 5 Requirements	29
Appendix 2: Community Housing Development Organization (CHDO) Policy, Procedure and Standards	30
Appendix 3: HOME Program Recapture Requirements for Homebuyer Activities	32
Appendix 4: Lead Based Paint Requirements	34
Appendix 5: Environmental Review Policy, Procedures and Standards	37
Appendix 6: Regulatory Requirements	45
Appendix 7: Maps	47

Background Information

The City of Corpus Christi (the City) receives support from the U.S. Department of Housing and Urban Development to assist low and moderate income families in obtaining affordable housing. The City receives several Entitlement (HUD) grants, which it can use to support its housing initiatives. HUD outlines certain regulations that apply when using grant funds. This policy document uses the HUD regulations as a basis and incorporates the City's own policies as adopted by City Council.

Community Development Block Grant (CDBG)

The Community Development Block Grant has been in existence since 1974. The primary objective of the CDBG program is to improve communities by providing decent housing, providing a suitable living environment, and expanding economic opportunities. The primary beneficiary of CDBG funds must benefit low to moderate-income persons, aid in the prevention or elimination of slums or blight, or meet an urgent need.

HOME Investment Partnerships Program (HOME)

The HOME Investment Partnerships Program has been in existence since 1990. The goals of the HOME program are to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. HOME funds may be utilized for rental activities, homebuyer activities, and homeowner rehabilitation activities. All HOME funds must benefit persons of low and moderate income.

Emergency Solutions Grant Program (ESG)

The Emergency Solutions Grant Program was revised in 2012 after an amendment to the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (Hearth Act). The ESG program provides funding to: 1. Engage homeless individuals and families living on the street; 2. Improve the number of quality of emergency shelters for homeless individuals and families; 3. Help operate these shelters; 4. Provide essential services to shelter residents; 5. Rapid re-house homeless individuals and families, and 6. Prevent families/individuals from becoming homeless.

Infill Housing Incentive Program (IHIP)

The purpose of the Corpus Christi Infill Housing Incentive Program (IHIP) is to promote and encourage new home construction in existing CDBG neighborhoods on privately owned vacant lots and City owned vacant lots. This program applies to targeted areas where existing street and utility infrastructure is available to promote the development of single- family residential homes.

Vacant Lot Infill Incentive Pilot Program

The purpose of the Corpus Christi Vacant Lot Infill Incentive Program is to create and strengthen community partnerships and encourage new home construction in existing neighborhoods on City owned vacant lots. This program applies to targeted areas where existing street and utility infrastructure is available to promote the development of single-family residential homes.

Rehabilitation Grant Programs and Demolition Reconstruction Loan Program

CDBG Funds may be used to assist very low and low to moderate income households that require rehabilitation of their home, or a demolition reconstruction.

MINOR HOME REPAIR AND VETERANS MINOR HOME REPAIR GRANT PROGRAMS

The Minor Home Repair Program is a grant up to \$25,000 to assist homeowners with repairs involving the following: Roof, Plumbing, Electrical, Heating, Foundation and Minor Structural Problems

MINOR HOME PROGRAM ELIGIBILITY

The applicant's gross annual income must meet the HUD Income Limits for Very Low Income households. The applicant must be 62 years of age or older, or disabled. The applicant must not have ownership in any other property at the time of application. The property must reside within the city limits of Corpus Christi, and be a single family owner occupied home. The applicant must have occupied the dwelling for at least one year from the date of application. Nueces County Tax Records and utility records must indicate the residence is the applicant's primary residence. Property taxes must be current at the time of application. Applicant must be current on the mortgage. If the property is located in a flood plain, it will be ineligible for assistance through the rehabilitation program. Upon inspection by a Property Advisor, if the home is determined to be over 60% deteriorated, the applicant will be referred to the Demolition and Replacement Loan Program.

To determine the income eligibility of the household, the applicant will be provide the following:

- Current government issued ID for all household members
- Copy of social security card for all household members
- 1 month of bank statements
- Verification of all household income for the past 3 months

VETERANS MINOR HOME PROGRAM ELIGIBILITY

The applicant's gross annual income must meet the HUD Income Limits for Very Low Income households. There is no age restriction for the Veterans Minor Home Program. The applicant must not have ownership in any other property at the time of application. The applicant's property must reside within the city limits of Corpus Christi, be a single family owner occupied home. The applicant must have occupied the dwelling for at least one year from the date of application. Nueces County Tax Records and utility records must indicate the residence is the veteran's primary residence. Property taxes and mortgage be current at the time of application. If the property is located in a flood plain, it will be ineligible for assistance through the rehabilitation program. Upon inspection by a Property Advisor, if the home is determined to be over 50% deteriorated, the applicant will be referred to the Demolition and Replacement Loan Program.

To determine the income eligibility of the household, the applicant will be provide the following:

- Current government issued ID for all household members

- Copy of social security card for all household members
- DD 214 OR Veterans ID Card
- 1 month of bank statements
- Verification of all household income for the past 3 months

LEAD BASED PAINT REQUIREMENTS AND ENVIRONMENTAL REVIEW

All homes built prior to 1978 will be subjected to HUD guidelines regarding Lead Base Paint inspection to identify and addresses lead hazards. Projects where the level of rehabilitation assistance is between \$5,000 and \$25,000 will require a risk assessment that must be conducted by a qualified person prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation. If the home is receiving a roof replacement or roof repair only, a Lead Based Paint Test will not be required.

MINOR HOME REPAIR GRANT and VETERANS MINOR HOME REPAIR GRANT PROGRAM INCOME LIMITS

Very Low Income

FAMILY SIZE	1	2	3	4	5	6	7	8
ANNUAL INCOME	20350	23250	26150	29050	31400	33700	36050	38350

Revised 6/6/2016* Income limits are established by HUD and are subject to change without notice

SINGLE FAMILY REHAB GRANT PROGRAM

The Single Family Rehab Grant Program is a grant up to \$25,000 to assist low to moderate income households with repairs involving the following: Roof, Plumbing, Electrical, Heating, Foundation and Minor Structural Problems.

SINGLE FAMILY REHAB GRANT PROGRAM ELIGIBILITY

The applicant's gross annual income must meet the HUD Income Limits for Low to Moderate Income Households. There is no age restriction for the Single Family Rehab Grant Program. The applicant must reside within the city limits of Corpus Christi, and the property must be an owner occupied, single family residence. The applicant must have occupied the dwelling for at least one year from the date of application. Nueces County Tax Records and utility records must indicate the residence is the applicant's primary residence. Property taxes and mortgage must be current at the time of application. If the property is located in a flood plain, it will be ineligible for assistance

through the rehabilitation program. Upon inspection by a Property Advisor, if the home is determined to be over 60% deteriorated, the applicant will be referred to the Demolition and Replacement Loan Program.

To determine the income eligibility of the household, the applicant will be provide the following:

- Current government issued ID for all household members
- Copy of social security card for all household members
- 1 month of bank statements
- Verification of all household income for the past 3 months

SINGLE FAMILY REHAB GRANT PROGRAM INCOME LIMITS

Low to Moderate Income

FAMILY SIZE	1	2	3	4	5	6	7	8
ANNUAL INCOME	32,550	37,200	41,850	46,500	50,250	53,950	57,700	61,400

Revised 6/6/2016* Income limits are established by HUD and are subject to change without notice

DEMOLITION AND RECONSTRUCTION LOAN PROGRAM

This program assists very low income and low to moderate income homeowners with the demolition and reconstruction of their homes. Upon inspection by a Property Advisor, the structure must be determined to be over 50% deteriorated, or if the cost to rehabilitate exceeds the value of the home, the house may be demolished. Grants will be provided to the homeowner to cover the costs to demolish the property and relocating the household while the home is being reconstructed.

DEMOLITION AND RECONSTRUCTION LOAN PROGRAM ELIGIBILITY

The applicant's gross annual income must meet the HUD income guidelines for very low or low to moderate income households. There is no age restriction for the Demolition and Reconstruction Loan Program. The applicant must reside within the city limits of Corpus Christi, and the property must be an owner occupied, single family residence. The applicant must have occupied the dwelling for at least one year from the date of application. Nueces County Tax Records and utility records must indicate the residence is the applicant's primary residence and must have title in their name. The applicant must have a favorable credit rating; no Chapter 7 or Chapter 13 Bankruptcy of a primary mortgage within the past 3 years. If the property is located in a flood plain, it will be ineligible for assistance through the rehabilitation program. Upon inspection by a

Property Advisor, if the home is determined to be over 50% deteriorated, the applicant will be referred to the Demolition and Replacement Loan Program. Title opinions are obtained to evidence ownership of the property. The program offers minimum deferred loans, zero percent interest loans for very low income households and three percent interest loans for low to moderate income households. Demolition and Reconstruction loans must receive approval by the Program Manager and final approval by the Loan Review Committee. The after rehab value of the home cannot exceed \$162,000.

To determine the income and program eligibility of the household, the applicant provide the following:

- Current government issued ID for all household members
- Copy of social security card for all household members
- 1 month of bank statements
- Verification of all household income for the past 3 months
- Deed of Trust
- Divorce Decree (if applicable)
- Power of Attorney (if applicable)
- Probated Will (if applicable)
- An identified Heir to the property

Applicants that have a clouded title, or need to probate a will to declare ownership of a property, will be referred to the Texas Rio Grande Legal Aid at 3825 Agnes St. Corpus Christi, TX 78405, (361) 880-5420 or Toll Free (800) 840-3379.

Housing and Community Development Demo Replacement Loan Terms:

2 Bedroom Home = up to \$80,000

3 Bedroom Home= up to \$95,000

4 Bedroom Home= up to \$115,000

COST OF CONSTRUCTION (and allowable expenses)

2 BEDROOM- Demolition Loan Amount up to \$80,000				
LOAN	3%	0%	Minimum Deferred	Deferred Forgivable
\$80,000 Low to Moderate Income	\$45,000/ 25 YRS		\$10,000/ 15 YRS	\$25,000/ 25 YRS
\$80,000 Very low to low income		\$35,000/ 25 YRS	\$20,000/15 YRS	\$25,000/25 YRS
\$80,000 62 or older, or disabled		\$25,000/25 YRS	\$20,000/15 YRS	\$35,000/25 YRS

3 BEDROOM- Demolition Loan Amount up to \$95,000				
LOAN	3%	0%	Minimum Deferred	Deferred Forgivable
\$95,000 Low to Moderate Income	\$45,000/ 25 YRS		\$15,000/15 YRS	\$35,000/ 25 YRS
\$95,000 Very low to Low Income		\$45,000/ 25 YRS	\$15,000/ 15 YRS	\$35,000/25 YRS
\$95,000 62 or older, or Disabled		\$32,000/25 YRS	\$28,000/15 YRS	\$35,000/25 YRS

4 BEDROOM- Demolition Loan Amount up to \$115,000				
LOAN	3%	0%	Minimum Deferred	Deferred Forgivable
\$115,000 Low to Moderate Income	\$55,000/ 25 YRS		\$25,000/ 15 YRS	\$35,000/ 25 YRS
\$115,000 Very Low to Low Income		\$45,000/ 25 YRS	\$35,000/ 15 YRS	\$35,000/25 YRS
\$115,000 62 years or older, or disabled		\$40,000/25 YRS	\$35,000/15 YRS	\$40,000/25 YRS

REFINANCING MORTGAGES

The Housing and Community Development (HCD) Department will refinance mortgages where an owner has defaulted on a payment arrangement, or is 120+ days past due. If the owner of the property has passed away, HCD Loan Processors will contact the heir to the property to refinance the remaining balance into their name to satisfy the loan.

- A monthly delinquency report will be provided to the Program Manager by Mortgage Servicing Department by the 5th of every month that identifies mortgages that are 120+ days late
- Program Manager will draft letter to be mailed out to delinquent applicants, requesting that the resident of the home come into HCD to make payment arrangement, if no response is received, assigned Loan Processors will initiate a follow up by letter and home visit
- If an heir to the property has been identified and is living at the property, we will reach out to the heir to refinance the home into their name
- A refinance for a low- moderate income household (at or above 50% AMFI) will receive a prevailing mortgage rate for refinancing the balance
- If the heir to the property must probate the will and has to address title issues, we will allow 6 months for the issues to be addressed. Low income applicants are referred to the Texas Rio Grande Legal Aid for title and probate assistance
- Depending on the loan amount to be refinanced, Housing and Community Development offers 5, 10 and 15 year terms to pay off the balance owed
- If an heir to the property is 62 years of age or older, or disabled, they will be eligible to receive a refinance of 0%
- If the heir to the property has no interest in residing in the property, or retaining ownership, we will request for the home to be sold. The remaining balance of the federal funds that are owed will be recaptured and paid back to HUD

HOMEBUYER PROGRAMS

The City of Corpus Christi's Housing and Community Development (HCD) Department offers two assistance programs for low income homebuyers by providing deferred forgivable loans to be used for down payment assistance and closing cost assistance.

Homebuyer Assistance Program

Funding is available to qualified home buyers for the purpose of providing down payment assistance as a deferred loan to buy down the purchase price of an affordable home. The purchase price of a home cannot exceed 95% of the Metropolitan Statistical Area as determined by HUD, which is \$162,000 for 2016. This program will provide up to \$10,000 for an income approved household. The loan will be amortized over the specified affordability period, commencing on the closure date and forgiven at a rate of \$2,000 per year for every year the homebuyer lives in the house. Should the homebuyer move out before the affordability period ends, then the remaining period will be prorated and must be paid back. Recapture provisions require the repayment of the total loan amount on a prorated basis. If the buyer sells the property within the affordability period, the balance of the amortized loan shall be due and payable.

Housing Standards

The home must pass a Housing Quality Standards (HQS) inspection, which is conducted by HCD staff. If the house was built prior to 1978, a lead based paint visual assessment will be required in accordance with HUD Lead Based Paint Regulations.

Homebuyer Eligibility

Prospective homebuyers shall meet the gross annual income limits adjusted for family size as determined by HUD. The Housing and Community Development Department will determine the applicant's anticipated annual gross income. Anticipated annual gross income is an estimation of future income a purchasing household expects to receive based upon their current future monthly income annualized over a 12 month period. Some examples of future income are bonuses, pay raises, commissions, or over-time.

Homebuyers must attend a HUD approved Homebuyer/Homeownership class to obtain a Homebuyer Education Certificate. The certificate cannot be older than one year from the date of issue. If two or more persons are buying a home together, all must attend a class and provide a copy of the Homebuyer Education Certificate.

HUD Approved Housing Counseling Agencies can be found here:

<http://www.hud1.gov/offices/hsg/sfh/hcc/hcs.cfm>

The purchasing household size will be determined by the Housing and Community Development Department using HUD's definition of purchasing household. Purchasing household includes all persons who will be occupying the units as their permanent residence. A member of a household is considered to a permanent member of the household if they have been living as a member of

the household for at least six months or more.

Homebuyer's cash on hand cannot exceed program limits.

Housing and Community Development will make a determination of eligibility at the time the mortgage lender submits the required documents listed in section (V. Lender Requirements) below.

The homebuyer will be issued a Commitment Letter review and approval of all required submitted documents. The Commitment Letter will expire 6 months from the date of issuance. At the time of application, the homebuyer cannot have ownership in any property.

The housing ratio ("front end ratio") must fall between 28%-32%

The total debt ratio ("back end ratio") may not exceed 45%

Income Requirements

Low to Moderate Income

FAMILY SIZE	1	2	3	4	5	6	7	8
ANNUAL INCOME	32,550	37,200	41,850	46,500	50,250	53,950	57,700	61,400

Revised 6/6/2016* Income limits are established by HUD and are subject to change without notice

Lender Requirements

The Lender will be required to submit the following to HCD:

- Loan Estimate Form
- Lender conditional loan approval
- Signed and dated 1003
- Escrow Earnest Money Contract (sales price cannot exceed \$162,000)
- Three months of the most recent bank statements
- Paycheck stubs for past 3 months
- Government issued identification for all purchasing household members
- Copy of social security card of all members of the household
- Copy of the Homebuyer Education Certificate (no older than one year from date of issue)
- Underwriter Summary (1008) – to be provided prior to HCD issuing the Commitment Letter
- Title Commitment showing the 1st and 2nd Liens (upon final loan approval)
- Closing Disclosure (upon final loan approval)

Title Company Requirements

HCD will give the approval for closing and will wire funds to the Title Company.

The Title Company will provide to HCD the original signed promissory note, the recorded City of Corpus Christi Deed of Trust, Recorded Warranty Deed, Final signed Closing Disclosure, Insurance Binder which shows all liens, and the Title Policy which shows HCD as a lien holder.

The Title Company will be responsible for ensuring that all documents are complete and correct.

Affordability Periods

The residence must remain the primary residence of the homeowner. If the owner sells or moves out of the home during the affordability period, the City of Corpus Christi's recapture provisions will apply.

Amount of Funds	Required Affordability
Less than \$15,000	5 Years

HOME Program Recapture Requirements

These requirements can be found in Appendix 3

\$5,000 HOME Down Payment Program

Funding is available to income and program qualified homebuyers for the purpose of providing closing cost assistance in the form of a deferred forgivable loan, up to \$5,000. Homebuyers receiving funds from the Homebuyer Assistance Program can also apply to receive closing cost assistance. The \$5,000 Home Down Payment Program will be amortized over the specified affordability period, commencing on the closure date and forgiven at a rate of \$1,000 per year for every year the homebuyer resides in the home. Should the homebuyer move out before the affordability ends, then the remaining period will be prorated and must be repaid back. Recapture provisions require the repayment of the total loan amount on a prorated basis. If the buyer sells the home during the affordability period, the balance of the amortized loan shall be due and payable.

During the intake process, the homebuyer will receive the HOME Recapture Provision. Assistance for the \$5,000 HOME Program is based upon need. To determine the amount of assistance, a gap analysis will be conducted during the final approval process and once the closing disclosure is provided from the Title Company.

INFILL HOUSING INCENTIVE PROGRAM (IHIP)

1. Purpose

The purpose of the Corpus Christi Infill Housing Incentive Program (IHIP) is to promote and encourage new home construction in existing CDBG neighborhoods on privately owned vacant lots and City owned vacant lots. This program applies to targeted areas where existing street and utility infrastructure is available to promote the development of single-family residential homes.

The Housing & Community Development Department will administer the application process and determine eligibility of lots for the program. The Real Estate Division will administer the sale of land. The Development Services Department will ensure compliance with development requirements and track waived fees.

2. Benefits

- Utilizes abandoned and/or nonconforming vacant property
- Once established, properties are completely self-sufficient
- Helps fulfill housing needs in an affordable price range
- Revitalizes existing neighborhoods
- Adds to the assessed value rolls, increasing future City property tax revenue
- Improves maintenance of properties and potentially reduces crime
- Reduces Code Enforcement abatement expense

3. Definitions

“Infill lot” or “infill housing” is the insertion of additional housing units into an already approved subdivision or neighborhood. Specifically for this Infill Housing Incentive Program, this means the construction of new residential housing units built on site on a vacant lot or built on two non-conforming lots by re-platting through an administrative plat to remove the lot line, in Community Development Block Grant (CDBG) designated areas within the City of Corpus Christi.

4. Eligibility Criteria

For all vacant properties, private and city-owned:

- Must be within the City’s Community Development Block Grant (CDBG) designated areas – see map below
- Must meet the definition of infill lots
- Must be in one of the following single family residential zones:
 - o RS-15, RS-10, RS-6 and RS-4.5 (see Unified Development Code for definitions)
- Must not be in an airport overflight zone or the Navy’s Air Installations Compatible Use Zones (AICUZ), which includes the Accident Potential Zones (APZ) and Clear Zones

- Home construction must begin within 120 days of sale.
- Home construction must be completed and receive Certificate of Occupancy within 6 months of construction start date.
- Must meet all building standards and Unified Development Code requirements
- Must result in a newly constructed, on site, single family home with finished floor plan of 900 to 1300 square feet
 - o No mobile homes, no prebuilt homes moved onto the site
- Will be subject to all permit requirements
- Sales price or finished home value of \$50,000 - \$100,000

Additional criteria for City owned vacant properties:

- Properties will be made available to builders through a competitive bid process with a defined minimum bid.
- Builder must demonstrate experience to complete the project in a professional manner and to a standard appropriate for the community.
- Builder must demonstrate financial capability.
- Builder must enter into an agreement with City accepting all program requirements and City rules and regulations.
- Builder must offer a limited builder's warranty to the homeowner acceptable to the City of Corpus Christi and compliant with State and Federal regulations.
- Home construction must begin within 120 days of sale.
- Home construction must be completed and receive Certificate of Occupancy within 6 months of construction start date.
- Lot sale will be completed upon closing of the home sale.

5. Incentives

- Waiver of City fees, which include building permit, platting and zoning fees.
- Waiver of Water, Wastewater and Gas tap fees.
- City will provide up to two roll-off containers at City's actual cost during construction

6. Sale of City owned Lots by Bid

- a. The selected City owned lots will be advertised and sold through a bid process with a minimum bid value.
- b. Bidders will be required to submit a \$100 option contract for each lot for an option period not to exceed 120 days from the date of sale.
- c. Bidders may bid on one or more lots.
- d. Monies collected through the sale will be deposited in a Fund to be used to pay Development Services permitting fees and lot maintenance prior to sale, if any.
- e. Buyers will be required to start the construction on one lot before the end of the option period (120 calendar days) or the lot(s) will revert to the City for resale or for sale to the second highest bidder.
- f. Buyers can extend the option period with approval of the City Manager or his designee.

- g. City will convey the lot through a subordination agreement.

7. Department Responsibilities

- a. Executive/Management is responsible to:
 - 1) Establish program objectives and develop implementation procedures.
 - 2) Report to City Council the results of the program on at least an annual basis.
- b. Housing and Community Development (HCD) Department Director is responsible to:
 - 1) Manage the overall program to meet housing needs of the community.
 - 2) Administer the Infill Housing Incentive Program and procedures, and present a briefing to the City Council at least annually.
 - 3) Update website information about this program.
 - 4) Work with Finance to establish a General Fund special fund with accounts to track revenues from sale of city owned lots and expenditures to pay Development Services the amount of waived fees.
 - 5) Confirm applicant's eligibility for program, and work with Development Services to mark the permit as "Infill Housing" for appropriate permit review and waiver of fees.
- c. City Legal Department is responsible to:
 - 1) Prepare and review all documents to ensure compliance with Local Government Code, City ordinances, and the City Charter.
- d. Real Estate Division of Engineering is responsible to:
 - 1) Prepare bid documents for the sale of city owned lots individually or in packages, as appropriate. Multiple lots may be packaged based on appraised value and location.
 - 2) Receive and open bids at a specified time and place.
 - 3) Award bid based on best value and notify responsive bidders.
 - 4) Prepare a subordination agreement for the lot to the builder for closing.
 - 5) Set the minimum price of the lot in the bid.
- e. Development Services is responsible to:
 - 1) Ensure waiver of all permit fees to include platting, building, and inspection fees.
 - 2) Ensure waiver of all water, wastewater, and gas tap fees. All utilities will be installed at City expense.

8. Other Conditions

- a. This program will be monitored and assessed for viability and may be discontinued at the discretion of the City of Corpus Christi.
- b. The City will comply with the Tax Code Sec 34.051 Resale by taxing unit for the purpose of urban development.

VACANT LOT INFILL INCENTIVE PILOT PROGRAM

1. Purpose

The purpose of the Corpus Christi Vacant Lot Infill Incentive Pilot Program is to create and strengthen community partnerships and encourage new home construction in existing neighborhoods on City owned vacant lots. This program applies to targeted areas where existing street and utility infrastructure is available to promote the development of single-family residential homes.

The Housing & Community Development Department will administer the application process and determine eligibility of lots for the program. The Real Estate Division will administer the sale of land if applicable. The Development Services Department will ensure compliance with development requirements and track waived fees.

The pilot program is designed to move city owned surplus properties to developers, public agencies and/or non-profit organizations for developing affordable housing and returning properties to tax rolls.

2. Benefits

- Utilizes abandoned and/or nonconforming vacant property
- Once established, properties are completely self-sufficient
- Helps fulfill housing needs in an affordable price range
- Revitalizes existing neighborhoods
- Adds to the assessed value tax rolls, increasing future City property tax revenue
- Improves maintenance of properties and potentially reduces crime
- Reduces Code Enforcement mowing and abatement expense

3. Definitions

“Infill lot” or “infill housing” is the insertion of additional housing units into an already developed subdivision or neighborhood. Specifically for this Vacant Lot Infill Incentive Program, this means the construction of new residential housing units built on site on a vacant lot or built on two non-conforming lots by re-platting through an administrative plat to remove the lot line, in designated areas within the City of Corpus Christi.

City Lots – Surplus City Owned Residentially Zoned Lots

4. Eligibility Criteria

For all vacant properties, city-owned:

- Must meet the definition of infill lots
- Must be in one of the following single family residential zones:
 - RS-15, RS-10, RS-6 and RS-4.5 (see Unified Development Code for definitions)
- Must not be in an airport overflight zone or the Navy’s Air Installations Compatible Use Zones (AICUZ), which includes the Accident Potential Zones (APZ) and Clear Zones

- Home construction must begin within 180 days of sale.
- Home construction must be completed and receive Certificate of Occupancy within 12 months of construction start date.
- Must meet all building standards and Unified Development Code requirements
- Must result in a newly constructed, on site, single family home with finished floor plan of 700 to 1300 square feet
 - No mobile homes
- Will be subject to all permit requirements
- Sales price or finished home value is estimated to be from \$75,000 - \$125,000

Additional criteria for City owned vacant properties:

- Properties will be made available to Developers, Public Agency and/or Non-Profits at no cost.
- Entity must demonstrate experience to complete the project in a professional manner and to a standard appropriate for the community.
- Entity must demonstrate financial capability.
- Entity must enter into an agreement with City accepting all program requirements and City rules and regulations.
- Entity must offer a limited builder's warranty to the homeowner acceptable to the City of Corpus Christi and compliant with State and Federal regulations.
- Home construction must begin within 180 days of donation of land/lot
- Home construction must be completed and receive Certificate of Occupancy within 12 months of construction start date.
- Lot sale transfer will be completed and recorded upon closing of the home sale.

5. Incentives

- Waiver of City fees, which include building permit, platting and zoning fees.
- Waiver of Water, Wastewater and Gas tap fees.
- City will provide up to two roll-off containers at City's actual cost during construction

6. Land

- a. The selected 12 City owned lots will be awarded to community based non-profit or public agencies.
- b. Entity may request one or more lots.
- c. Entity will be required to start the construction within 180 days
- d. Entity can extend the construction start period with approval of the City Manager or designee.
- e. City will convey the lot through a subordination agreement.
- f. Lots are to be returned to the Tax Rolls within 10 years of donation

7. Department Responsibilities

- a. Executive/Management is responsible to:
 - 1) Establish program objectives and develop implementation procedures.
 - 2) Report to City Council the results of the program on an annual basis.

- b. Housing and Community Development (HCD) Department Director is responsible to:
 - 1) Manage the overall program to meet housing needs of the community.
 - 2) Administer the Vacant Lot Infill Incentive Program and procedures, and present a briefing to City Council annually.
 - 3) Update website information about this program.
 - 4) Work with Finance to establish a General Fund special fund with accounts to track revenues from sale of any city owned lots and expenditures to repay Development Services the amount of waived fees.
 - 5) Confirm applicant's eligibility for program, and work with Development Services to mark the permit as "Infill Housing Pilot" for appropriate permit review and waiver of fees.
- c. City Legal Department is responsible to:
 - 1) Prepare and review all documents to ensure compliance with Local Government Code, City ordinances, and the City Charter.
- d. Real Estate Division of Engineering is responsible to:
 - 1) Receive and open requests for land at a specified time and place.
 - 2) Notify responsive entities.
 - 3) Prepare a subordination agreement for the lot to the entity for closing.
- e. Development Services is responsible to:
 - 1) Ensure waiver of all permit fees to include platting, building, and inspection fees.
 - 2) Ensure waiver of all water, wastewater, and gas tap fees. All utilities will be installed at City expense.

8. Other Conditions

- a. This program will be monitored and assessed for viability and may be discontinued at the discretion of the City of Corpus Christi.
- b. The City will comply with the Tax Code Sec 34.051 Resale by taxing unit for the purpose of urban development.

MONITORING

The City is required by HUD to obtain information on rents and occupancy of HOME – assisted units to demonstrate compliance with the affordability rent requirements on an annual basis.

Purpose:

The Monitoring Policy provides guidance for Housing and Community Development (HCD) staff on conducting monitoring visits for the following Housing and Urban Development (HUD) funded programs: Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG) and HOME Investment Partnerships Program (HOME).

Objectives:

To ensure the HCD Office carries out its statutorily mandated responsibility to review grantee's performance in administering covered program pursuant to Section 104(e) and Section 119(g) of the Housing and Community Development Act of 1974, as amended.

- a. Assists Recipients to improve their performance, develop greater self reliance and enhance their management and technical capacity;
- b. Assure that federal funds are being managed properly and are not being wasted or used for fraudulent purposes;
- c. Keep well-informed of the progress of funded projects respectively, for each Program.

Responsibilities/Goals:

- a. HCD staff shall conduct a minimum of one (1) monitoring visit or be attentive if a revisit(s) are needed. HCD staff's goal should be to identify deficiencies and take corrective measures in order to improve and reinforce recipient's performance. As part of this process, HCD staff should be alert for fraud, waste, and/or mismanagement of federal funds and immediately address non-compliance issues.

Management Plan:

HCD Staff shall:

- a. establish an annual monitoring plan and will identify the actions that will be taken to assess recipient's performance, including the type/level of monitoring needed for each agency (e.g. limited, in-depth/on-site, desk review, etc.) and shall communicate and accommodate monitoring dates with recipients.
- b. maintain records of all monitoring visits and include supporting documents and reports. In the event HCD staff determines documents need not be placed in recipient's administrative file, a notation will be made to such file where supporting documents will be easily located as necessary.
- c. may conduct a desk review without conducting on-site monitoring at agency's location can be performed if: agency has been funded previous years and no findings were found and no

unresolved concerns are pending.

Risk Analysis

- a. HCD staff shall perform risk analysis for each of the funded projects to analyze and compare against the full spectrum of formula and competitive program participants and programs. This method ranks recipients in descending order, from highest to lowest risk.
- b. Three categories are generally used: high, medium and low risk. Monitoring visits shall be scheduled based on the results of the analysis perform and rank projects accordingly to be monitored in the first, second, third, or fourth quarter of funded year.
- c. Risk Analysis completed forms must be filed in the Recipient's administrative file.

Pre-visit Preparations Checklist:

Conducting a TA Visit:

____(a) review the recipient's administrative file, RFP application, subrecipient agreement (and amendments, if any) risk analysis, etc.,

____(b) if construction related, notify respective HCD staff (by e-mail) that a monitoring visit is going to be scheduled and if there are any issues that need to be focused on during the monitoring visit. Make note of issues on the notice of monitoring (letter) to be sent to recipient.

____(c) before preparing notice for a TA, contact recipient for date/time availability and once verbally confirmed, send out written notice by regular or e-mail. A day before the TA visit, call to remind recipient.

____(d) upon arrival, greet recipient or representative, have a quick introduction and if necessary go over some of the areas noted on the TA letter. Briefly discuss basic documentation as to what needs needs to be on file and explain the importance of having "written" policies and procedures. A review tenant/client files (ask them to select about 3 files for your review) is recommended. Inform them that administrative and financial operating procedures should support their method of operations (ex: if a policy is in place, staff should be compiling with such, this may also include requirements included in tenant leases vs. recipient's operation procedures.) Provide them the opportunity to ask questions and feel at ease.

Conducting a Desk Review:

____(a) review the recipient's administrative file, RFP application, subrecipient agreement (and amendments, if any) risk analysis, etc.,

____(b) if construction related, notify respective HCD staff (by e-mail) that an in-house desk review is going to be conducted and if there are any issues that need to be focused on during the desk review.

____(c) review financial file and visit with financial staff for any issues pending

____(d) notify recipient that an in-house desk review level monitoring will be conducted on such date and feedback will be provided to them. If there are any concerns, they will be noted on the Desk Review Monitoring Report and recommendations or action(s) needed to be taken by recipient will be identified **OR** if during the in-house desk review monitor determines a full on-site monitoring visit is needed, recipient will be notified.

____(e) In-house desk review report shall note which areas were reviewed and will note whether or not there are any concerns. Monitor will provide a signed copy of report to HCD Administrator A cover letter should be attached for HCD Administrators signature.

NOTE: Desk Reviews monitoring method is only favorable for recipients whom have had years of successful program/project management. Desk reviews also allow HCD staff more staff time to conduct more intense monitoring visits for other recipients as needed. A desk review should be conducted only on an "every other year" basis and a full on-site monitoring visit should be conducted in between.

- a. In order to conduct a successful monitoring visit HCD staff shall perform a thorough desk review and be aware of any previous or current issues which need to be identified on the notice of monitoring visit and addressed at the time of conducting the monitoring visit.
- b. Completing the monitoring forms (see Monitoring Handbook) prior to sending out notice of monitoring visit which will indicate areas to be monitored, depending on the eligibility and national objective that needs to be met.
- c. All monitoring correspondence, completed forms, monitoring support documentation shall become part of the project administrative file.

Conducting the On-Site Monitoring:

Notification Letter

- Send a formal notification letter no less than two weeks prior to the visit. Letter will contain the confirmed date and time of the visit along with the scope of the monitoring. Schedule a date and time convenient for the Subrecipient.
- Provide the Recipient with a description of the information that will be reviewed during the visit.

- Specify the expected duration of the monitoring, which staff will be involved in the monitoring, what office space will be required, and what members of the Recipient's staff that the monitor will need to speak with.

Entrance Conference/Interview

- Upon arriving to the on-site monitoring visit, HCD staff will hold an entrance conference/interview with the Recipient's director and appropriate financial and program staff immediately before beginning the monitoring.
- HCD staff will make sure that all Recipient's staff have clear understanding of the purpose, scope, and schedule of the monitoring from the very beginning.
- Both City and Recipient must understand that it is the City's responsibility to monitor the Recipient's activities and determine whether its use of Program funds is appropriate and meet HUD regulations.

Documentation, Data Collection and Analysis

- HCD staff shall use monitoring checklists provided in the CPD Grantee Monitoring Handbook (<http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm>). HCD staff can use appropriate checklists that apply to the specific Recipient's activities.
- HCD staff shall become familiar with the monitoring checklists and will document compliance, concerns, and/or findings;
- HCD staff shall keep clear records of the steps that were followed and the information reviewed and obtain during the visit;

Exit Conference/Interview

- At the end of the monitoring visit, staff will meet again with key representatives of the subrecipient organization to present the tentative conclusions from the monitoring visit.
- The exit conference/interview should include the following objectives:
 - Present preliminary results of the monitoring visit;
 - Provide an opportunity for the Recipient to correct any misconceptions or misunderstandings on staff's part;
 - Secure additional information from the Recipient's staff to clearly or support their position; and
 - If there is indeed a concern or deficiency, provide the Recipient with an opportunity to report on steps they are already taking to correct the matter.
- HCD staff will maintain notes on the exit conference in order to document what was discussed with the Recipient and whether the Recipient agreed with staff's tentative concerns and/or findings leaving a clear understanding of the areas of agreement and disagreement about staff's monitoring results.

Monitoring Letter

Once the monitoring visit is concluded, HCD staff shall review all documentation and send a follow-up monitoring letter. The monitoring letter will be used to create a permanent written record of what staff found during the monitoring visit. Letters should emphasize the areas where the Recipient has done a good job and is in compliance or shown significant improvement as well as pointing out areas where corrective action or improvement is required.

- Follow-up letters should identify fully every finding and concern.
- If a finding of non-compliance is found, ensure that the finding is correctly identified based on an applicable law, regulation, or program policy, and support the facts presented in the monitoring letter.
- For each finding, specify corrective actions the Recipient must take.
- If a concern is identified where non-compliance may occur in the future because of weaknesses in the Recipient's operations, include specific recommendations for improvement.
- Include deadlines in the monitoring letter for providing a written response to staffs monitoring letter that describes how the Recipient will resolve any findings and correcting each deficiency identified in the letter.
- HCD staff shall mail the monitoring letter to the Recipient within 30 days after exit conference, especially if the letter details significant problems in the Recipient's operations.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs)

Set Aside

HUD requires that 15% of the HOME allocation each year be made available to Community Housing Development Organizations (CHDOs) for the development of affordable homebuyer or rental housing.

Certification

Organizations seeking CHDO status must document that the organization has capacity to own, develop, or sponsor housing each time it commits funds to the organization. HUD has established minimum criteria for eligibility as a CHDO and the City has developed the “Community Housing Development Organization (CHDO) Policy, Procedure, and Standards” document to outline the process and requirements for CHDO certification.

Resolutions of Support for Housing Tax Credit Projects

The City of Corpus Christi (the City) has formalized a process for developers requiring Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA). Each year, the TDHCA is required to develop the Qualified Allocation Plan (QAP) to establish the procedures and requirements relating to the allocation of Housing Tax Credits. Once the QAP is submitted and approved by the Office of Governor, which occurs in December of each year, the adopted QAP will be published in the Texas Register. Typically, Resolutions of Support are required to be submitted to TDHCA during a specific timeframe.

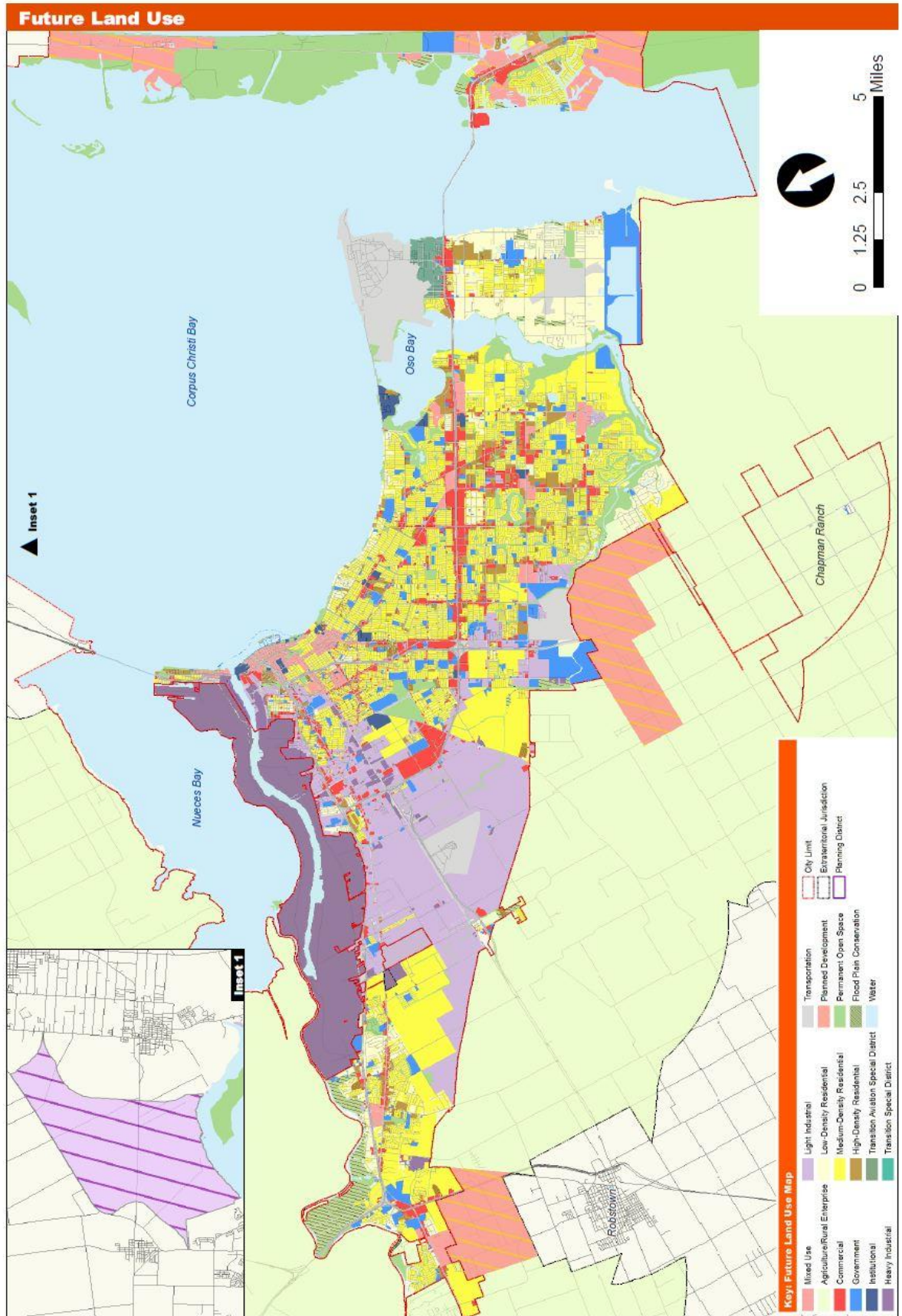
During the December 15, 2015 City Council Meeting, the Council approved the following list of amenities which would be required to be incorporated in a multi-family development in order to receive a Resolution of Support. The amenities were as follows:

- ✓ Full perimeter fencing
- ✓ Equipped functional computer learning center (2 computers per 20 units)
- ✓ Furnished community room
- ✓ Community laundry room
- ✓ Children's playscape area (where applicable)
- ✓ Appropriate Zoning

During the FY2017-2018 Program Year, the City will also require the following in order to receive a Resolution of Support:

- ✓ Statement from Developer of meeting with the Council Member of the district of the proposed project to discuss the overall project.
- ✓ Meeting with the Housing and Community Development, Development Services, and Planning Departments to discuss the proposed project, site location, and project funding
- ✓ Appropriate size zoning

During the FY2018-2019 Program Year and moving forward, the above will be required as well as site consideration from the City's Future Land Use Map below:



EMERGENCY SOLUTIONS GRANT PROGRAM

The City of Corpus Christi receives an annual allocation from The U.S. Department of Housing and Urban Development for the Emergency Solutions Grant (ESG) Program. The City utilizes the funding for three (3) of the six (6) eligible activities. The funding is used for Administration of the ESG program and also two (2) additional activities which aide in housing in the ways of prevention and re-entry:

Homelessness Prevention

Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in the homeless definition.

The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

See 24 CFR 576.103.

Rapid Re-Housing

Housing relocation and stabilization services and/or short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial Assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

See 24 CFR 576.104

APPENDICES

Appendix 1:	City of Corpus Christi Income Limits and Part 5 Requirements	Page 29
Appendix 2:	Community Housing Development Organization (CHDO) Policy, Procedure and Standards	Page 30
Appendix 3:	HOME Program Recapture Requirements for Homebuyer Activities	Page 32
Appendix 4:	Lead Based Paint Requirements	Page 34
Appendix 5:	Environmental Review Policy and Procedures	Page 37
Appendix 6:	Regulatory References	Page 45
Appendix 7:	Maps	Page 47

APPENDIX 1

City of Corpus Christi Income Limits and Part 5 Requirements

The City elected to utilize the 24 CFR Part 5 definition for determining annual income. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12 month period. Annual income is used to determine eligibility and, in some programs, the level of assistance the household will receive. The City will use a household's expected ability to pay, rather than past earnings, when estimating housing assistance needs.

Staff will utilize the *Technical Guide for Determining Income and Allowances for the HOME Program as a resource and the standard to make a determinations on the following:*

- Whose Income to Count
- Types of Income to Count
- Treatment of Assets
- What to include as an Asset
- Income from Assets
- Annual Income Inclusions and Exclusions
- Calculating Part 5 Annual Income
- Determining Household size
- Comparing Household income to the HUD Limits
- Income Certifications

2016 ADJUSTED HOME INCOME LIMITS for City of Corpus Christi Housing Programs

Very Low Income: Minor Home Repair, Veterans Minor Home Repair

Family Size	1	2	3	4	5	6	7	8
Annual Income	20,350	23,250	26,150	29,050	31,400	33,700	36,050	38,350

Low & Moderate Income: Single Family Grant Rehab and Homebuyer Assistance

Family Size	1	2	3	4	5	6	7	8
Annual Income	32,550	37,200	41,850	46,500	50,250	53,950	57,700	61,400

Revised 6/6/2016 *Income limits are established by HUD

APPENDIX 2

Community Housing Development Organization (CHDO) Policy and Standards

24 CFR 92

Community housing development organization means a private nonprofit organization that:

- (1) Is organized under State or local laws;
- (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- (3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 - (i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - (ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;
 - (iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and
 - (iv) The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.
- (4) Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1)), is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if the private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of "community housing development organization;"
- (5) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;

- (6) Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"
- (7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
- (8) Maintains accountability to low-income community residents by:
 - (i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - (ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- (9) Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of §92.300(a) (2). A nonprofit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and
- (10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

APPENDIX 3

HOME Program Recapture Requirements for Homebuyer Activities

HOME INVESTMENT PARTNERSHIPS PROGRAM

RECAPTURE PROVISIONS

The City of Corpus Christi, HOME Down Payment Assistance Program in compliance with 24 CFR 92.254 of the HOME rule, has adopted the following recapture policy, using the HUD acceptable recapture model, *Reduction (or Forgiveness) During the Affordability Period*.

The HOME recapture provisions are established in §92.254(a)(5) and permit the original homebuyer to sell the property to any willing buyer within the affordability period, while the City of Corpus Christi is able to recapture all or a portion of the HOME assistance provided to the original homebuyer. The recapture approach requires that all or a portion of the direct subsidy provided to the homebuyer be recaptured from the net proceeds of the sale.

Direct HOME Subsidy is the amount of HOME assistance, including any program income that enabled the homebuyer to buy the unit. It includes down payment, closing costs, interest subsidies, or other HOME assistance provided directly to the homebuyer. It also includes any assistance that reduced the purchase price from the fair market value to an affordable price. Furthermore, if HOME funds are used for the cost of developing a property and the unit is sold below fair market value, the difference between the fair market value and the purchase price is considered to be directly attributable to the HOME subsidy.

Net Proceeds is the sales price minus the superior loan repayment (other than HOME funds) and any closing costs. The City of Corpus Christi may require full or partial repayment of the direct HOME subsidy when a subsequent sale occurs during the affordability period. If there are no proceeds or insufficient proceeds to recapture the full amount of HOME investment due, the amount subject to recapture must be limited to what is available from the net proceeds.

The period of affordability is based upon the total amount of HOME funds subject to recapture, which is based on the amount of HOME assistance that enabled the homebuyer to purchase the home. This may include any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property, such as the development subsidy. The recaptured funds must be used to carry out HOME eligible activities within the City of Corpus Christi. The period of affordability for the HOME Down Payment Assistance Program is five (5) years. As per HUD regulations, the period of affordability does not begin until the activity is shown as completed in HUD's Integrated Disbursement and Information System ("IDIS"). Therefore, the period of affordability may not start until sometime after the actual execution date of the Agreement and related Deed of Trust and Promissory Note. The period of affordability will however begin on the same date as the IDIS activity completion date.

The following table outlines the required minimum HOME affordability periods:

HOME Investment Per Unit	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 to \$40,000	10 Years

Reduction (or Forgiveness) During the Affordability Period: The City of Corpus Christi has chosen to reduce the amount of direct HOME subsidy on a pro-rata basis for the time the homebuyer has owned and occupied the dwelling, measured against the required affordability for its HOME Down Payment Assistance Program. The HOME Down Payment Assistance Program will provide a program and income eligible homebuyer with up to \$5,000 in HOME assistance.

The pro rata amount to be recaptured will be determined by the following formula:

of years in the home x the total direct HOME subsidy = Recapture Amount period of affordability

-The number of years the homebuyer occupied the home, divided by the period of affordability;

-Multiply the resulting figure by the total amount of direct HOME subsidy originally provided to the homebuyer

If there are insufficient net proceeds available to recapture the full amount pro rata amount due, then it is not required to repay the difference between the prorated direct HOME subsidy due and the amount the City of Corpus Christi is able to recapture from available net proceeds.

Recapture Example:

A homebuyer receives \$5,000 of HOME down payment assistance to purchase a home. The total direct HOME subsidy to the homebuyer is \$5,000 and requires a 5 year period of affordability. If the homebuyer sells the home in year 3 of the 5 year affordability period, the City of Corpus Christi would forgive 60 percent of the direct HOME subsidy and recapture 40 percent of the direct HOME subsidy, or \$2,000 of the HOME investment, assuming that there are sufficient net proceeds available.

In summary:

The City of Corpus Christi will ensure that a detailed HOME Homebuyer Assistance Program Agreement and Notice of Period of Affordability Agreement that convey the recapture provisions is executed with the homebuyer to ensure that all parties are aware of the specific HOME requirements applicable to the home, such as the period of affordability, principal residency requirement, terms; and conditions of the recapture requirement. The HOME Homebuyer Assistance Program Agreement is a separate legal document that will comply with 24 CFR 92.254 of the HOME rule. As per accordance with the terms and provisions of the HOME Homebuyer Assistance Program Agreement, the City of Corpus Christi through the Notice of Period of Affordability Agreement will provide the homebuyer with the HUD IDIS activity completion date, which is equal to the beginning date of the Period of Affordability.

APPENDIX 4

Lead-Based Paint Requirements

This portion of the manual outlines the requirements in relation to Lead-Based Paint.

The U.S. Department of Housing and Urban Development recently adopted new regulations in relation to the treatment of Lead Based Paint in properties built before 1978 that are assisted with HUD funding. The requirements are outlined below based on the activity undertaken. To obtain a copy of the rules from HUD, go to the HUD website at: www.hug.gov/lead and download the regulation.

Down-payment Assistance Programs:

The following are HUD's requirements See 24 CFR part 35 (subpart K):

- Distribute Lead Hazard Information Pamphlet and Disclosure to buyers of homes built prior to 1978.
- Perform Visual Assessment of all painted surfaces.
- If Visual Assessment reveals deteriorated paint, action must be taken to stabilize each deteriorated paint surface.
 - At this point, the City will have to assume every component has lead since the Visual Assessment does not determine where lead is present. Safe work practices must be used by trained worker in this field. Paint stabilization works well on non-friction surfaces such as walls (interior/exterior). When dealing with friction points such as windows and doors, abatement procedures (removal, replacement, enclosure) are recommended.
- After paint stabilization, clearance must be performed by a certified Risk Assessor or Lead Inspector. HUD has established lead levels that meet clearance requirements.
- Notify the homebuyer within 15 days of results of clearance exam.

At the Visual Assessment Stage, the homebuyer *may opt* for a lead test. This will reveal the levels of lead present in the home. A lead inspection will not tell you the risk involved, but only where the lead is located. This is when a buyer may request a Risk Assessment to outline the necessary Lead Hazard Reduction methods needed to insure a lead safe residence.

Following are some options (NOT REQUIREMENTS) to consider in relation to your program design for down payment assistance programs:

- If the visual assessment reveals defective paint in which stabilization and clearance is required then this cost can be funded by the nonprofit or the homebuyer or seller.
- If visual assessment shows no deterioration of a painted surface, the homebuyer can sign a waiver stating that they are aware of the potential presence of lead paint and they choose not to address it.
- A qualified consultant should advise on any lead inspection, lead hazard screen or risk assessments.

For Rehabilitation Programs (Owner-Occupied, Homebuyer, and Rental Property Rehabilitation Programs and Historic Preservation Residential Programs):

See 24 CFR Part 35 (subpart J)

If you are implementing a rehabilitation program, HUD's requirements are a bit more stringent in relation to lead based paint. The following describes HUD's requirements:

For HUD funded rehabilitation activities, lead hazard evaluation and reduction activities must be carried out for all projects constructed before 1978.

In all cases, notification must be made to the homeowner/buyer in the form of the HUD Lead Hazard Information Pamphlet and Disclosure or an acceptable alternative pamphlet.

The required evaluation and reduction activity is dependent upon the amount of HUD funding used for the project.

For cases where less than or equal to \$5,000 will be spent on the rehabilitation: *Testing:* Paint Testing of surfaces to be disturbed by the rehabilitation activities must occur.

Lead Hazard Reduction: Surfaces, which are disturbed during rehabilitation, must be repaired. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

For cases where \$5,001 to \$25,000 will be spent on the rehabilitation: *Testing:* Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.

Lead Hazard Reduction: Interim controls must be used. This means that the friction and impact surfaces will be addressed. Interim controls include paint stabilization and cleaning. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

For cases where more than \$25,000 will be spent on the rehabilitation: *Testing:* Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.

Lead Hazard Reduction: abatement of hazards is the required approach. Abatement involves permanently removing lead based hazards, often through paint and component removal, replacement, encapsulation and enclosure. Interim controls and paint stabilization may be used on the home's exterior if it is not involved in the rehabilitation. Safe work practices must be used. After the lead hazard reduction activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

Calculating the level of rehabilitation assistance:

When calculating how much HUD funding will be used on a rehabilitation project, the following costs are counted: soft costs, administrative costs, relocation costs, environmental reviews, acquisition of property, and lead hazard evaluation and reduction costs.

APPENDIX 5

Environmental Review Policy and Procedures

Environmental Review Record Procedures

STEP 1: Determine the Level of Review

The HCD Contract Administrator (CA) will review the program/project scope of work and determine at what level of environmental review needs to be conducted. The National Environmental Policy Act (NEPA) Classifications that will be determined are listed below:

1. Environmental Review for Activity/Project that is Exempt or Categorically Excluded Not Subject to Section 58.5 Pursuant to 24 CFR Part 58.34 (a) and 58.35 (b)

Activities that by their very nature will have no physical impact upon the environment are **exempt** from NEPA requirements as well as Part 58.5. In these cases, the City does not need to check for compliance with the requirements or perform an environmental review, consultation, or other action under NEPA. Some examples from NEPA requirements include:

- Environmental studies, plans & strategies
- Information & financial services
- Administrative & management expenses
- Public services without physical changes
- Inspections & testing properties
- Purchase of insurance
- Purchase of tools
- Engineering or design costs
- Technical assistance & training
- Payment of principal and interest on HUD loans
- Any of the CEST activities at §58.35(a) if Federal laws and authorities at §58.5 are not triggered

Activities in this section that are categorically excluded from the requirements at 58.5, due to HUD's determination that such activities will not alter any conditions that would require a NEPA review or a compliance determination under 58.5. When performing a categorically excluded activity not subject to 58.5, the City does not need to publish a Notice of Intent/Request for Release of Funds (NOI/RROF). Following the award of program funds, no further approval from HUD will be needed with respect to environmental requirements. Examples of categorically excluded, not subject to NEPA requirements are:

- Tenant-based rental assistance
- Supportive services
- Operating costs including maintenance, security, operation, utilities,

furnishings, equipment, supplies, staff training and recruitment and other incidental costs

- Economic development activities not associated with construction or expansion of existing operations
- Activities to assist homebuyers
- Affordable housing pre-development costs
- Supplemental assistance of previously-approved project

2. Categorically Excluded Subject to 58.5

Any of the categorically excluded activities in 58.35 are exempt from NEPA, provided that there are no circumstances that require compliance with any other federal law and authorities cited in 58.5. The City can designate an activity as Exempt after consulting with applicable agencies and organizations, and if it can show that none of the federal laws and authorities are triggered through funding this activity. The City must record compliance or conformance determinations for each statute, executive order, or regulation and provide credible, traceable, and supportive source documentation for each authority. Where applicable, the City must also complete the necessary reviews or consultations and obtain or note applicable permits or approvals. Additional documentation as appropriate must be attached to the environmental review record.

Examples of categorically excluded, subject to NEPA requirements are:

- Acquisition, repair, improvement, reconstruction or rehabilitation of public facilities and improvements when:
 - Facilities and improvements are in place
 - No more than 20% change in size or capacity
 - No change in land use
- Removal of architectural barriers that restrict accessibility
- Rehabilitation of buildings and improvements:
 - Residential Structures of 1 – 4 units: no more than 4 units; no change in land use; cannot increase into floodplain or wetland
 - Multifamily Residential Structures: unit density does not change more than 20%; no change in land use; cost of rehab is less than 75% of replacement cost after rehabilitation
 - Commercial, Industrial and Public Buildings: size and capacity does not increase by more than 20%; no change in land use
- Individual action on up to four dwelling units (One 4-unit structure or four 1- unit structures or any combination in between):
- Individual action on a project of five or more housing units when sites are more than 2000 feet apart and no more than four units on any one site.
- Acquisition, disposition or finance of existing structure or vacant land if retained for same use.
- Combination of any of the above activities.

3. Subject to an Environmental Assessment (24 CFR 58.36)

If a project is not exempt or categorically excluded under the above sections, the City must prepare an Environmental Assessment (EA). An EA is a concise public document that includes all the evidence and analysis supporting the City's decision as to whether an environmental impact statement is warranted or if an activity will result in no significant impact to the environment. Examples when environmental assessments are needed are:

- New Construction (more than five (5) units);
- Construction of Public Facilities;
- Infrastructure Development;
- New construction, demolition and/or reconstruction of five or more single family units on scattered sites that are less than 2,000 feet apart;
- Extending the footprint of a single family unit into the floodplain or wetland area or expanding the footprint of a structure that is already in a floodplain or wetland area;
- Major rehabilitation or reconstruction of multifamily residential units that increases or decreases the unit density more than 20 percent;
- Conversion of a non-residential structure to create a residential use;
- Acquisition of land for development of a housing subdivision;
- Activities that are normally exempt or categorically excluded but have an extraordinary circumstance that requires further review.

The City must file the completed checklist and a statement in the Environmental Review Record.

4. Subject to an environmental impact statement (24 CFR 58.37)

If a project is subject to a full EA and is determined to have a potentially significant impact on the human environment, then an Environmental Impact Statement (EIS) is required. An EIS is also required if the project fits at least one of the following criteria:

- It would provide a site or sites for or result in the construction of hospitals or nursing homes containing more than 2,500 or more beds;
- It would remove, demolish, convert or substantially rehabilitate 2,500 or more existing housing units or would result in the construction or installation of 2,500 or more housing units;
- It would provide enough additional water and sewer capacity to support 2,500 or more additional housing units.

STEP 2: Preparation of Environmental Review

Once the level of environmental review is determined, HCD staff will include the determination in the Eligibility and Compliance Plan document. HCD staff will either prepare internally or designate the recipient to prepare environmental records.

The estimated timeframe, depending on consultations require for completing Environmental Process is as follows:

Environmental Determination	Estimated Timeline for Preparation
Exempt	1 Day
Categorically Excluded not Subject to 58.5	1 Day
Categorically Excluded Subject to 58.5	30-75 Days
Environmental Assessment	45-100 Days
Environmental Impact Statement	1-2 Years

Tiered Environmental Review

Environmental Reviews may be tiered to avoid repetition. Tiered reviews are used to identify and evaluate issues ripe for decision, excluding issues not relevant to the program, policy or project. They are appropriate when:

- Evaluating a policy or proposal
- Early Stages of Development
- When site-specific analysis is not feasible and more narrowed and focused review is better done at a later date
- Tiered environmental reviews are not appropriate for projects requiring an Environmental Assessment.

The City will ensure tiered environmental reviews are prepared for single family housing programs at unspecified sites. This review is conducted to achieve both compliance and speed because it does not require upfront identification of assisted properties.

In short, a tiered review focuses on a specific geographical area to address and analyze environmental impacts related to the proposed activities that might occur on the typical project site within that area. The specific addresses/locations of the individual properties are not known at this time. However, once individual project sites are located, any remaining environmental compliance issues that could not be resolved until project locations became known are completed according to standards for approval previously established for the target area. The City's tiered review focuses on scattered sites located throughout a particular targeted area unless the housing program is considered city-wide.

The Tier 1 addresses all laws and authorities possible and establishes a plan (narrative) for the site-specific or subsequent review. HCD must publish a public notice of intent to request a release of funds (NOI/RROF) and submit RROF as described in Step 3.

The Tier 2 site-specific review does not require a public notice or RROF required unless there are unanticipated impacts or impacts that are not adequately addressed in the Tier 1 review.

8-Step Decision Making Process for Projects in the Floodplain

1. Determine whether the action is located in a 100-year floodplain (or a 500-year floodplain for critical actions).
2. Notify the public for early review of the proposal and involve the affected and interested public in the decision making process.
3. Identify and evaluate practicable alternatives. Identify the project site selection criteria and consider several alternative sites and actions:
 - A. Locate the project within the floodplain
 - B. Consider modifying the project
 - C. Obtain a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)

or

 - A. Locate the Project Outside of the Floodplain
 - B. Consider other sites
 - C. Consider no action or alternative actions that serve the same purpose
4. Identify Potential Direct and Indirect Impacts of Associated with Floodplain Development.
5. Where practicable, design or modify the proposed action to minimize the potential adverse impacts to lives, property, and natural values within the floodplain and to restore, and preserve the values of the floodplain.
6. Reevaluate the Alternatives.
7. Determination of No Practicable Alternative
8. Implement the Proposed Action

STEP 3: Publication of Notice of Intent (NOI) Request for Release of Funds (RROF) and Finding of No Significant Impact (FONSI)

Categorical Exclusions

HCD will publish a Notice of Intent to Request a Release of Funds (NOI/RROF) for projects that are Categorically Excluded Subject to §58.5 and projects requiring EAs, using the HUD recommended format. At a minimum, HCD staff shall publish the NOI/RROF notice in a newspaper of general circulation and on the City's HCD website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies
3. Regional Offices of the environmental Protection Agency
4. HUD Field Office – Local HUD Representative

Valicia Cisneros
CPD Representative
Department of Housing and Urban Development
615 East Houston Street, Suite 347
San Antonio, Texas 78205

CA must consider the comments and make modifications, if appropriate, in response to the comments, before it certifies and submits the RROF to HUD. The public comment period is 7 days when published, counting from the day after the publication.

Environmental Assessments (EA)

If the CA makes a Finding of No Significant Impact from an EA, it must prepare a Finding of No Significant Impact (FONSI) notice, using the HUD recommended format. At a minimum, HCD staff shall publish the FONSI/NOI/RROF combined notice in a newspaper of general circulation and on the City's HCD website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies
3. Regional Offices of the Environmental Protection Agency (Attachment IV)
4. HUD Field Office – Local HUD Representative

Valicia Cisneros
CPD Representative
Department of Housing and Urban Development
615 East Houston Street, Suite 347
San Antonio, Texas 78205

The FONSI public comment period is 15 days when published, counting from the day after the publication. HCD typically publishes a FONSI notice at the same time it publishes the NOI/RROF. If the notices are released as a combined notice, the combined notice shall clearly indicate that it is intended to meet two separate procedural requirements; and, advise the public to specify in their comments which "notice" their comments address. The public comment period is 15 days when published, counting from the day after the publication.

STEP 4: Preparation and Submission of the Request for Release of Funds (RROF)

If no comments are received or once the comments are addressed, a HUD-7015.15 Request for Release of Funds (RROF) will be prepared by HCD staff and signed by the Housing and Community Development Director (Certifying Official). Once the signature is obtained, it will be submitted to the local HUD office. If comments are received HCD must consider the comments and make modifications, if appropriate, in response to the comments, before it completes its environmental certification and before the recipient submits its RROF. The RE cannot sign the RROF until the day after the public comment period closes.

The form must be printed on both sides and the original copy must be submitted to HUD. The RROF cannot be altered in any way. In preparing a RROF, HCD must ensure that all applicable sections are completed. This includes the following:

- HUD program for which funds are being requested is included
- The Name and Address of the RE
- Name and Address of the Recipient if it is not the RE
- Project description for which RE is requesting funds
- Indication of whether an EIS was or was not required
- Signature of the Certifying Officer
- Copy of City Manager's letter delegating authority as Certifying Officer to the Housing and Community Development Director
- Certification Date after expiration of public notice comment period
- Signature of the authorized officer of the Recipient when the Recipient is not the RE
- Date of signature of the Recipient after expiration of the public notice comment period
- Attach a copy of the public notice
- Attach a copy of the citizen comments and responses

The receipt of which will begin the fifteen (15) day period for HUD to receive comments. The original RROF document and a copy of the publication will be mailed to the San Antonio HUD local office located at 615 East Houston Street, San Antonio, Texas 78205.

After HUD's fifteen (15) day comment period and no comments were received, HUD will send the City an Authority to Use Grant Funds (form HUD-7015.16). At this point the City is authorized to commit and use federal funds to undertake the various projects.

STEP 5: After Approval of the Environmental Review Record

1. CA shall add (if applicable) all public notice affidavits, citizen comments and responses, RROF, and the Authority to Use Grant Funds (ATUGF) to the environmental review record.
2. CA shall notify the agency or city department of approved environmental record.
3. CA shall ensure all mitigation and environmental requirements are incorporated into any contractual agreements.

STEP 6: Environmental Review Recordkeeping

1. CA shall ensure all Environmental Review Records are certified by the HCD Director (Certifying Officer).
2. CA shall ensure the Environmental Review Records remain accessible in the centralized located shared-access drive for availability.

APPENDIX 6

Regulatory References

You may be interested in reading the actual regulations published by the U.S. Department of Housing and Urban Development for CDBG and HOME and the applicable federal requirements. A copy of the regulations may be obtained by the contracting the Office of Grants Monitoring and Administration or downloading the information from the HUD website at www.hud.gov.

The regulations for CDBG are located at 24 CFR Part 570: Part 570 – Community Development Block Grants

Subpart A – General Provisions

Section	Title
<u>570.1</u>	Purpose and Primary Objective
<u>570.2</u>	Removed
<u>570.3</u>	Definitions
<u>570.4</u>	Allocations of Funds
<u>570.5</u>	Waivers

Subpart C – Eligible Activities

Section	Title
<u>570.200</u>	General Policies
<u>570.201</u>	Basic eligible activities
<u>570.202</u>	Eligible rehabilitation and preservation activities
<u>570.203</u>	Special economic development activities
<u>570.204</u>	Special activities by Community-Based Development Organizations (CBDO's)
<u>570.205</u>	Eligible planning, urban environmental design and policy-planning-management-capacity building activities
<u>570.206</u>	Program administration costs
<u>570.207</u>	Ineligible activities
<u>570.208</u>	Criteria for national objectives
<u>570.209</u>	Guidelines for evaluating and selecting economic development projects

The regulations for HOME are located at 24 CFR Part 92: Home Investment Partnerships Program

Section	Title
SUBPART A - GENERAL	
92.1	Overview
92.2	Definitions
92.4	Waivers and Suspensions of Requirements for Disaster Areas

SUBPART B – ALLOCATIONS FORMULA

- 92.50 Formula Allocations
- 92.60 Allocation Amounts for Insular Areas
- 92.61 Program Description
- 92.62 Review of Program Description and Certifications
- 92.63 Amendments to Program Description
- 92.64 Applicability of Requirements to Insular Areas
- 92.65 Funding Sanctions
- 92.66 Reallocations

SUBPART C – CONSORTIA; DESIGNATION AND REVOCATION OF DESIGNATION AS A PARTICIPATING JURISDICTION

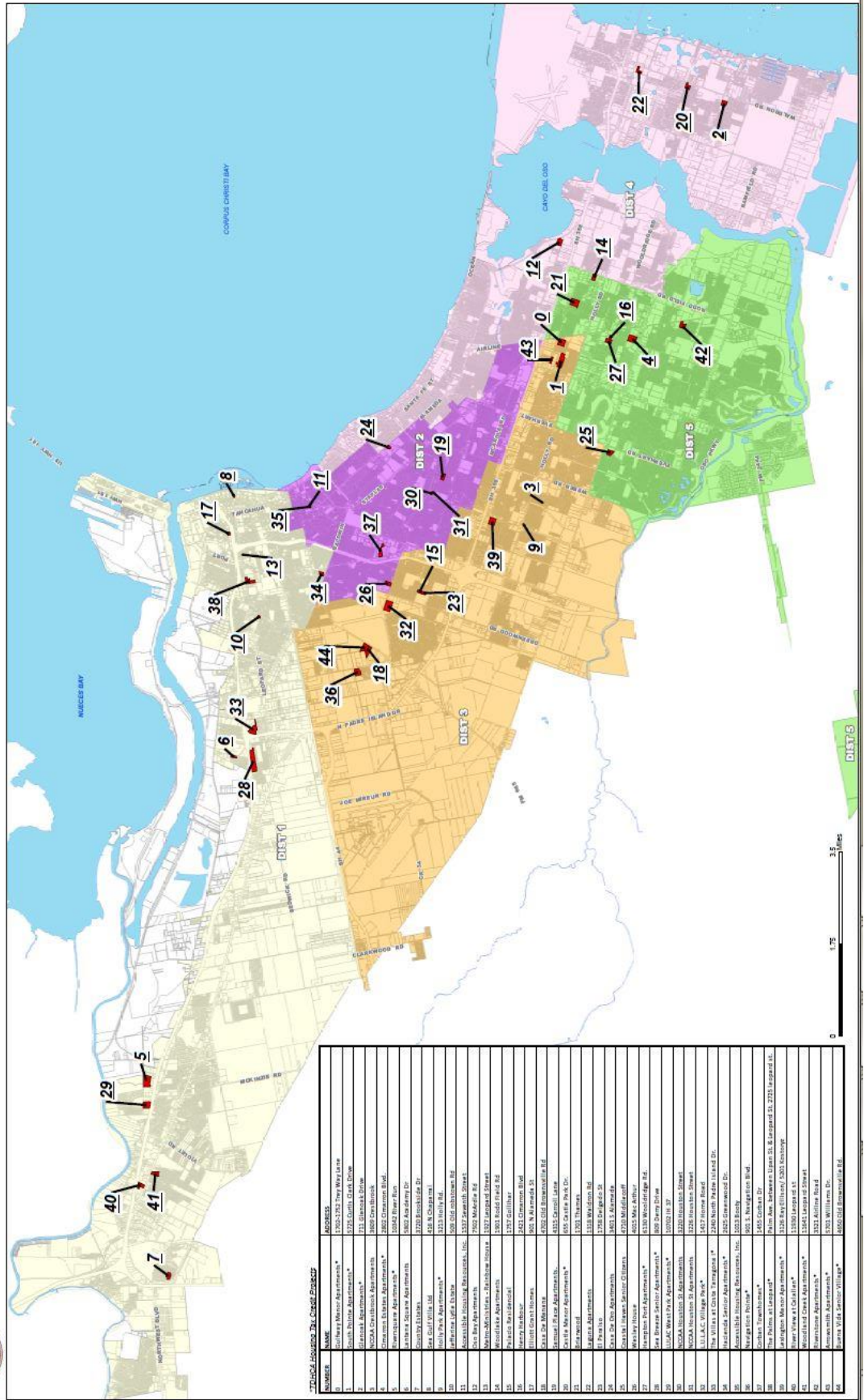
- 92.101 Consortia
- 92.102 Participation Threshold Amount
- 92.103 Notification of Intent to Participate
- 92.104 Submission of a Consolidated Plan
- 92.105 Designation as a Participating Jurisdiction
- 92.106 Continuous Designation as a Participating Jurisdiction
- 92.107 Revocation of Designation as a Participating Jurisdiction

SUBPART D – SUBMISSION REQUIREMENTS

- 92.150 Submission Requirements

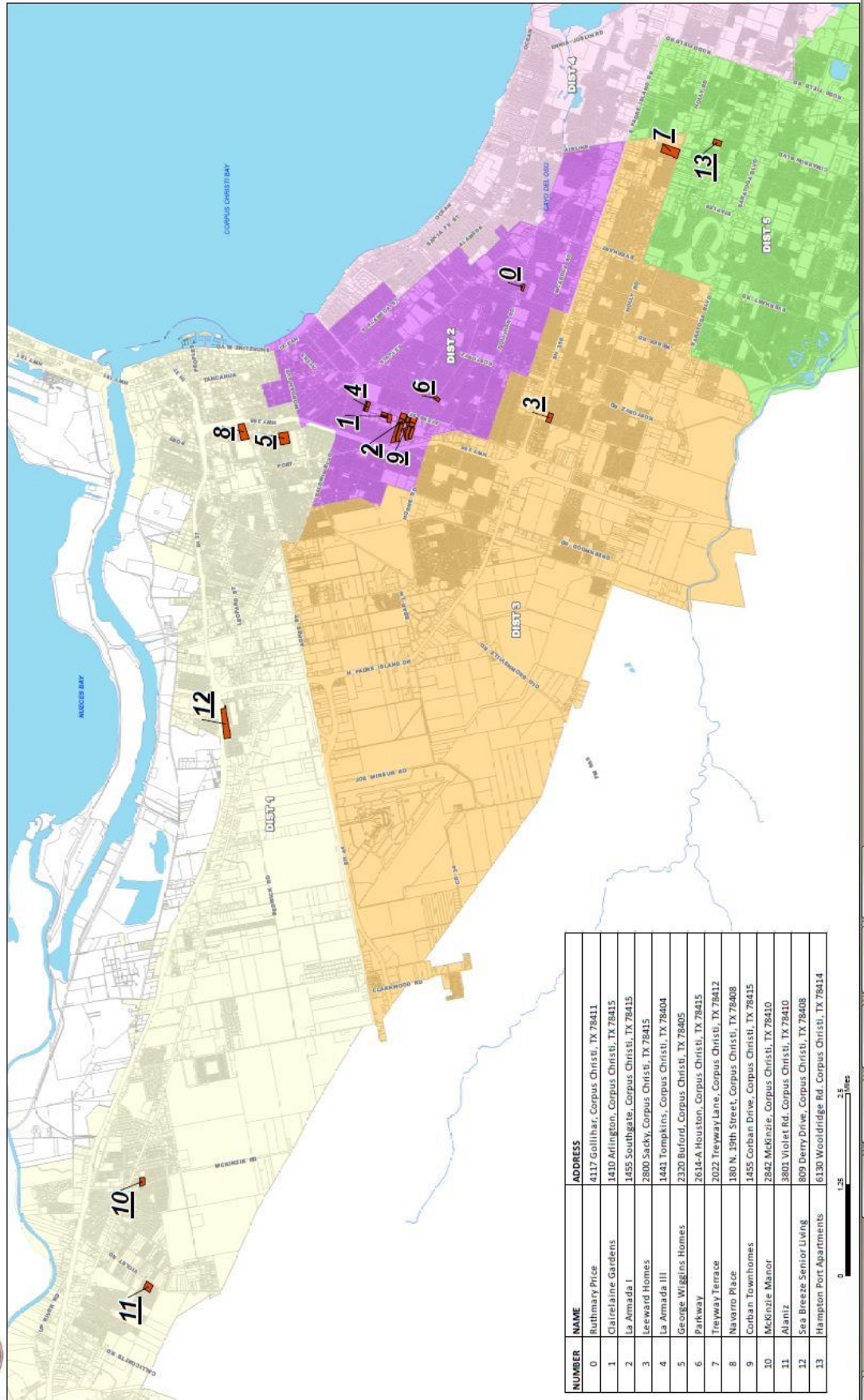
SUBPART E – PROGRAM REQUIREMENTS

- 92.200 Private-Public Partnership
- 92.201 Distribution of Assistance
- 92.202 Site and Neighborhood Standards
- 92.203 Income Determinations
- 92.204 Applicability of Requirements to Entities that Receive a Reallocation of HOME Funds, other than Participating Jurisdictions
- 92.205 Eligible Activities: General
- 92.206 Eligible Project Costs
- 92.207 Eligible Administrative and Planning Costs
- 92.208 Eligible Community Housing Development Organization (CHDO) Operating Expense and Capacity Building Costs
- 92.209 Tenant-Based Rental Assistance: Eligible Costs and Requirements





CC Housing Authority Section 8 Complexes



Rudy Bentancourt, HCD Director

Date

E. Jay Ellington, Interim Asst. City Manager

Date