



Harris County Affordable Housing Standards: *Project Standards, Design Criteria and Underwriting Guidelines*

Harris County Community
Services Department

Revised – August 1, 2023



Table of Contents

References.....	4
Introduction.....	4
Intent 5	
Waiver Requests.....	5
TAB I: GENERAL GUIDING PRINCIPLES AND PROJECT REQUIREMENTS	7
1.1 Site Control	7
1.2 Appraisal	7
1.3 Market Analysis	7
1.4 Construction Plans.....	8
1.5 Residential Anti-displacement and Relocation Assistance Policy (RARAP).....	8
1.6 Environmental Review.....	9
1.7 Restrictive Covenants and Loan Security	9
1.8 County Project Costs	9
1.9 Procurement Requirements	9
1.10 Identity of Interest Transactions	10
1.11 Conflict of Interest.....	10
1.12 Inter-creditor Agreement.....	12
1.13 Section 3 Requirements	12
1.14 Davis-Bacon & Related Acts	12
1.15 Bonding and Insurance Requirements	13
1.16 Building Codes	13
1.17 Construction Methods and Sustainable Design	14
1.18 Green Building Standard	14
1.19 LEED Certification	15
1.20 Accessible Design and Section 504.....	15
1.21 Fair Housing and Affirmative Marketing	16
1.22 Fees for Overnight Guests in Rental Properties	16
TAB II: SITE SELECTION & NEIGHBORHOOD COMPATIBILITY	17
2.1 Environmental Requirements	17
2.2 Affordable Multi-unit Family and Senior Housing Concentration Policy	18
2.3 Minority Concentration	19
2.4 Property Boundary	20
2.5 Neighborhood Standards Criteria	21
2.6 Neighborhood Notification and Public Hearing	22
Tab III: HOUSING DESIGN CRITERIA.....	24
3.1 Site Design Principles.....	24
3.2 Exterior Design Principles.....	27
3.3 Interior Design and Livability.....	28
3.4 Special Needs Housing	29



TAB IV: MINIMUM PROPERTY STANDARDS	32
TAB V: UNDERWRITING GUIDELINES.....	33
5.1 Housing Investment Type, Form of Subsidy & Eligible Activities:	33
5.2 Loan Terms	34
5.3 Underwriting and Review Committee.....	37
5.4 Subsidy Layering Analysis	38
5.5 Minimum and Maximum Per Unit Subsidy	38
5.6 Match and Leveraging Requirements	39
5.7 Rental and Sales Requirements.....	39
A. Rental Development Using CDBG	39
B. Rental Development Using HOME	41
C. Rental Development Using Treasury ARPA	44
D. Owner-occupied Single Family Development Using CDBG	46
E. Owner-occupied Single Family Development Using HOME	47
F. Special Needs Housing	48
5.8 Compliance Monitoring Fees	49
TAB VI: APPENDIX	
6.1 Affordable Multi-unit Family and Senior Housing Concentration Policy	
6.2 HOME CHDO Certification Policy	



Harris County Community Services Department Affordable Housing Design Standards

References

24 CFR 42	Displacement Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs
24 CFR 58	Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities
24 CFR 85	Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments
24 CFR 92	HOME Investment Partnerships Program – Final Rule
24 CFR 570	Community Development Block Grant Program
24 CFR 983.6(b)	New construction site and neighborhood standards
28 CFR 36	Americans with Disabilities Act
49 CFR 24	Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)
Section 3	Economic Opportunities
Section 504	The Rehabilitation Act of 1973
Section 2 CFR Pt 200	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or “Super Circular”
	2010 ADA Standards for Accessible Design HUD interim policy using the Section 234-Condominium Housing basic mortgage limits, for elevator-type projects and issued the HUD local Field Office
	David Bacon and Related Acts
	2015 International Building Code

Introduction

Harris County, as a recipient of federal funding, must administer its HOME Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) in a manner that provides housing that is suitable from the standpoint of promoting greater choice of housing opportunities and facilitating and furthering full compliance with regulations established by the U.S. Department of Housing and Urban Development (HUD) for the aforementioned programs and any other Federal funding provided for affordable housing.

The purpose of this document is to describe the Harris County Community Services Department’s (HCCSD), the Harris County administrator of HUD entitlement funding, housing policy objectives, the range of activities available to advance these objectives, and the manner in which those activities will be designed, evaluated, and selected for funding. The overall goal to these guidelines and standards is to ensure the development of quality affordable housing and achieve compliance with applicable Federal, State, and local laws, regulations, and policy objectives.



Intent

This document is intended to provide policies that establish the minimum standard for the use of HOME Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) funds in the creation of affordable multi-family and single-family housing developments for eligible residents of Harris County. HCCSD is responsible for ensuring appropriate utilization of the HUD entitlement funds allocated for housing and community development activities.

Harris County, in order to ensure compliance with federal guidelines, has created the **Affordable Housing Standards: Project Standards, Design Criteria and Underwriting Guidelines** ("Affordable Housing Standards") to address neighborhood compatibility, site design, rental rates, compliance period, site and neighborhood standards, as well as local and state development standards, including but not limited to unit specification, public notice, and building code requirements. The Affordable Housing Standards set the standard for all affordable housing projects, regardless of funding source, funded by HCCSD.

It is the responsibility of the HCCSD to review each project proposed and monitor those funded to ensure conformity with the Affordable Housing Standards. Developers and architects should review this document and schedule a meeting with HCCSD staff early in the conceptual design phase of the proposed project. This initial meeting will provide an opportunity to review the housing need being served, the programmatic goals, the siting of the development, sustainable design strategies, among other issues. If funded, HCCSD staff will provide ongoing monitoring and technical assistance to ensure the project is built to conformance with these standards and remains in compliance following construction.

It is the intent of these standards and design criteria to assist projects to best serve the needs of its residents with as much quality, safety, energy efficiency, durability, comfort, and environmental sustainability as the marketplace, resources, and need will permit. The criteria in this document are in addition to all applicable federal, state, and local codes, laws, and regulations. These criteria are not intended to reduce or circumvent the requirements of law and current applicable building codes.

Waiver Requests

HCCSD acknowledges that each project may face unique site, design, financing, population, or market constraints for which full compliance may be difficult or impossible. It is intended that such unique constraints are identified during the design process, and that the applicant may request a modification or waiver to specific standards and requirements, which will be reviewed on a case-by-case basis to determine whether specific standards should be modified or waived for reasons and purposes acceptable to the County. Requests for modification or waiver to specific standards must be in writing and document the applicant's need and unique situation.



When such modifications or waivers are granted, additional requirements may be imposed by HCCSD.

Please Take Notice

These Affordable Housing Standards may be amended from time to time due to changes in market conditions and/or changes in the HCCSD policies or objectives. Such amendments may occur without notice and are applicable to all pending and future applications. Applicants of HCCSD housing funding are responsible for contacting HCCSD to ascertain whether or not there have been any changes since the date of these guidelines and for complying with such changes.



TAB I: GENERAL GUIDING PRINCIPLES AND PROJECT REQUIREMENTS

When developing affordable housing in conjunction with Harris County, it is important to review this document and discuss the proposed project with HCCSD prior to finalizing details to ensure compliance with all federal, state and county requirements. This tab discusses overarching federal, state, and local regulatory and program requirements for applicants of HCCSD funding for housing related projects. Failure to comply with these requirements may cause the project to be out of compliance and may lead to termination. Applicants are encouraged to review these requirements and meet with HCCSD staff prior to the start of the project to ensure that their project at minimum meet these requirements.

1.1 Site Control

Project applicants must have control of any site that will receive HCCSD funding for acquisition, rehabilitation and new construction activities. Site control must be documented at the time of award. To document site control, one of the following must be submitted: a deed or other proof of ownership; an executed lease agreement; an executed contract of sale; or an executed option to purchase or lease.

1.2 Appraisal

A property appraisal is required for projects that will receive HCCSD funding for acquisition, rehabilitation and new construction activities. The appraisal must be provided during the Request for Proposal process and cannot be older than 6 months. An appraisal prepared for HCCSD must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. At minimum, a qualified appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board. HCCSD reserves the right to require an appraisal on completed activities. HCCSD and its representative may negotiate for the acquisition of property accordance Texas State Law. Without significant documentation and justification, the sale price of an assisted property may not exceed the "Appraised Value" by more than 15%. Additionally, in instances where a conflict of interest is disclosed or discovered, transactions involving related parties may not exceed the appraised amount without legal review from the County Attorney and/or approval of an exception by the federal funding agency; when applicable. In all instances where proposed sale prices exceed the appraisal, Community Services staff must obtain a waiver from the Executive Director of the department.

1.3 Market Analysis

A market analysis or study is required for projects that will receive HCCSD funding for acquisition, rehabilitation and new construction activities by a non-profit or for-profit developer or city. A market analysis is an evaluation of the economic conditions of supply, demand and rental rates or sales pricing conducted on a specific development. The analysis must determine the feasibility of the subject property rental rates or sales price and state conclusions as to the impact of the property with respect to the determined housing needs. All data presented should reflect the



most current information available and the report must provide a parenthetical (in-text) citation or footnote describing the data source. The analysis must clearly lead the reader to the same or similar conclusions reached by the Market Analyst. All steps leading to a calculated figure must be presented in the body of the report. A Market Analysis must be provided during the Request for Proposal process and be prepared and certified by a professional housing market analyst.

1.4 Construction Plans

Design plans are due at the time of application submission. Nearly complete, but not yet approved, construction plans must be available to HCCSD within 90 days of award notification. Plans will be reviewed by the Harris County Public Infrastructure Department to ensure compliance with all HCCSD and county requirements.

1.5 Residential Anti-displacement and Relocation Assistance Policy (RARAP)

The permanent displacement of homeowners, tenants, businesses, non-profit corporations or farms is discouraged. If permanent displacement is necessary, Harris County and its subrecipients, owners or developers must comply with federal regulations found at 24 CFR Part 42, Displacement Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs as amended as well as 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) for Federal and Federally-Assisted Programs as amended.

Relocation Process must comply with the following:

- Harris County will follow the requirements of the Uniform Relocation Act (URA) or Section 104 (d) of the 1974 Community Development Act, as amended. These requirements provide for uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.
- In the case of temporary and voluntary displacement, Harris County or their subrecipient will inform program participant of the relocation services available. Commonly the information is distributed by flyer to homeowners or tenants, who would be receiving rehabilitation services.
- If permanent displacement is necessary, homeowners, tenants, businesses, farms, or non-profits that occupy the site of the CDBG-assisted project will be identified through tax records and/or visual inspection and informed by certified letter.
- Harris County or their subrecipient will serve as liaison between program participant, contractor, landlords, movers, etc. to ensure a problem free transition. The Harris County or their subrecipient will identify and accommodate the displaced household or business when possible as to their need or preference for a particular unit size and location. These will be determined in the in-take process for relocation services.
- Harris County or subrecipients submits necessary documentation to secure relocation payments.
- Relocation evaluation form is forwarded to program participant to evaluate the success of the relocation.



- If complaints arise, Harris County program administrators, their subrecipient and the program participant will enter into informal complaint resolution.
- Documenting relocation services and maintaining files on each program participant by Harris County subrecipients.

1.6 Environmental Review

All actions that utilize federal financial assistance must undergo an environmental review. The environmental review is meant to be a proactive step for protecting the environment and its inhabitants. It considers both the effects the proposal could create that change its environment and the effects imposed by the environment upon the proposal and its accomplishments.

A complete and clear project description should provide location specific information and geographic boundaries, as well as a delineation of all activities included in the overall scope of the project. The level of review varies depending on the type of activities a proposed project will involve as well as other factors, such as but not limited to environmental concerns or location within a flood plain. See Tab II Site Selection & Neighborhood Compatibility under Environmental Review Requirements for more information.

1.7 Restrictive Covenants and Loan Security

HCCSD requires a Land Use Restrictive Agreement (LURA) to secure performance during required affordability periods. Projects that require subordination of the County's LURA to a senior mortgage lender may be deemed not eligible to receive County funding. Harris County's LURA shall be superior to all financial liens; however, may be subordinated to covenants more restrictive in terms of affordability than the County's LURA. When assistance is provided in the form of a loan, such loan shall be secured by a recorded Deed of Trust.

1.8 County Project Costs

HCCSD shall include funds in the overall project budget to cover the cost for inspection of the project construction and possibly construction management. Inspections will be performed by County staff to ensure compliance with federal, state, and local regulations as well as ensure compliance with all items detailed in the contract between Harris County and the subrecipient. The total cost shall be approximately 3% of the project budget for inspection services and at a flat amount of \$120,000 for construction management. These amounts will be included in the maximum subsidy calculation and, if match is required, in the required match provided by the subrecipient.

1.9 Procurement Requirements

HCCSD requires that applicants selected to receive federal funds comply with the award of contract to the lowest and most responsive bidder in the County Purchasing Act, V.T.C.A., Local Government Code 262.021 *et seq.*, concerning contracts of \$25,000 or more as outlined in the grant agreement. The Subrecipient shall ensure that all contracts let in the performance of this Agreement are awarded in a fair, open, and competitive manner. Executed copies of all contracts shall be forwarded to the Grantee, along with documentation concerning the selection process,



if not completed in coordination with Harris County staff. The Subrecipient must adopt and utilize written selection criteria for use in the selection of subcontractors, which selection criteria must conform to the Procurement requirements of 24 C.F.R. 92.356 and 24 C.F.R. 85.36 if subrecipient is a governmental or for-profit entity and 24 C.F.R. 84.44 AND 84.84 if subrecipient is a nonprofit entity.

If proposed project is also applying for Low Income Housing Tax Credits and subrecipient has pre-selected a general contractor as part of the development team, all subcontractors must be procured as noted above.

1.10 Identity of Interest Transactions

Identity of Interest refers to situations where the owner, developer, or project sponsor control or own the services to be provided in a project, including but not limited to the general contractor, subcontractor, property manager or other service provider. A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the owner or developer must be declared in the application for funding submitted to the HCCSD, and disclosed at completion of the project. Failure to declare Identify of Interest situations may deem a project ineligible. A cost certification shall also be required when such transactions are proposed to ensure that services are provided at a reasonable market cost. HCCSD reserves the right to adjust developer profit and/or the amount of funds provided to a project when an Identify of Interest situation exists.

1.11 Conflict of Interest

Section 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or "Super Circular" provide that no employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

The CDBG regulations at 24 CFR 570.611 and HOME regulations at 24 CFR 92.356 provide that no person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient or subrecipient that are receiving CDBG or HOME funds and (1) who exercises or has exercised any functions or responsibilities with respect to activities assisted with CDBG funds; or (2) who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest from a CDBG-assisted or HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter.

Identity of interest means any relationship (generally based on family ties or financial interests) between (a) the seller and purchase (prospective owner), (b) the owner and/or general



contractor and the subcontractor, material supplier or equipment lessor, or (c) the owner and the lender, which could reasonably give rise to a presumption that the parties to the transaction may operate in collusion in establishing the purchase price of the property, the cost of the rehabilitation work, or the terms of the financing. Examples of identity of interest relationships include:

- When the owner or one or more of the officers, directors, stockholders, or partners of a corporation or partnership owning or selling the property has any family tie or is an officer, director, stockholder or partner of the general contractor or lender, or has any financial interest whatsoever in the general contractor or lender.
- When the seller or general contractor advances any funds to the owner (purchaser) or takes stock or any interest in the owner's (purchaser's) corporation, partnership, or property as payment.
- When any of the parties is involved with another in an enterprise wholly separate from the proposed HOME/CDBG project.

Conflicts of Interest and Identity of Interest must be disclosed in the request for proposals application for HCCSD funding.

Additionally, when a conflict of interest exists and staff believes an exception to the HUD guidance will serve to further the purposes of the Act and the effective and efficient administration of the County's affordable Housing program or project, staff must determine whether the following factors are satisfactorily met within 570.611 (d)(1); as applicable:

- (i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- (ii) Whether an opportunity was provided for open competitive bidding or negotiation;
- (iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (v) Whether the interest or benefit was present before the affected person was in a position as described in [paragraph \(b\)](#) of this section;
- (vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and



(vii) Any other relevant considerations.

Once this determination is made, staff must publicly disclose the conflict of interest and obtain an opinion from the County Attorney prior to notifying and seeking an exception from the federal granting agency.

1.12 Inter-creditor Agreement

Within thirty (30) days of the execution of an Agreement, the subrecipient shall secure the execution, by the Senior Lender on the Project, of an Inter-creditor Agreement or Declaration which at a minimum shall: (1) require the Senior Lender to notify Grantee in the event the Senior Lender learns of a default under the Senior Loan for the Project, and (2) require the Senior Lender to give Grantee written notice of and reasonable opportunity to cure any default by subrecipient under the Senior Loan (provided, however, Grantee shall have no obligation to cure any such default). Following execution, the Inter-Creditor Agreement shall be attached to the final agreement.

1.13 Section 3 Requirements

Section 3 of the Housing and Urban Development Act of 1968 requires that employment and other economic opportunities generated by U.S. Department of Housing and Urban Development (HUD) financial assistance, such as Community Development Block Grant (CDBG) Program and HOME Investment Partnerships (HOME) Program, shall to greatest extent feasible and consistent with existing federal, state and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses which are located in or owned in substantial part by persons residing in the area of the project. Harris County is developing programs around Section 3. Those projects, funded by HCCSD and that are required to follow HUD's Section 3 requirements, must comply with the county's Section 3 program and policies once approved by Harris County Commissioners Court.

Section 3 compliance must be adhered to by any public, private, or non-profit agency that is a recipient of over \$200,000 in HUD funding for construction-related projects. Additionally, the recipients' contractors and subcontractors who receive contracts or subcontracts of \$100,000 or more must also comply with Section 3.

1.14 Davis-Bacon & Related Acts

The Davis-Bacon Labor Act provides that contracts in excess of \$2,000 (for CDBG), or for the construction of 12 or more units of housing (for HOME) to which the United States (federal funds) is a party for the construction, alteration and/or repair, including painting and decorating, of federally funded projects which involve the employment of laborers and/or mechanics, shall contain provisions with respect to: minimum wages; fringe benefits; payments without deductions or rebates; withholding funds from contractors to ensure compliance with the wage provisions; and termination of the contract or debarment for failure to adhere to the required provisions.



1.15 Bonding and Insurance Requirements

Public Liability Insurance

The subrecipient shall furnish a Certificate of Insurance as proof that it has secured and paid for policies of public liability and automobile liability insurance covering all risks incident to or in connection with the execution, performance, attempted performance or nonperformance of this Agreement. The amounts of such insurance shall not be less than the maximum liability, which can be imposed on Grantee under the laws of the State of Texas. At present, such amounts shall be as follows:

Property damage, per occurrence	\$100,000
Bodily injury or death, per person	\$100,000
Bodily injury or death, per occurrence	\$300,000

Subrecipient understands that such insurance amounts may be revised upward at Grantee's option and that Subrecipient shall revise such amounts within thirty (30) days following notice to Subrecipient of such revisions.

Workers' Compensation Insurance

Subrecipient also covenants and agrees to cause the Subrecipient to furnish Grantee Department with a Certificate of Insurance as proof that it has obtained and paid for a policy of Workers' Compensation Insurance in the amounts required by State law, covering any and all employees of the Subrecipient active in the Program funded under this Agreement.

Documentation of Insurance Coverage

Subrecipient shall submit to Grantee Department documentation that the Subrecipient has obtained insurance coverage as required in this Agreement prior to payment of any monies hereunder.

Performance and Payment Bond or Takeout Agreement

The Subrecipient will provide or cause to furnish the Grantee with Certificate of Insurance as proof that it has obtained and paid for a certificate of Payment Bond and Performance Bond or Take-Out Agreement as required by OMB Circular A-102, if subrecipient is a governmental or for-profit entity, or A-110 if subrecipient is a non-profit/educational/ hospital entity.

1.16 Building Codes

Housing that is constructed with federal funds provided through Harris County must meet all applicable local codes and ordinances. All properties shall be constructed in accordance with the International Residential Code (IRC), as adopted by the City of Houston including their amendments and must meet the HCCSD Minimum Acceptable Standards. Please see [file:///I:/Minimum Acceptable Standards - Multi-Family.doc](file:///I:/Minimum%20Acceptable%20Standards%20-%20Multi-Family.doc) Minimum Acceptable Standards for Residential Acquisition, Construction, and Rehabilitation under Tab IV and Appendix A of that Tab.



1.17 Construction Methods and Sustainable Design

Designing and locating affordable housing with sustainable design and green building in mind will ensure efficient use of land, reduce energy costs and add to the overall appeal of the property. Harris County and HCCSD recognizes developments with their construction, operations, and maintenance have an impact on the environment and the families who live within them. It is important to the county that housing positively contribute to the human and environmental health of our residents and our neighborhoods. Homes can consume large amounts of natural resources (electricity, water, and natural gas) and generate large amounts of solid waste in the United States. The sustainable design and green building practices within this document seek to contribute to the efforts to decrease energy and water usage, reduce operating and maintenance cost, improve the efficiency and longevity to the building system. Development for both new construction and renovation/rehabilitation of existing buildings are encouraged and in some cases required to be designed and constructed with energy savings methodologies and renewable energy applications.

1.18 Green Building Standard

For the purposes of the Harris County Housing Program, HCCSD has adopted as the Green Building Standard. The Energy Star standard applies to new or “major” rehabilitation of existing buildings for single- or multi-family units. Housing units shall be designed to meet the National Energy Five Star efficiency performance standards (www.energystar.gov). Harris County requires that all affordable housing requesting federal assistance, at a minimum, meet Energy Star certification. Certification must be documented by an independent Home Energy Rater (HER) as meeting guidelines for energy-efficiency set by the U.S. Environmental Protection Agency (EPA). Energy Star units exceed the 2015 International Residential Code (IRC), and include additional energy-saving features that typically make them 20-30% more efficient than standard homes. Applicants should review the most recent Energy Star Qualified Home National Program Requirements and the Energy Star Reference Design guide.

Homes should be constructed to be Energy Star certified through a combination of energy-efficient improvements, including:

- Effective Insulation System
- High-Performance Windows
- Tight Construction and Ducts
- Efficient Heating and Cooling Equipment
- ENERGY STAR Qualified Lighting and Appliances

Multi-family residential units may be eligible for Energy Star’s New Homes Program or the Qualified Multi-family High Rise Building program certifications. Developers should consult the EPA ENERGY STAR program website at www.energystar.gov for more information to determine the applicable program. In many cases the local city’s, such as the city of Houston, Energy code, as amended is more restrictive, the most restrictive requirement shall govern.



1.19 LEED Certification

Leadership in Energy & Environment Design (LEED) is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies intended to improve performance in metrics such as energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. Harris County encourages and gives added consideration to those projects meeting this criteria. Applicants for HCCSD funds should provide in their application documentation from the architect describing the sustainability approaches within the project and how it will meet LEED certification.

1.20 Accessible Design and Section 504

Federal laws define a person with a disability as “Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment.” Regardless of whether a person lives in private or public housing, federal laws provide the following rights to persons with disabilities: prohibits discrimination, requires housing providers to make reasonable accommodations for persons with disabilities or to allow persons with disabilities to make reasonable modifications to a structure to allow the full enjoyment of the housing and related facilities, and requires that new covered multifamily housing be designed and constructed to be accessible. For single-family housing, Harris County has developed accessibility and visitability standards, which can be found under Tab IV Minimum Property Standards Appendix B.

ADA Standards for Accessible Design

Harris County requires those requesting federal assistance for rental construction/development projects to comply with federal regulations found at 28 CFR Part 36, Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities, excerpt from 28 CFR Part 36: ADA Standards for Accessible Design as revised by the current ADA Standards for Accessible Design. Title II of the ADA covers housing provided or made available by a public entity, including public housing authorities.

Section 504

Section 504 of the Rehabilitation Act of 1973, as amended, provides for equal opportunity to enter facilities and participate in programs and activities. All projects and programs receiving federal assistance must evaluate the current state of accessibility of their programs and activities to disabled participants and employees.

Harris County requires those requesting federal assistance for affordable housing to comply with all federal regulations issued pursuant to compliance with current ADA Standards and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program. Dwelling units designed and constructed in accordance with the current ADA Standards and Section 504 will be deemed to comply. Accessible units must be, to the maximum extent feasible, distributed throughout the development and must be available in a sufficient range of sizes and amenities so as not to limit choice.



The project developer shall, at its sole expense, furnish the necessary inspection personnel to assure itself of compliance with the requirements of Section 504 and current ADA Standards. The project sponsor shall document and report the results of all inspection activities upon request by Harris County. To comply with Section 504, the project sponsor shall designate and maintain at a minimum, five (5%) of the dwelling units in the development (but not less than one unit) that must be accessible to individuals with mobility impairments. An additional two percent (2%) of the dwelling units (but at a minimum not less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments), unless HUD prescribes a higher number pursuant to 24 CFR & 8.22(c)

1.21 Fair Housing and Affirmative Marketing

Housing projects to the extent possible under the law should ensure all Americans have equal access to the housing of their choice. HUD-funded grant recipients and subrecipients are obligated under various laws not to discriminate in housing or services directly or indirectly on the basis of race, color, religion, sex, national origin, age, familial status, or disability. Design and construction documents for each development shall comply with all Fair Housing Laws, including Section 504 of the Rehabilitation Act and the Americans with Disabilities Act (ADA). All rental and homebuyer construction/development projects are required to have a formal Affirmative Marketing Plan. Affirmative marketing differs from general marketing activities because it specifically targets potential tenants and homebuyers who are least likely to apply for the housing in order to make them aware of available affordable housing opportunities. Affirmative Marketing Plans must be submitted as part of an application and will be reviewed to ensure compliance.

1.22 Fees for Overnight Guests in Rental Properties

Properties receiving direct financial assistance from Harris County may not charge fees or increased rent for overnight guests. The lease or occupancy agreement must include language on guest(s) and guest(s) length of stay as well as what constitutes a violation of the agreement pertaining guest(s) length of stay and tenant repercussions, but such policy shall not restrict having any guests. If the tenant is in violation of the guest policy, then the landlord should use their established policies and procedures to remove unauthorized guest(s) or if occupancy allows, the guest(s) should be added to the lease/occupancy agreement and the household reevaluated for program eligibility.

Special circumstances – as long as health and safety requirements of the occupancy standards are adhered to, parent/minor child reunification and/or guardianship or adoption of a minor occurs, the landlord cannot prohibit the minor's residency in the unit as it would be a violation of Fair Housing Law as it pertains to familial status. However, where projects are legally restricted by age of tenant; the landlord must establish a policy and procedure that affords the tenant sufficient time to identify alternative affordable housing to avoid displacement or loss of housing.



TAB II: SITE SELECTION & NEIGHBORHOOD COMPATIBILITY

In general, sites available for development must be within the context of existing communities. Each of these neighborhoods has over time developed a unique character. Harris County Community Services Department (HCCSD) encourages development which builds upon the uniqueness of these neighborhoods. All housing developments should fit into and enhance existing neighborhoods and meet all requirements.

2.1 Environmental Requirements

HUD requires an environmental review for every project funded in whole or part by federal funds. Projects must pass environmental review and receive release of funds from HUD to use HUD funding. If funds are expended before HUD approval and Release of Funds, those funds may not be reimbursed by Harris County entitlement funding. The review considers the impact of the project on the environment and the environment's impact on the project in such areas as:

- Wetlands/Floodplain
- Hazardous, Toxic, and Explosive/Flammable Materials
- Proximity to Railroads, Highways, and Airports
- Endangered Species
- Historic Preservation
- Clean Air
- Environment Justice

Applicants applying for acquisition of land and or new construction of housing units must provide, at their expense, a Phase I Environmental Site Assessment (see current standard created by ASTM E1527-05) conducted by an experienced professional in environmental site assessment dated no later than 6 months prior to the submission of their application for HCCSD funding. HCCSD reserves the right to require a Phase I site assessment on rehabilitation or conversion housing project when one or more applicable statutes (24 CFR 58) are impacted. If an impact is discovered further research and assessment (for example a Phase II or III assessment) may be required at the expense of the applicant.

Design and construction documents shall incorporate work necessary to mitigate environmental concerns identified in the environmental review and assessments unless these concerns are addressed prior to construction start and are outside the limits of the construction documents. These should be documented in writing to HCCSD prior to construction. Mitigation methods shall be in accordance with a plan prepared in conformance with applicable Federal, State, and local laws and regulations and accepted by HCCSD.



Airport Clear Zones

Proposal property/project site location should not be in Runway Clear Zone / Clear Zone - Areas immediately beyond the ends of a runway of a civil or military airport or in an Accident Potential zone.

Sound/Noise Abatement

Projects where the site is located within 1,000 feet of a highway, freeway or a major arterial must provide a plan of steps taken to mitigate for highway, freeway or major arterial noise.

Projects where the site is located within 3,000 feet of a railroad must provide a plan of steps taken to mitigate for railroad noise.

Floodplain

Proposed development of new affordable housing construction may not be located within the 100-year floodplain unless the unit is a reconstruction of an owner-occupied home or provides a mitigation plan approved by Harris County CSD. Proposed development must demonstrate compliance with all provisions of the most current "Regulations of Harris County for Flood Plain Management".

2.2 Affordable Multi-unit Family and Senior Housing Concentration Policy

Affordable rental housing opportunities should be available to residents throughout Harris County. These opportunities should be viable and self-supporting projects that effectively supplies the local communities demand for new affordable multi-family/senior rental units. To that end, HCCSD shall utilize criteria designed to evaluate the dispersal of new subsidized multi-unit housing throughout the county's service area.

The primary objective of the County's Concentration Policy is to ensure the viability of newly proposed affordable rental housing projects and the sustainability of existing Federally Subsidized and Rent Regulated ("FSRR")¹, Section 42², and other governmentally financed properties constructed or renovated within the past 10 years. A secondary objective is to encourage competition that will motivate older subsidized properties and existing non-subsidized properties to renovate and modernize.

Review Procedures

HCCSD shall be responsible for the review of subsidized multi-family/senior rental housing projects applying for Harris County U.S. Department of Housing & Urban Development Entitlement funds and for organizations requesting Letters of Consistency with the Consolidated Plan for projects that acquire and or construct new multi-unit housing. HCCSD has established this threshold policy for the concentration of tax credit and HUD-funded multi-unit projects for seniors and low-income rental units locating in the Harris County service area.

¹ Properties that have been funded with federal funds and have defined affordable rent structures according to U.S. Department of Housing and Urban Development's income levels.

² Tax Credit funded properties



Organizations that are applying for multi-family/senior acquisition and/or new construction funding from Harris County CSD must be consistent with this policy **PRIOR** to award of funds. A consistency review will be initiated during the application threshold review. Criteria for review is available in the appendix of these Standards.

2.3 Minority Concentration

Newly constructed multi-family rental project sites should not be located in areas of 65 percent or greater minority concentration, except as permitted under paragraph (i) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(i) A project may be located in an area of minority concentration only if:

(A) Sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration (see paragraph (ii) of this section for further guidance on this criterion);

OR

(B) The project is necessary to meet overriding housing needs that cannot be met in that housing market area.

(ii) (A) "Sufficient" does not require that in every locality there be an equal number of assisted units within and outside the areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year that over a period of several years will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.

(B) Units may be considered "comparable opportunities" if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

(C) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the



following factors are present, along with other factors relevant to housing choice:

- (1) A significant number of assisted housing units are available outside areas of minority concentration.
- (2) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.
- (3) There are racially integrated neighborhoods in the locality.
- (4) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.
- (5) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas the minority concentration.
- (6) A significant proportion of minority households have been successful in finding units in non-minority areas under the Section 8 certificate and voucher programs.
- (7) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.

2.4 Property Boundary

A boundary survey of the proposed development site and of the property purchased is required. In cases where more property is purchased than the proposed site of the development, the survey or plat must show the survey calls for both the larger site and the subject site. The survey does not have to be recent; but it must show the property purchased and the property proposed for development. In cases where the site of the development is only a part of the site is being purchased, the depiction or drawing of the development portion may be professionally compiled and drawn by an architect, engineer or surveyor.



2.5 Neighborhood Standards Criteria

The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents. Sites will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be evaluated based on the criteria below:

Proximity of Site to Amenities

Developments must be located on sites within a two- mile radius of social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services. Qualified Elderly Developments³ must meet the Proximity of Site to Amenities requirements above in addition to being located near a Senior or multi-purpose center.

A map, provided by the developer, identifying the development site and the location of the services, as well as, written travel directions from the site to each service is required. The services must be identified by name on the map and in the written directions. All services must exist, or if under construction, must be at least 50 percent complete by the date the application is submitted.

Connectivity Requirements and Proximity to Transportation

Travel time and cost via public transportation or private automobile, from neighborhood to places of employment should not be excessive. A site should be located 1) within one-quarter mile of public transportation, or 2) within a community that has Demand Response Service⁴ transportation. Qualified Elderly Developments are required to provide specialized elderly transportation. Evidence of transportation services must be stated in the HCCSD application to satisfy this requirement.

³ Qualified Elderly Development--A Development which meets the requirements of the federal Fair Housing Act and: (A) is intended for, and solely occupied by, individuals 62 years of age or older; or (B) is intended and operated for occupancy by at least one individual 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b)).

⁴ Shared use transit service operating in response to calls from passengers or their agents to the transit operator, who scheduled a vehicle to pick up passengers to transport them to their destinations. The service is provided for those living outside the Metro service area. Service is shared ride curb-to-curb service open to the general public by call in reservation on a first come first serve basis. Reservations can be made 30 days to 24 hours in advance. Callers must give name, pick-up address, drop-off address as well as appointment and return times. Demand response service may be used for medical, education, shopping or recreation. Passengers using Demand Response service are usually picked up 1 hour prior to their requested appointment time and return trip is usually within 30 minutes of requested return. Hours of service are usually Monday through Friday with the first pick up at 6:00 am and the last return by 6:30 pm. Demand Response service is fully ADA accessible mode of transportation as required by the FTA.



Proximity to Negative Site Features

Sites with the below mentioned negative characteristics will be ineligible. For the purposes of this policy, the term “adjacent” is interpreted as sharing a boundary with the development site. The distances are to be measured for all boundaries of the development site. Applicants must indicate on a map, the location of any negative site features, with the exception of slope, must be documented with an engineer’s certificate. If an Applicant negligently fails to note a negative feature, the Application may be terminated or required to provide a mitigation plan approved by Harris County CSD for projects identified as one or all of the following:

- Developments located adjacent to or within 300 feet of junkyards;
- Developments located adjacent to or within 3,000 feet of active railroad tracks;
- Developments located adjacent to or within 1,000 feet of an interstate highway including frontage and service roads;
- Developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants;
- Developments located adjacent to or within 300 feet of a solid waste or sanitary landfills; or
- Developments located adjacent to or within 100 feet of high voltage transmission power lines.

2.6 Neighborhood Notification and Public Hearing

Neighborhood Notification

HCCSD highly values public input addressing the merits of a development. If input from neighborhood organizations provides evidence of unlawful discrimination against classes of persons protected by Fair Housing law, then the project will not be considered. To protect the integrity of the Department's processes and decisions, evidence of false statements or misrepresentations from applicant representatives, neighborhood representatives, or other persons will be considered for appropriate action, including possible referral to County Attorney’s Office.

Applicants for new multi-family projects must provide written notification to all neighborhood organizations within a 2 mile radius of the development. Applicants must submit evidence of such notifications which shall include a copy of the exact letter and other materials that were sent to the individual or entity and a list of individuals, organizations, and agencies to which notification has been sent. Applicant should receive at least two (2) letters of support from the community in favor of the development. If evidence of these notifications and letters of community support are submitted with the RFP application, and satisfies the Department's initial review of the RFP application, then no additional notification is required from the applicant.

Public notification must include, at a minimum, all of the following:

- The Applicant's name, address, individual contact name and phone number
- The development name, address, city and county



- A statement informing the entity or individual being notified that the Applicant is submitting a request for Harris County HOME or CDBG
- Statement that the developer proposes new construction
- The type of development being proposed (multi-family, senior housing, duplexes, apartments, town homes, high-rise etc.) and the total number of units
- The expected completion date if application is awarded grant entitlement funds.

If the number of neighborhood organizations is limited within the two mile radius of the Development's proposed location, the Applicant must attest to that fact.

Public Hearing

In order to qualify for federal funding through Harris County, an applicant for new multi-family projects must:

1. Hold a public hearing for the subject project; regardless of whether such a hearing was required by any state agency or program. Notice must be provided to HCCSD at least two weeks prior to public hearing. If public hearing occurs prior to application, provide copy of notice and meeting minutes to HCCSD at time of application submission.
2. Notices must have been sent at least two weeks in advance of the public hearing to all community groups within a two mile radius of the proposed project site..
3. The project must be properly characterized in all public notices. For example, if a project is described as a "senior affordable housing project," it must state so in the notices.
4. Applicant should receive at least two letters of support from the community in favor of development. If unable to do so, a detailed explanation must be provided with specific reasons for why this was not possible.

To be recommended to Commissioners Court for project approval, an applicant must submit appropriate documentation evidencing that it has performed the required steps enumerated above.



Tab III: HOUSING DESIGN CRITERIA

The Harris County Community Services Department (HCCSD) uses standards of design and construction to implement its programs in order to develop safe housing that will serve the needs of its inhabitants with as much quality, energy efficiency, durability, comfort, and environmental sustainability as the marketplace, resources, and need will permit. All housing design and construction shall be performed in accordance with these standards and criteria. The criteria in this report are in addition to all applicable federal, state, and local codes, laws, and regulations. These criteria are not intended to reduce or circumvent the requirements of law and current applicable building codes. Some of these standards are general and are intended to be guidelines that must be applied to the local situation. Although these apply primarily to new construction, they also apply to the rehabilitation of existing structures where practicable or directly stated. These standards/criteria may be modified only where the particular characteristics of the site or other local conditions make compliance impractical or undesirable. Such modification may be required by HCCSD or requested by the applicant and accepted by HCCSD. When such modifications are made, additional requirements may be imposed by HCCSD. Applicants of HCCSD funding should also note the Minimum Property Standards under Tab IV for detailed requirements for construction/rehabilitation projects. The Harris County Engineers Office must review the proposed development and offer no objection in order to proceed with the project, excluding homeowner assistance programs (up to 4 families). Harris County CSD will submit those proposed development design and engineering plans to the Harris County Engineer that pass initial threshold evaluation.

3.1 Site Design Principles

In evaluating the suitability and design minimums of a site, HCCSD considers a number of criteria. A site should not be selected where the surroundings will detract excessively from the quality of development upon it, where the development may have an adverse effect upon its surrounding or where the location may reduce the quality of life to the residents. This can be done by considering issues such as lot orientation, storm-water management, access to transit, and proximity to community amenities (commercial, social services, education, and healthcare facilities).

Building Placement

Buildings shall be planned and located so that the spaces between them become positive elements in the site plan and not just leftover portions of the site which happens not to be occupied by buildings. In this way, land which is defined by natural or man-made features and developed purposefully, will contribute to the lives of the inhabitants by permitting fuller use and enjoyment of a site, by adding to the sense of belonging and pride among the residents, by offering increased privacy, and by decreasing maintenance needs. The proposed building placement should respect the orientation of surrounding buildings, existing pedestrian paths and sidewalks, and the orientation of surrounding streets. The proposed building should respect the climatic conditions by minimizing heat gain and considering the impact of shade on adjacent land uses and areas.



Buildings should be oriented to allow for the use of common driveways, especially along arterials streets, where a reduction in the number of curb openings will enhance the streetscape and promote traffic safety and improved mobility.

If within a city boundary, the building should follow local regulations and ordinances governing set-backs and building orientation. New housing units constructed within existing neighborhoods should follow those neighborhood's Homeowner Association rules where they exist. Buildings shall where possible align with the front edge of existing buildings along a street. At a corner, buildings shall be placed to align with existing buildings facing both streets. On blocks without existing buildings, new buildings shall be placed in accordance with other buildings on adjacent blocks.

Street Boundaries and Sidewalks

The public (sidewalk edge) boundary of the property shall be defined using fencing, walls, hedges, line of trees, or other landscape material. For new housing units constructed within existing neighborhoods with sidewalks, the new units should have sidewalks that connect to the existing sidewalk network. Sidewalks should be made comfortable for use by pedestrians through the use of landscaping, overhangs and canopies in order to provide shade and non-heat absorbing materials. Handicapped access must be incorporated in all required access sidewalks/pathways.

Site Density

The design and building of each project must be to the density specific for the location type. Due to the diversity of unincorporated Harris County, proposed projects will be categorized as urban/small city requiring a minimum of at least 75% of surrounding net residential density, suburban/mid-size town requiring a minimum of at least 75% of surrounding net residential density or rural/small towns requiring a minimum net density of 5 units per acre for detached or semi-detached houses; 10 units per acre for townhomes and 15 units per acre for apartments.

Open Space

Private usable open space should be directly accessible from the individual dwelling and be of such size as to offer a reasonable outdoor living opportunity. The placement of air conditioning equipment should not render private open space unusable.

Specific to Multi-unit Developments

Set aside a minimum of 10% of the total project acreage as open space for use by residents or locate project within a .25 mile walk distance of dedicated public open space that is a minimum of .75 acres (not an option for senior developments). Private and common open spaces should be designed to be accessible and usable by occupants of the development. Functional open space enhances circulation within a site and contributes to the site's aesthetic qualities.

Common areas should be accessible from all buildings and connected by a comprehensive, on-site pedestrian circulation system. Public open space recreation areas, plazas and courtyards



should be located and landscaped to take advantage of solar orientation, provide protection from prevailing wind, and to afford summer shade and winter sunshine. Mechanical units should be screened from view.

Parking and Traffic Circulation

Number of parking space should be made available to accommodate the household number of the single family unit project according to the size of the unit or the number of units in a multifamily housing project. Parking areas should be buffered from adjacent residential properties. Access drives, internal circulation drives, parking areas, and pedestrian walkways should be designed to provide safety and convenience for both motorist and pedestrians and ensure access for the physically disabled. Surface parking design should utilize shared access drives with adjacent, similarly zoned properties to reduce interference with pedestrians. The number of curb cuts should be minimized and pedestrian access enhanced. Pavement materials should be chosen to minimize reflected light and glare. Each parking space shall be independently accessible and have a vertical clearance of not less than 7.5 feet.

Parking and circulation aisles should be perpendicular to the entry faces of buildings to minimize conflicting movements by pedestrians and vehicles.

Landscaping and Trees

Landscaping shall complement the building, maximize the use of open space and provide plants such that at least 50% of the area available for landscaping is planted with native or adaptive species. Landscaping on larger projects should be compatible with the neighborhood, provide an important visual amenity to the residents and provide adequate dedicated space for children to play. In addition the landscape elements should be designed to reduce the heat island effect, assist in storm water management of the site and reduce the overall irrigation water demand and water budget.

New landscaping materials and vegetation should conform to a low maintenance landscaping methods and should consider integration with the stormwater management plan to provide water and drainage that is complimentary with plants. Root structures shall be considered for their required space, effects on nearby pavements and foundations, and possible interference with subsurface utilities. Plants shall be sized according to proper planting practice and shall be adequate to withstand normal use. Turfgrass is highly effective in control of environmental pollution, such as the suppression of dust, glare, and noise, and in heat dissipation. Turf should include the use of grass varieties that are drought resistant and native to the area. Existing mature and healthy trees shall be preserved wherever possible. For information on turfgrasses and landscaping in Texas, applicants should consult the Texas AgriLife Extension Services (<http://agrillifeextension.tamu.edu/>).



Fencing

All single family housing and multifamily housing shall be defined with a fence. Fencing material and height should match or complement fencing in the neighborhood and development. For more information, see the Minimum Property Standards section under Tab IV.

Lighting

Security lighting should be provided to help ensure a safe environment. Exterior lighting should be designed to coordinate with the building architecture and landscaping. Security and parking lot lights, and lighting for signs shall be shielded or otherwise designed to ensure that light is directed downward and not onto adjacent properties. Lights shall not shine intensely upon windows of housing dwellings. The type of light source used should be consistent throughout a project.

Signage

Permanent property signage should be made of quality construction from materials consistent with those used in the construction of the main property. In the case of multi-family complexes with more than one building, signage must be included that identifies the building's number and is visible from roadway. Signage should be directional but non-intrusive and scaled in proportion to the proposed property.

In addition to property signage, a permanent bronze plaque must be installed at main entrance prior to construction completion according to HCCSD specifications.

3.2 Exterior Design Principles

Building Entrances and Porches

New residential entrances shall be raised above the sidewalk to provide a sense of separation between public and private spaces or to be similar to other properties in the neighborhood. Natural surveillance shall be used to discourage crime (i.e., entrances, parking, and walkways shall be visible from inside units and the street). Units requiring accessibility are to develop site-grading strategies using 1:20 walkways and ramps. Ramps in one and two family construction are to be limited to no greater than 30 feet.

Front porches for single family housing are required in neighborhoods where existing houses have front porches and encouraged in others. Porches for multi-family projects will be reviewed for neighborhood compatibility.

Building Materials and Exterior Details

Materials selected for construction must be durable, healthy and safe, cost effective (both in the short and long term) and efficient in Harris County's range of weather conditions. An investment in higher quality green materials may affect the total up front project cost but will ensure long term financial benefits, as reflected in lower operating expenditures. At minimum, new building materials visible from the public streets shall be of equal quality or better than materials on existing buildings in the neighborhood or on the existing building. Final exterior building



elevations shall have exterior details of quality and dimension equal to or better than existing buildings in the neighborhood. Damaged exterior details shall be rebuilt or replaced. In the design of new units, exterior details shall carefully consider function and materials consistent or better than the character and quality of the existing area and maintenance cost to the resident. Where applicable, exterior design and materials should be windstorm resistant per the Texas Department of Insurance Windstorm Resistant Construction Code (See www.tdi.state.tx.us).

3.3 Interior Design and Livability

Layout of buildings and units should meet the following general principles:

- Circulation space shall be designed efficiently and kept to a minimum.
- Avoid plumbing on exterior walls.
- Bathrooms shall not open onto living/dining spaces.
- Coat closets shall be located near dwelling entrances.
- Access to rooms shall be from circulation spaces and not directly through the kitchen.
- Window location shall provide for cross ventilation in rooms (where possible) and through units.
- Building shall provide visual and noise barriers between public and private spaces.
- Storage space shall be adequate.
- Equipped for internet services, which includes wiring, broadband infrastructure, and utility/off site connections from the property line to the adjacent street.

Multifamily Housing

The following discusses the requirement for new construction and in some cases rehabilitation and conversion of multifamily housing. Of note, new construction of Single Room Occupancy (SRO) is not an eligible unit type under the Harris County Housing program. The county encourages the new construction of, at minimum, efficiency units.

Minimum Unit Size

The square footage of all of the units in the development, for each type of unit, must be at minimum:

Housing Unit Type	Minimum Square Footage
SRO‡	350 square feet
Efficiency	400 square feet
One Bedroom	650 square feet / *550 square feet
Two Bedroom	900 square feet / *750 square feet
Three Bedroom	1000 square feet

(*) Pertains to federally assisted units for the elderly and formerly homeless individuals

(‡) Note: New construction of SRO units is not eligible under the Harris County CSD housing program.
See Section 3.4 Special Needs Housing for more information.

For SRO and Efficiency unit type square footage, occupancies are for two or less persons. For one and two bedroom units, 550 and 750 square feet per unit, respectively, is acceptable for



federally assisted units for elderly and formerly homeless individuals only. Federally assisted projects serving formerly homeless families must meet the larger minimum square footage requirements.

Minimum Acceptable Standards

For more information, see the Minimum Property Standards section in Tab IV.

Single Family Housing

The following discusses the requirement for new construction and in some cases rehabilitation.

Unit Size

The square footage and bathroom requirements for each unit type must be at minimum:

Number of Bedrooms	Minimum Square Footage	Minimum Number Bathrooms
Two Bedroom	1,000 square feet	One full bathroom
Three Bedroom	1,200 square feet	One and half bathrooms
Four Bedroom	1,400 square feet	Two full bathrooms

Minimum Acceptable Standards

For more information, see the Minimum Property Standards section in Tab IV.

3.4 Special Needs Housing

Transitional Housing

Transitional housing may be any type of rental housing, including SRO housing and group homes, that is designed to provide housing and appropriate supportive services to persons (including, among others, deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children), and has as its purpose facilitating the transition of individuals and families to independent living within a time period set by the participating jurisdiction or project owner before occupancy. Eligible transitional housing projects for HCCSD funding include rehabilitation of existing transitional housing units and conversion of existing buildings to transitional housing. New construction of transitional housing will only be funded by HCCSD when new units are replacing existing units in substandard condition.

Transitional housing is governed by the program rules that apply to the type of housing unit assisted (i.e., SRO unit, group housing unit, or traditional housing unit). However, unlike permanent housing, tenancy may terminate upon completion of the transitional period, which is limited to 24 months. At least 30 days before the end of the transitional housing tenancy period, the owner is required to provide the tenant with written notice that the tenancy period is ending. The transitional housing operator is required by HCCSD to have written policies and procedures for the operations of the facility, which should include but is not limited to policies and



procedures for tenant selection and homelessness documentation, in-take, tenant agreements, termination, facility rules, rent, and transition plans to permanent housing. In no cases shall residents of transitional housing be discharged into homelessness.

Single Room Occupancy (SRO)

Single Room Occupancy housing is housing consisting of single-room dwelling units that are the primary residence of its occupant or occupants. The new construction of SRO units is not eligible under the Harris County CSD housing program. If the SRO project involves conversion of non-residential space, or reconstruction, each unit must contain either food preparation or sanitary facilities (and may contain both). If the project involves acquisition and or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the units, but are encouraged. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. If the units do not contain food preparation facilities, an explanation of where tenants will access food or food preparation facilities will be required. SRO does not include facilities for students.

The maximum per-unit subsidy limits under 92.250 are the set for zero-bedroom units; however, in no event may the maximum subsidy exceed the actual development cost of the units based on their proportionate share of the total development cost.

If a SRO unit has neither food preparation nor sanitary facilities, or only one, the rent may not exceed 75 percent of the FMR for a zero-bedroom unit. The “lesser of” rule comparing the FMR to 30 percent of 65 percent of area median income and Low HOME rents do not apply in this circumstance. For an SRO with both food and sanitary facilities contained within the unit, the standards set forth in Section 92.252 relative to High and Low HOME rents apply. HOME rents include utilities but not the cost of supportive services.

Group Housing

A Group Home is a single dwelling unit, usually with multiple bedrooms, that is occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit. Except in the case of a 1-bedroom group home, a group home provides separate private space for each occupant or family. It also includes group housing for elderly or disabled persons. Supportive services may be provided. In all cases, a group home must meet the definition of “housing”.

The entire project is considered a single unit for determination of maximum HOME subsidy limits 92.250. The subsidy limit is based on the number of bedrooms in the unit.

Rents in group homes are based on the appropriate Section 8 Existing Housing Fair Market Rent (FMR) for the unit size. For example, a group home with four bedrooms would use the FMR for a four-bedroom unit. Each family’s rent will be its proportionate share of the total unit rent. Rent includes utilities and because a group home is a single unit, there is no low HOME rent.



NOTE: Live in supportive service provider bedrooms are not counted in calculating tenants' rent. For example, if one bedroom of a four-bedroom unit is occupied by a service provide, the maximum unit rent is the FMR for a three bedroom unit.



TAB IV: MINIMUM PROPERTY STANDARDS



TAB V: UNDERWRITING GUIDELINES

The County may provide a variety of funding sources (e.g., including but not limited to TIRZ Homelessness, TIRZ Affordable Housing, ESG, ARPA, HOME and CDBG funds) for the creation and retention of safe, affordable housing for low- to moderate-income households. Decisions regarding which type of funding to utilize for a specific project will be made by the Community Services Department; which may require imposing varied and/or different regulatory requirements to the awarded projects. Requirements shall include, but are not limited to subsidy layering analysis, compliance period, rental limits (if applicable), unit distribution/development, leverage requirements and other regulatory standards. HCCSD has adopted the following affordable housing underwriting guidelines to ensure prudent review of housing proposals and achieve compliance with applicable Federal, State, and local laws, regulations and policy objectives.

5.1 Housing Investment Type, Form of Subsidy & Eligible Activities:

The following section provides the types of projects and forms of HOME and CDBG subsidy available to applicants of HCCSD funding. The following table summarizes the types of developments, corresponding forms of subsidy, and eligible activities:

Type of Housing Investment	Form of Subsidy Available	Eligible Activities
Funding for Rental Housing <ul style="list-style-type: none"> Rental Development Using CDBG and CDBG-DR Rental Development Using HOME and HOME-ARPA Rental Development using ARPA TIRZ Funds Affordable Hsg Set Aside NSP/NSP RLF 	<ul style="list-style-type: none"> Pre-development Loan (CHDOs only) Loan Deferred Loan 	<ul style="list-style-type: none"> Acquisition of Land Acquisition of Existing Housing Rehabilitation New Construction (For CDBG, CBDOs only) Pre-Development Costs
Funding for Owner Occupied Housing <ul style="list-style-type: none"> Owner Occupied Single Family Development Using CDBG and CDBG-DR Owner Occupied Single Family Using HOME TIRZ Affordable Hsg Set Aside NSP/NSP RLF 	<ul style="list-style-type: none"> Pre-development Loan (CHDOs only) Loan Deferred Loan 	<ul style="list-style-type: none"> Acquisition of Land Rehabilitation New Construction (CDBG, CBDOs only)
Special Needs Housing	<ul style="list-style-type: none"> Grant 	<ul style="list-style-type: none"> Acquisition of Land



<ul style="list-style-type: none"> • Permanent Supportive Housing (including SRO) • Transitional/Respite Housing • Group Housing • TIRZ Homeless Set Aside • TIRZ Affordable Hsg Set Aside • ESG 	<ul style="list-style-type: none"> • Deferred Loan 	<ul style="list-style-type: none"> • Rehabilitation • Conversion • New Construction (For CDBG, CBDOs only)
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Nature of Investments/Subsidy

HCCSD determines the form of assistance to be provided to affordable housing projects. Eligible forms of subsidy include:

- **Grants:** Grants are provided with no requirement or expectation of repayment. They are most commonly used for projects serving special needs populations. The property or some other assets are required as collateral for security during the applicable affordability period. Non-profit developer organizations, CHDO/CBDO, and government entities providing special needs housing are eligible for grant subsidies.
- **Loans** (forgivable or repayable)-are not fully amortized. Instead, some or even all of the principal and interest payments are deferred to some point in the future. If forgivable, the forgiveness might be structured to occur at one point in time such as at the end of the affordability period (may apply to ARPA, HOME and CDBG funds) or forgiven incrementally (available under CDBG funding only) over time. If repayable, repayment might be required at the sale or transfer of the property or at the end of a fixed period of time. Deferred payment loans require the property or some other form of collateral to be used as security for repayment. They may be used to help rental projects by allowing deferral of loan payments for the first few years until the project becomes stable. Rental projects are considered stable three years after the completion of construction. These loans can accrue interest or be non-interest bearing.
 - **Interest Bearing Loans** or advances-are amortizing loans. Repayment is expected on a regular basis. Usually monthly, so that over a fixed period of time, all of the principal and interest is repaid. Such loans may have interest rates at or below the prevailing market rate. The property or some other assets are required as collateral. The term of the loan may vary.
 - **Non-Interest Bearing Loans**-The principal amount of such loans are paid back on a regular basis over time, but no interest is charged. The property or some other assets are used as collateral. The term of the loan may vary.

5.2 Loan Terms

When assistance is provided in the form of a loan, the following terms shall apply:



A) Loan Limits

- Loans are limited to a maximum of \$2,000,000 per project and shall comply with the applicable per unit maximum dictated by the Federal regulations. Exception in the case of CDBG Disaster Recovery funding and Treasury ARPA funding, the maximum of \$25,000,000 per project or at the cap of the Grantor.

B) Application Fees:

- The County will not collect application fees unless funding source requires higher than normal project review or study by HCCSD before award (including but not limited to a cost benefit analysis or feasibility study).

C) Other Fees:

- Borrower may pay all costs incurred by Harris County in connection with the loan including, but not limited to: monitoring, legal and document review/inspections. Such fees shall not exceed one percent of the total project cost.

D) Term:

- Permanent loan maturity will coincide with the term of senior debt, to a maximum of 30 years (a period of time will be allowed for acquisition and construction activities prior to start of permanent loan phase).
- Specific loan terms will be reviewed and determined on a project-by-project basis.

E) Repayment:

- Payments may not be required during the acquisition and construction phase.
- Permanent phase loans shall be reviewed and determined on a project by project basis.
- Partial repayments may be required during conversion to permanent financing and/or when developer fees are distributed. Payment Terms/Interest Rate- 2.00% (200 bps) per annum repayable bi-annually (without trying to positive cash flow); after 20 years, balloon payment of remaining principal. If property is refinanced and/or sold, then full repayment is due on the same date of sale regardless of sufficient proceeds from sale. ARPA loans will be performance based forgivable loans that will be forgiven at the end of the affordability period with 0% (0 BPS).
- Affordability Covenants (LURAs)- All projects are subject to affordability restrictions which limit resident incomes and rents paid based on levels of Average Median Income (AMI) established annually by the U.S. Department of Housing and Urban Development (HUD). ARPA funded projects will use AMIs determined by HUD or by TDHCA on projects that have TDHCA Tax Credits funding the project as well.
- Security/Collateral-Second Lien Deed of Trust on land and improvements constructed thereon is required.
- Subordination to Senior Debt-The County's loan may be subordinated to another lender's mortgage lien if subordination is required as a condition of that lender's



loan approval; however, the County's LURA shall be superior to all financial liens. Senior debt must be provided on a fully amortizing basis without a balloon payment for at least 20 years.

F) Loan to Value/Loan to Cost Limits:

- Should not exceed 80%.

G) Debt Service Coverage Ratio:

- To follow State of Texas Tax Credit Program, generally not less than 1.15 and not more than 1.35. All projects not within the stated parameters may be re-considered or reviewed on a case-by-case basis.

H) Recourse: Loan terms will include provisions for deficiency judgments in the event of debtor default, foreclosure by senior creditor or in the event the County chooses to foreclose. Borrower and personal guarantees may be required.

I) Timing of Disbursements and Allowable Use of Funds- Underwriting will determine whether investments will be provided on a pro-rata basis with other funding sources; or in cases of acquisition and soft cost type investments funding may be provided first. No funds can be advanced or paid up front for any project.

Allowable Costs

All costs necessary for site acquisition, construction, energy conservation, landscaping, and/or rehabilitation directly allocated or attributable to the affordable units of the project are allowable.

Costs subject to Allowability based on Investment Sources

Costs associated with commercial space, childcare, or social service space in mixed-use projects may be included in the total development cost budget, but reimbursement may not be paid with funding sources that are restrictive in nature (e.g., CDBG-DR, HOME). Additionally, construction materials and items deemed "luxury" items by the county's Minimum Property Standards may be included in total development costs but may not be paid with HCCSD funds. Such costs are netted out from the underwriting and gap funding analysis. However, TIRZ and Treasury ARPA funding may pay for all costs associated with the affordable units for a project on a reimbursable basis, except for acquisition, which can be paid at the time of closing to the Title Company handling the acquisition closing.

J) Funding Conditions - Predevelopment Phase: Pre-development loans may be provided to "qualified" Community Housing Development Organizations (CHDOs) only.

K) Funding Conditions- Acquisition Phase: Loans for site acquisition will not be funded unless all pre-conditions of the construction phase have been achieved. Acquisition loans



must record in first lien position. Treasury ARPA funded projects can be funded without all pre-conditions of the construction phase funding being achieved.

- L) **Funding Conditions- Construction Phase:** Prior to, or concurrently with, Construction Phase funding, the borrower must provide evidence that all other necessary construction funding sources have been committed and closed, that binding commitments are in place for all sources of permanent financing, that building permits have been approved and are ready to issue, and that a bonded general contract has been executed and is based on the final approved plans and specifications.
- M) **Transfer-** Loans and loan commitments are not assignable or transferable without prior written approval of the HCCSD.
- N) **Construction Start Approval:** Housing and site construction may begin only with express written approval of HCCSD (a preconstruction conference must be held among the HCCSD, developer, and contractor; and HCCSD must issue a Notice to Proceed).

5.3 Underwriting and Review Committee

In order to facilitate and document the recommendations and decisions to fund a grant, loan, or deferred loan, CSD will utilize the following instruments and committee:

- A) **Finance Underwriting Team:** The Office of Financial Services, using the guidelines within this document, will perform financial review and underwriting of the entities and the proposed project. This office will also calculate appropriate monitoring fees per HUD guidelines for each awarded project. For projects receiving a loan or deferred loan, the Office of Financial Services will provide The Affordable Housing Project Loan Review Committee with funding recommendations and loan terms. Recommendations will include whether or not the applicant's requested subsidy amount is reasonable or will present the recommended funding amount and subsidy type, as well as the recommended repayment terms and rates. Recommendations will be based on utilization of typical industry standard underwriting techniques and in-house policy guidelines used by similar funding agencies e.g. (TDHCA, HUD).
- B) **Affordable Housing Review Committee:** This committee will consist of a meeting Facilitator from Planning and Development, one representative from the Affordable Housing Section, and one representative from Finance (the recommending member). Meetings for this committee will be held on an as needed basis, and results will be documented by the facilitator. For Treasury ARPA funded projects, the committee will consist of one representative from the Affordable Housing Section and one representative from Finance. Recommendations may be accepted in full, or the committee may elect to make to the recommendation so long as such recommendation does not cause the project to become ineligible or financially unfeasible.



5.4 Subsidy Layering Analysis

HUD establishes limits on the amount of HOME funds that may be invested in affordable housing on a per-unit basis for specific areas. Before committing funds to a project that combines the use of any other sources of financing including charitable, local, state, federal assistance, HCCSD must evaluate the project in accordance with guidelines that it has adopted, to ensure that the county does not invest any more HOME funds than necessary to provide affordable housing. The applicant of HCCSD HOME funds will certify in their application whether or not additional assistance will be provided to the project, and if so, what type and amount of assistance.

Developer fees – is the compensation in amounts paid by the Owner to the Developer for Developer Services inclusive of compensation to a Development Consultant(s), Development Team member or any subcontractor that performs Developer Services or provides guaranties on behalf of the Owner. A person or entity who is entitled to a Developer Fee assumes the risk that it may not be paid if the anticipated sources of repayment prove insufficient. The maximum amount of developer fees claimed is determined based on the “allowable & applicable” project funding to arrive a percentage depending whether it is attributable to acquisition or rehabilitation basis. All fees to related parties to the owner or developer for work determined by CSD to be typically completed by the developer will be considered part of the Developer fee claimed. Generally developer fees are limited to 15% for developments greater than 50 units and 20% for developments less than 50 units. Generally, disbursement of the developer fees will be defined by the funding agreement and may follow a scheduled/outlined basis (e.g. developer fees will follow a percentage of completion basis or other triggering events and will comply with all requirements promulgated or regulated by the source of funding’s terms and conditions). CSD will not advance developer fees.

Deferred Developer Fees may be applied as a source of funds to finance the development and construction of the Property.

Identity of Interest refers to situations where the owner, developer, or project sponsor control or own the services to be provided in a project, including but not limited to the general contractor, subcontractor, property manager or other service provider. A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the owner or developer must be declared in the application for funding submitted to the HCCSD, and disclosed at completion of the project. Failure to declare Identify of Interest situations may deem a project ineligible. A cost certification shall also be required when such transactions are proposed to ensure that services are provided at a reasonable market cost. HCCSD reserves the right to adjust developer profit and/or the amount of funds provided to a project when an Identify of Interest situation exists.

5.5 Minimum and Maximum Per Unit Subsidy

In accordance with HOME regulation, the total amount of HOME funds that HCCSD may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitation established by a HUD interim policy using the Section 234-Condominium Housing (basic mortgage limits, for



elevator-type projects) and adjusted for high cost percentage issued by the local HUD Field Office in which the housing is located. HCCSD has adopted the HOME Maximum per Unit Subsidy requirement for CDBG assisted projects as well. HUD places a minimum per-unit subsidy at \$1,000 per unit for HOME funded projects. Treasury ARPA funded projects will have a maximum subsidy per-unit based on HUD's annual maximum subsidy per-unit.

5.6 Match and Leveraging Requirements

Affordable Housing projects funded by HCCSD have match or leveraging requirements depending on the type of funding sought by the applicant. For projects funded by HOME, the match requirement is an amount equal to no less than 25 percent of the total HOME funds drawn down for project costs. The match is a permanent contribution to affordable housing. Match must be eligible under HOME Program guidelines. For CDBG funded projects, the leveraging requirement set by HCCSD is a minimum twenty (20) percent of the total CDBG funds drawn down for project costs. The HCCSD Director may waive CDBG leveraging requirements based on staff justification that the waiver would promote improved conditions, especially after a natural disaster. Match and leveraged funds must be disclosed up front in the application for assistance and must be supported with letters of confirmation of fund availability. For Treasury ARPA funded projects, there is no minimum match requirement.

5.7 Rental and Sales Requirements

The following section discusses the objectives and requirements of rental and owner-occupied housing funded by ARPA, CDBG and HOME.

A. Rental Development Using CDBG

The **primary** objective of the CDBG program is the development of viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunity principally for low-income persons. HCCSD has established the following policy with regard to the use of CDBG funds in the development of affordable rental housing.

Minimum Unit Set Aside

For eligible rental housing development projects using CDBG Program funds to acquire, construct or rehabilitate rental housing, the following minimum standards must be met:

- All multifamily rental rehabilitation and new construction multifamily projects are required to provide a minimum of 51 percent of the total project units as assisted units. Of the total assisted units, 100 percent must serve households at or below 80 percent of Median Family Income (MFI).
- The property owner or its representative must verify the income of each tenant occupying a CDBG assisted unit. The method used will be the *Section 8 Part 5* income verification.

Rental Limits

- CDBG-assisted Single Room Occupancy (SRO) unit rents shall be no higher than 75 percent of the Fair Market Rent (FMR) for an efficiency unit as established by HUD.



- The maximum rents for CDBG-assisted rental developments shall be established by using the most current HOME Program rent schedule. The HCCSD Director shall reserve the right to adjust rent schedules on a project-by-project basis to best serve the low-income residents of Harris County and/or ensure project feasibility.
- Rent schedules include the cost of utilities in the rent amount. All projects shall use utility allowances published by the Harris County Housing Authority unless located in another jurisdiction and then that jurisdiction's allowances will be used.
- For properties with both assisted and non-assisted units, the program administrator must select "fixed" or "floating" units at the time of project commitment. When CDBG-assisted units are "fixed", the specific units that are CDBG-assisted are designated and never change. When CDBG-assisted units are "floating", the units that are designated as CDBG-assisted may change over time as long as the total number of CDBG-assisted units in the project remains constant.

Unit Distribution

- For new construction of multi-family rental units, builders, design professionals, and developers must comply with the Americans with Disabilities Act, Federal Fair Housing Act, and Section 504 of the Rehabilitation Act of 1973, particularly in the construction of accessible units and common use areas.
- CDBG-assisted affordable units must meet or exceed the Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation, as well as, state and local code requirements.
- CDBG-assisted units must be comparable and distributed throughout every unit type.

Compliance Periods

The compliance period or affordability period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for a rental housing project must be in compliance with programmatic as well as Harris County established rules and regulations regarding maximum rent limits, tenant income, and other applicable requirements. When the recipient fails to comply with the program regulations during the designated compliance period, the action triggers repayment of the direct federal subsidy to the County.

- The compliance period of CDBG-assisted rental developments shall be a minimum of 5 years and will be based on the amount of federal funds provided. The compliance period begins following the date of completion as entered into IDIS.
- Tenants occupying CDBG-assisted units must be recertified annually from the start of assistance or their last recertification date and recertification should begin 60 to 90 days prior to that time. Recertification shall be completed in accordance with HOME Program rental housing recertification requirements.
- Records must be kept by property owner or its representative to show that all program regulations have been met. Record retention will be determined in the Harris County sub-recipient contract. The property owner or their representative will



- submit all required annual reports to Harris County on a timely basis. Annual monitoring and inspections by HCCSD will be conducted for each CDBG-assisted unit.
- For Treasury ARPA funded projects, there is a minimum affordability period of twenty years.

B. Rental Development Using HOME

In rental housing development projects, HOME funds typically serve as “gap financing” – funds provided when the contributions of private lenders and other funding resources are not sufficient to cover the cost of developing and operating the project. HCCSD is often called upon to determine the appropriate amount of HOME funds required to “fill the gap” in order to make the project feasible, while ensuring the project is not over-subsidized and that HOME funds are used only for HOME eligible expenses.

HOME funds may be used to acquire land or existing rental housing and/or rehabilitate or construct affordable rental housing. Unlike other federal grant programs, HOME distinguishes between the units in a project that have been assisted with HOME funds and those that have not. “HOME-assisted units” is a term that refers to the units within a HOME project for which rent and occupancy restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

Minimum Unit Set Aside

For eligible rental housing development projects using HOME funds to acquire, construct or rehabilitate rental housing, the following minimum standards must be met:

- The minimum number of assisted units will be determined based on the amount of subsidy provided per assisted unit. The subsidy per unit will be in accordance with Section 5.5 Minimum and Maximum Per Unit Subsidy and exclude the allocation for Public Infrastructure Department services. Of total assisted units, 100 percent must serve households at or below 80 percent of Median Family Income (MFI).
- The program funds rule requires that at least 90 percent of HOME-assisted units must be reserved for residents whose income does not exceed 60 percent of the area median income.
- For rental properties of which five or more units will be HOME-assisted, at least 20 percent of the units must be reserved for families who meet the threshold as very-low income (at or below 50 percent median income). The balance of rental units must assist tenants with incomes that do not exceed 80 percent of the area median income.
- The property owner or its representative must verify the income of each tenant occupying a HOME-assisted unit. The method used will be the *Section 8 Part 5* income verification.

Rental Limits

- The maximum rents for HOME-assisted rental developments shall be established by using the most current HOME Program rent schedule. The HCCSD Director shall reserve the right to adjust rent schedules on a project-by-project basis to best serve the low-income



residents of Harris County and/or ensure project feasibility as long as the adjustment does not exceed HOME Program rental limits. Every HOME-assisted rental unit is subject to rent limits designed to help make rents affordable to low-income households. These maximum rents are referred to as “HOME rents.” HUD publishes the rent schedule each year based on changes in area income levels or market conditions. There are two HOME rents used in the HOME program:

High HOME Rents are the lesser of:

- The Section 8 Fair Market Rents (FMRs) for existing housing; OR
- Thirty (30) percent of the adjusted income of a family whose income equals 65 percent of median income.

Low HOME Rents – For properties with five or more HOME-assisted units, at least 20 percent of HOME-assisted units must have rents which are no greater than:

- Thirty (30) percent of the tenant’s monthly adjusted income; OR
- Thirty (30) percent of the annual income of a family whose income equals 50 percent of the median income.

In units receiving Federal or State project-based rental assistance in which the very low-income family pays not more than 30 percent of the family’s adjusted income, the maximum rent allowable may be determined by the Federal or State program.

- Rent schedules include the cost of utilities in the rent amount. All projects shall use utility allowances published by the Harris County Housing Authority unless located in another jurisdiction and then that jurisdiction’s allowances will be used.
- For properties with both assisted and non-assisted units, the program administrator must select “fixed” or “floating” units at the time of project commitment. When HOME-assisted units are “fixed”, the specific units that are HOME-assisted are designated and never change. When HOME-assisted units are “floating”, the units that are designated as HOME-assisted may change over time as long as the total number of HOME-assisted units in the project remains constant.

Unit Distribution

- For new construction of multi-family rental units, builders, design professionals, and developers must comply with the Americans with Disabilities Act, Fair Housing Amendments Act, 2010 ADA and Section 504 of the 1973 Rehabilitation Act regulations, particularly in the construction of accessible units and common use areas.
- HOME-assisted affordable units must meet or exceed the Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation, as well as local code requirements.
- HOME-assisted units must be comparable and distributed throughout every unit type.



Compliance Periods

The compliance period or affordability period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for a rental housing project must be in compliance with programmatic and County established rules and regulations regarding maximum rent limits, tenant income, and other applicable requirements. The period is based on the amount of federal funds provided per federally-assisted unit. When the recipient fails to comply with the program regulations during the designated compliance period, the action triggers repayment of the direct federal subsidy to the County.

The HOME Program requires a minimum compliance period for all rental projects receiving HOME funds, depending on the average amount of HOME funds invested in each unit and the type of activities performed using HOME funds. The chart below shows how the activity and per-unit subsidy determine the HOME required compliance period.



Compliance Period by Activity and HOME Subsidy for HOME Rental Projects

Activity	HOME Subsidy	Unit Must Remain Affordable for at Least
Rehabilitation or acquisition of existing housing	Less than \$15,000/unit	5 years
	\$15,000-\$40,000/unit	10 years
	Greater than \$40,000	15 years
Rehabilitation with refinancing	Any amount	15 years
New construction or acquisition of new housing	Any amount	20 years

- The compliance period will begin following the date of completion as entered into HUD's grant monitoring computer system, the Integrated Disbursement and Information System or IDIS.
- Tenants occupying HOME-assisted units must be recertified annually at least one year from the start of assistance or their last recertification date and should begin 60 to 90 days prior to that time. Recertification shall be completed in accordance with HOME Program rental housing recertification requirements.
- Records must be kept by property owner or its representative to show that all program regulations have been met. Record retention will be determined in the Harris County sub-recipient contract. The property owner or their representative will submit all required annual reports to Harris County on a timely basis. Annual monitoring and inspections by HCCSD will be conducted for each HOME-assisted unit.

C. Rental Development Using Treasury ARPA

In rental housing development projects, Treasury ARPA funds can be used as gap financing, for acquisitions where Harris County, Harris County Housing Finance Corporation or one of its subsidiaries, or Harris County Housing Authority will own at minimum the land, for eligible construction costs, for eligible soft costs, and for eligible pre-development costs. HCCSD will review the eligible items upon application to determine what will be funded with Treasury ARPA funding.

Minimum Unit Set Aside

For eligible rental housing development projects using HOME funds to acquire, construct or rehabilitate rental housing, the following minimum standards must be met:

- The minimum number of assisted units will be determined by the total subsidy project in relation to the total development costs. For example, if Treasury ARPA funds are used for 70% of a project's development costs, then 70% of the units will be determined as assisted units. Of total assisted units, 100 percent must serve households at or below 80 percent



of Median Family Income (MFI). If the project is a tax credit deal, income averaging is allowed following TDHCA guidelines.

- The property owner or its representative must verify the income of each tenant occupying an assisted unit. The method used will be the *Section 8 Part 5* income verification.

Rental Limits

- The maximum rents for HOME-assisted rental developments shall be established by using the most current HOME Program rent schedule or TDHCA rent schedule for projects that have tax credits from TDHCA. The HCCSD Director shall reserve the right to adjust rent schedules on a project-by-project basis to best serve the low-income residents of Harris County and/or ensure project feasibility.

In units receiving Federal or State project-based rental assistance in which the very low-income family pays not more than 30 percent of the family's adjusted income, the maximum rent allowable may be determined by the Federal or State program.

- Rent schedules include the cost of utilities in the rent amount. All projects shall use utility allowances published by the Harris County Housing Authority unless located in another jurisdiction and then that jurisdiction's allowances will be used. TDHCA utility allowances are able to be used on deals with TDHCA tax credits.
- For properties with both assisted and non-assisted units, the program administrator must select "fixed" or "floating" units at the time of project commitment. When ARPA-assisted units are "fixed", the specific units that are ARPA-assisted are designated and never change. When ARPA-assisted units are "floating", the units that are designated as ARPA-assisted may change over time as long as the total number of ARPA-assisted units in the project remains constant.

Unit Distribution

- For new construction of multi-family rental units, builders, design professionals, and developers must comply with the Americans with Disabilities Act, Fair Housing Amendments Act, 2010 ADA and Section 504 of the 1973 Rehabilitation Act regulations, particularly in the construction of accessible units and common use areas.
- ARPA-assisted affordable units must meet all local code requirements and be able to pass a Housing Quality Standards (HQS) Inspection performed by HCCSD or a third-party approved by HCCSD.
- ARPA-assisted units must be comparable and distributed throughout every unit type.

Compliance Periods

The compliance period or affordability period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for a rental housing project must be in compliance with programmatic and County established rules and regulations regarding maximum rent limits, tenant income, and other applicable



requirements. The period is based on the amount of federal funds provided per federally-assisted unit. When the recipient fails to comply with the program regulations during the designated compliance period, the action triggers repayment of the direct federal subsidy to the County.

The HOME Program requires a minimum compliance period for all rental projects receiving HOME funds, depending on the average amount of HOME funds invested in each unit and the type of activities performed using HOME funds. The chart below shows how the activity and per-unit subsidy determine the HOME required compliance period.

Compliance Period by Activity and HOME Subsidy for HOME Rental Projects

Activity	ARPA Subsidy	Unit Must Remain Affordable for at Least
All Projects	Any amount	20 years

- The compliance period will begin following the date of completion as approved by HCCSD.
- Tenants occupying ARPA-assisted units must be recertified annually at least one year from the start of assistance or their last recertification date and should begin 60 to 90 days prior to that time. .
- Records must be kept by property owner or its representative to show that all program regulations have been met. Record retention will be determined in the Harris County sub-recipient contract. The property owner or their representative will submit all required annual reports to Harris County on a timely basis. Annual monitoring and inspections by HCCSD will be conducted for each ARPA-assisted unit.

D. Owner-occupied Single Family Development Using CDBG

CDBG funds can be used for the development of affordable single family homes, by certified Community Based Development Organizations (CBDO) as a part of neighborhood revitalization, community economic development, or energy conservation project. Under this option, the CBDO can acquire existing units, renovate and sell to an eligible homebuyer below market price. CBDOs can also purchase large tracts of land and use the land to develop an entire neighborhood or subdivision.

HCCSD has established the following policy with regard to the use of CDBG funds in the development of affordable single family housing.

Minimum Standards



- The maximum purchase price of an existing or newly constructed single family home must comply with HUD published limits for this area.
- To minimize the risk to the homebuyer and the County, all owner-occupied single-family developments are required to utilize the HCCSD Downpayment Assistance Program and provide DAP assistance to each homebuyer in the development in order to restrict the affordability period to no less than five (5) years.

Unit development

CDBG-assisted single family home developments must meet or exceed the Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation, as well as, state and local code requirements.

Compliance Periods

The compliance period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for homeownership assistance must maintain and reside in the property as his/her primary residence. When the homebuyer sells or fails to reside in the property as his/her primary residence during the affordability period, the action triggers repayment of the direct federal subsidy to the County.

The compliance period of CDBG-assisted single family unit shall be established by using the HOME Program affordability requirements. The affordability period will begin following the date of completion as entered into IDIS.

Compliance Periods* for Homeownership Activities

CDBG benefit to homebuyer	Minimum period of compliance
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

Downpayment Initiatives – To assist future homebuyers purchase homes acquired, renovated, and/or constructed with county CDBG funding, housing developers can work with the HCCSD Downpayment Assistance Program to provide qualified homebuyers with down payment assistance to purchase a home. Developers interested in this program should present their request during the CDBG application phase.

E. Owner-occupied Single Family Development Using HOME

HOME funds may be used to finance new construction and/or the acquisition of land for the construction of homes for homebuyers, as well as programs that provide down-payment and closing cost assistance.

Minimum Standards



- The maximum purchase price of an existing or newly constructed single family home must comply with HUD published limits for this area.
- To minimize the risk to the homebuyer and the County, all single-family developments are required to utilize the HCCSD Downpayment Assistance Program and provide DAP assistance to each homebuyer in the development in order to restrict the affordability period to no less than five (5) years.

Unit development

HOME-assisted single family home developments must meet or exceed the Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation, as well, as state and local code requirements.

Compliance Periods

The compliance period or affordability period represents the minimum length of time (beginning upon project completion) a recipient of federal assistance for homeownership assistance must maintain and reside in the property as his/her primary residence. When the homebuyer sells or fails to reside in the property as his/her primary residence during the affordability period, the action triggers repayment of the direct federal subsidy to the County.

The affordability period will begin following the date of completion as entered into IDIS.

Compliance Periods* for Homeownership Activities

HOME benefit to homebuyer	Minimum period of affordability
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

Downpayment Initiatives – To assist future homebuyers purchase homes acquired, renovated, and/or constructed with county HOME funding, housing developers can work with the HCCSD Downpayment Assistance Program to provide qualified homebuyers with downpayment assistance to purchase a home. Developers interested in this program should present their request during the CDBG application phase.

F. Special Needs Housing

Special Needs Housing is defined as: Properties that are 1) uniquely designed and/or financed to meet the housing and service needs of a target special needs population, and 2) provide supportive services for residents. It does not refer to traditional rental properties where less than 51% of the property shall provide housing for special needs residents in a mixed residency environment (such projects are eligible for funding under the Affordable Rental Housing component using either HOME or CDBG funding.)



Program Goal: To develop properties that serve residents with special needs by providing housing that is specifically linked to supportive services. Projects may be either new construction, acquisition with rehabilitation, rehabilitation, or conversion.

Eligibility: Qualifying properties:

- Must be located within Harris County, and may be located within the cities of Houston, Baytown or Pasadena if the population to be served is homeless populations and the city it is located, is providing a significant contribution to the project.
- Must be specifically designed to serve the needs of special needs populations. (Examples include homeless and transitional housing and housing for the disabled. Housing for the elderly is not considered in this category unless extensive services will accompany the housing.)
- Must provide or link appropriate services to residents. (Funding sources and providers of services must be specifically identified in the application of funding to HCCSD).

5.8 Compliance Monitoring Fees

All federally funded affordable housing projects funded by HCCSD regardless of funding sources will have regulatory or contractual affordability compliance requirements passed on to the subrecipient/developer/project owner. A policy and procedures document i.e.(Harris County Community Services Department Affordable Housing Developments Compliance Monitoring Procedures and Fee Schedules) has been established and outlines the method by which monitoring fees are assessed, provisions for remittance of the fees by the subrecipient, late fees and other assessments relative to Affordable Housing Monitoring efforts of the Department. In general, annual fees are published each year and posted on the Department's website as well as the policy itself. Compliance Monitoring Fees may be waived on a case-by-case basis, or based on pass-through requirements from the Granting Agency.