

LRGVDC Hurricane Dolly CDBG-DR Round 2.2 Home Buyer Assistance Marketing Approach

Executive Summary

In accordance with the *Community Development Block Grant Disaster Recovery Program Hurricanes Ike and Dolly Round 2 Housing Guidelines*, the Lower Rio Grande Valley Development Council (LRGVDC) developed a Marketing Approach that addresses the concerns demonstrated in the Needs Assessment related to the damage in the hurricane impacted LRGVDC communities. The LRGVDC is committed to executing the program objectives in accordance with the Conciliation Agreement, the Phase 1 Analysis of Impediments, Needs Assessment and the State and Local Housing Guidelines.

The Texas General Land Office (GLO) approved the LRGVDC Home Buyer Assistance (HBA) Guidelines on December 21, 2012. The HBA program will assist the resident non-homeowner who was impacted by the storm. Examples could include people who were leasing when Dolly came ashore and are now living in housing where rent was increased comparable to house payments, family members who were displaced due to damage to a family home, or other storm impacted LMI persons who need some additional assistance to make homeownership a reality.

The LRGVDC has determined that rather than administer a program on its own, it will provide information to organizations that are already working with Home Buyer Assistance or First Time Home Buyer Programs where down payment assistance would be beneficial. A total of \$4,514,083.03 has been allocated for the HBA program and it will be distributed on a first come first served basis. Interested parties must have valid applicants to reserve up to \$40,000 of the HBA funds that can be set-up in the state contract system. The funds will be available for one-year from the date of the original Request for Qualifications.

Background

The 2008 hurricane season was the most destructive weather season Texans have ever seen and marked the first time in Texas history that all Texas coastal counties were presidentially declared disaster areas at the same time. Within a 52-day period, the state was slammed by a major tropical storm and three hurricanes, the worst of which were Hurricane Ike and Hurricane Dolly.

Hurricane Dolly struck the south Texas coastline on July 23, 2008, but much of its fury was felt to homes

and communities in Cameron, Hidalgo and Willacy Counties. As the most destructive storm to hit the Rio Grande valley in 41 years, the storm left entire neighborhoods almost entirely under water, inaccessible to the families who were forced to flee and with long term damage to the housing stock.

In September of 2009, the State of Texas submitted its Action Plan for the second round of funding for the hurricanes. During that time, an administrative complaint and a Fair Housing complaint were filed with HUD against the State of Texas. The Fair Housing complaint was filed on December 1, 2009. The Action Plan for Round 2 funds submitted in September was not accepted by HUD between the date it was filed and the date the Fair Housing Complaint was filed. The State of Texas and the Fair Housing complainants reached a Conciliation Agreement that modified the Valley housing program.

As a result of the Fair Housing complaint, the Lower Rio Grande Valley received significant additional funds to assist disaster victims. These funds came with conditions. First, it required that at least 55% of all disaster recovery funds in Texas be spent on housing. Second, it required a Needs Assessment to determine how the distribution of funds should occur to ensure that Low to Moderate Income persons receive Fair Housing Choice through recovering of single family rental stock.

In accordance with the requirements of the Conciliation Agreement and Round 2.2 Guidelines, the LRGVDC conducted a detailed Needs Assessment (incorporated herein by reference and available on the LRGVDC Website) to establish housing disaster recovery programs based on remaining damage assessments. As part of the Needs Assessment, the LRGVDC Housing Advisory Committee recommended and the Governing Board adopted the LRGVDC Round 2.2 Disaster Recovery Program Funds which included a Homebuyer Assistance Program to assist in Fair Housing Choice for residents who were not homeowners during the storm, but still felt the storm's impact.

Objectives

As a Subrecipient to the Round 2 funding, the LRGVDC will apply CDBG housing regulations and address the concerns raised in the Fair Housing Complaint filed December 1, 2009, and resolved by a Conciliation Agreement between the State of Texas and the Complainants.

LRGVDC believes that the Homebuyer Assistance Program is a key element to providing Fair Housing Choice to allow those residents who are almost ready to move from rental or living with friends/family to homeownership with the option to locate in a higher opportunity area, but need up to \$40,000 in down payment assistance to qualify or pay for closing costs. The Homebuyer Assistance Program is consistent with the goals of the LRGVDC in Round 2 which are:

- Provide decent, safe, and sanitary housing in the hurricane-impacted areas of the Lower Rio Grande Valley (the area covered includes Cameron, Hidalgo and Willacy Counties) through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricane Dolly, as well as any future hurricanes.
- Ensure that the housing needs of very low, low and moderate income households in the Lower

Rio Grande Valley are addressed in the manner identified in the Needs Assessment.

- Prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations in the Lower Rio Grande Valley with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

Program Requirements

The LRGVDC plans to provide limited restrictions on the funds that assist non-homeowners in achieving Fair Housing Choice. However, as is required under the Conciliation Agreement, the LRGVDC is committed to assisting LMI persons who were impacted by the Hurricane Dolly. The regulations generally require applicants to have a home damaged by the storm. As many of the persons who would be eligible for this program are First Time Homebuyers dependent on specialized programs and financing, instead of home ownership there will be a residency requirement. The applicant must have lived in the three County Area at the time of the storm and been affected or displaced as a result.

A program wishing to participate in the HBA Program will be required to submit a response to a Request for Qualifications detailing their existing program and an agreement to only provide program funds to people who meet the following requirements:

- ✦ Are residents of Cameron, Hidalgo or Willacy Counties on July 23, 2008 in either a rental housing unit, living with a friend/family member, or possibly homeownership.
- ✦ Are low to moderate income person(s) not exceeding 80% of the AMFI.
- ✦ Agree to a Ten (10) Year Affordability period that is deferred annually as long as the applicant maintains the home as their principal residence, maintains insurance, and stays current with property taxes, by payment, payment plan, or deferral.
- ✦ Receives at least 8 hours of HUD approved homebuyer training prior to purchase of the home.
- ✦ The home to be purchased is located in an allowable HOP area within the three counties.
- ✦ Home to be purchased must be a single-family residence (detached house, townhouse, or condominium). Duplexes, triplexes, and four-plexes are not eligible properties under the Program. New manufactured homes are eligible only if permanently affixed to real property. Recreational vehicles, campers and other such vehicles are ineligible.
- ✦ The value of subject property must not exceed ninety-five percent (95%) of the median value for the area. HUD regulations governing the HOME program, use the **FHA 203 (b) mortgage limits** as the substitute for the 95% median value for one (1) to four (4) family size homes.

- ✦ Subject property must be vacant or owner-occupied. Properties occupied by tenants within the last ninety (90) days are ineligible EXCEPT in cases where the tenant intends to purchase the housing unit they currently occupy/rent.
- ✦ Subject property must pass a **Property Maintenance Standards (PMS) evaluation**, prior to commitment of program funds. Evaluations will be performed free of charge. All noted deficiencies in the PMS report must be addressed before the final settlement date. Newly constructed units must have a Certificate of Occupancy issued.
- ✦ Subject property built prior to 1978 must meet applicable HUD regulations regarding Lead Based Paint in accordance with 24 CFR Part 35.
- ✦ Subject property must be located within a Zone C, B, or X (for newer maps) flood zone. Generally, properties located in Zones A or V are ineligible.
- ✦ Subject property must be located in an area where Federal Assistance is permitted. Housing units located in areas where the use of Federal funds is strictly prohibited by the Coastal Barriers Resources Act or located within a runway clear zone of a civil or military airport are ineligible.
- ✦ The applicant(s) must be current on any child support obligations.
- ✦ Must complete the Program Forms and agree to the Program Restrictions.
- ✦ Must qualify for financing using up to \$40,000 for down payment assistance and closing costs—but only the amount necessary.
- ✦ The household debt to income ratios will be 31%/43%.
- ✦ Subject property cannot be used for rental, commercial or other non-principle place of residency.

Outreach Approach

The LRGVDC desires to utilize the existing network of organizations that are currently offering Homebuyer Assistance Programs and add additional support for LMI residents. To make the program as available as possible to LMI residents in Cameron, Hidalgo, and Willacy counties, the LRGVDC will advertise the program through a written and electronic outreach effort to the attached brokers and programs including sending out the RFQ to those on Exhibit A.

Exhibit A has been compiled by using those persons or organizations that are approved for First Time Homebuyer programs at the Texas Department of Housing and Community Affairs and those non-profits who listed home buyer programs in the three county area in a web search. This list is not a limitation but only a starting point.

In addition, the LRGVDC will make available flyers in their office and to the Mobility Counselors for outreach to family members of those who are participating in the Homeowner Assistance Program.