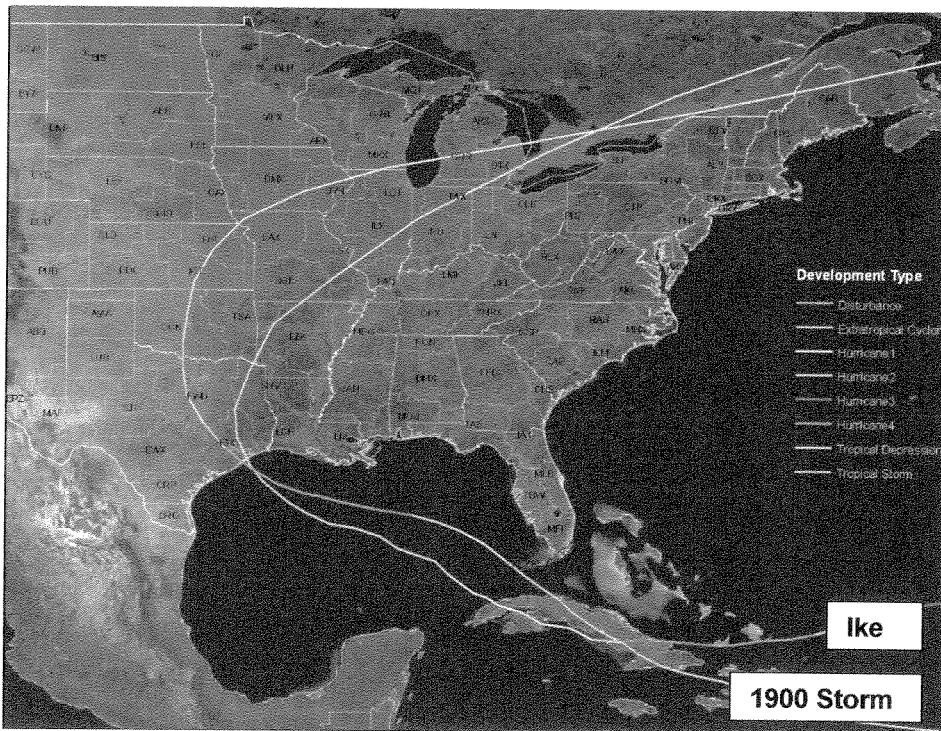


# Galveston County Hurricane Ike CDBG Disaster Recovery Funding Action Plan and Method of Distribution



For:

Galveston County  
Bayou Vista  
Clear Lake Shores  
Dickinson  
Friendswood  
Hitchcock  
Jamaica Beach  
Kemah  
La Marque  
League City  
Santa Fe  
Texas City  
Tiki Island

# Galveston County

## Hurricane Ike CDBG Disaster Recovery Funding Action Plan and Method of Distribution

### General

The Houston-Galveston Area Council Method of Distribution (H-GAC MoD) for the Community Development Block Grant Disaster Recovery Program, adopted by the H-GAC Board of Directors Feb. 17, 2009, specifies a direct allocation of \$165,839,163 in funding to Galveston County and all cities therein except for the City of Galveston. Funds are to be used for housing and non-housing activities that address unmet needs associated with Hurricane Ike. The H-GAC MoD includes a distribution between housing and non-housing activities and general project eligibility criteria. The H-GAC MoD is included as **Attachment A**.

Galveston County must complete a county-level action plan and method of distribution before receiving funds from the Office of Rural Community Affairs and Texas Department of Housing and Community Affairs – the state agencies leading the recovery efforts. Conditions of receiving funding include:

- Developing a process which identifies entities responsible for administering housing activities;
- Specifying a county-wide housing program or establishing set-asides for each city and the unincorporated areas of the County;
- Developing specific non-housing allocations to the cities within the county or establishing objective project selection criteria to identify and prioritize non-housing projects.

The allocation for Galveston County, and all cities therein with the exception of the City of Galveston, is as follows:

<b>Entity</b>	<b>Total Amount (\$)</b>	<b>Percent to Housing</b>	<b>Housing (\$)</b>	<b>Non-Housing (\$)</b>
Galveston County	\$ 165,839,163	60%	\$ 99,503,498	\$ 66,335,665

Galveston County strongly recommends that the State allow flexibility in reallocating funding between housing and non-housing activities if the State and local governments are unable to spend the funding in a timely fashion. Additionally, Galveston County strongly recommends that the State allow flexibility in reallocating funding between entities if local governments are unable to spend the funding in a timely fashion.

### Eligible Entities

The entities within Galveston County that are eligible to receive funds under the county direct allocation are: Bayou Vista, Clear Lake Shores, Dickinson, Friendswood, Hitchcock, Jamaica Beach, Kemah, LaMarque, League City, Santa Fe, Texas City, and Tiki Island. (NOTE: Only those areas within these municipalities that also are within Galveston County are eligible for a distribution from CDBG funds awarded to Galveston County.)

### Private Entities

- Private water and sewer supply corporations are eligible for assistance, but must be sponsored by a public entity or combination of public entities, subject to ORCA approval.

### **Eligible Non-Housing Activities**

Activities must be specifically related to Hurricane Ike and must meet the following criteria:

- Activity must be a CDBG eligible project;
- Activity must have been impacted by Hurricane Ike in one of the following ways:
  - Direct verifiable damage from Hurricane Ike that requires improvement of conditions, or
  - The facilities must have “failed to function” in the normal capacity as a result of Hurricane Ike

### CDBG Eligible Activities

- Water system improvements
- Wastewater system improvements
- Emergency generators
- Drainage improvements
- Gas system improvements
- Road/street improvements
- Fire protection facilities
- Accessibility improvements to public buildings
- Public health care facilities
- Community/ senior/ social services centers
- Shelters for persons with special needs

### CDBG Ineligible Activities

- Repair or reconstruction of facilities used for the general conduct of government (exception can be for hardening facility against storm impact or providing emergency generators if facility will be used to house first responders and essential personnel)
- Purchase of construction equipment
- Operation and maintenance expenses

## **Method of Distribution – Non-Housing**

Galveston County developed a Method of Distribution based on a.) reduction in property values resulting from Hurricane Ike from the Galveston Central Appraisal District and b.) housing and storm-related data collected by various official entities. This includes debris collection totals from Galveston County’s prime contractor and monitoring firm, as well as from the cities; FEMA project worksheets (used to gauge storm surge impact); and housing data for low-income,

uninsured residents provided by FEMA and Galveston County Restore and Rebuild, a non-profit entity assisting with housing repairs for needy residents.

A description of the allocation methodology, which includes base allocations for each entity plus additional funds awarded for other storm-related factors, is included as **Attachment B**. The base allocation was considered essential to ensure every impacted community has an opportunity to use Ike CDBG disaster funding to reduce future storm impacts across Galveston County, and to be responsive to their citizens' requests.

The 10 non-entitlement communities in Galveston County developed lists of projects with assistance from the engineering firm HNTB Inc., which was procured by the Office of Rural Community Affairs (ORCA) to provide evaluation of storm-damaged public infrastructure and determine project eligibility for CDBG. The entitlement communities developed their own project lists in-house or with their own consultants.

Eligible jurisdictions, both entitlement and non-entitlement, are responsible for submitting applications directly to ORCA for their county-allocated amount, and they will be responsible for prioritizing their own projects. They will contract directly with ORCA for project funding. Their projects must conform with all ORCA guidelines and applicable state and federal laws.

Entities receiving funds under this method of distribution are required to submit copies of their grant applications to Galveston County at the time they are submitted to ORCA.

Galveston County's project priorities are the following:

1. Water system improvements that mitigate against future storm damage
2. Wastewater system improvements that mitigation against future storm damage
3. Fixed generators and related equipment that provide reliable backup power for water and wastewater systems
4. Fixed generators and related equipment that provide reliable backup power for facilities serving as shelters for first-responders and special-needs individuals
5. Fire protection facilities
6. Drainage improvements
7. Enhancements to other facilities that failed to function due to Hurricane Ike
8. Public health
9. Public safety
10. Transportation

## Community allocations

Based on the Method of Distribution stated above and in **Attachment B**, the allocation of non-housing CDBG funds within Galveston County is as follows:

Galveston County	\$34,592,801	for eligible projects prioritized by county
City of Bayou Vista	\$2,101,656	for eligible projects prioritized by community
City of Clear Lake Shores	\$1,393,934	for eligible projects prioritized by community
City of Dickinson	\$3,119,091	for eligible projects prioritized by community

City of Friendswood	\$2,555,358	for eligible projects prioritized by community
City of Hitchcock	\$2,888,164	for eligible projects prioritized by community
City of Jamaica Beach	\$2,195,385	for eligible projects prioritized by community
City of Kemah	\$2,012,002	for eligible projects prioritized by community
City of La Marque	\$3,265,797	for eligible projects prioritized by community
City of League City	\$3,135,392	for eligible projects prioritized by community
City of Santa Fe	\$2,738,741	for eligible projects prioritized by community
City of Texas City	\$4,614,680	for eligible projects prioritized by community
City of Tiki Island	<u>\$1,722,664</u>	for eligible projects prioritized by community
TOTAL	\$66,335,665	

Should a city fail to utilize all of the allocation provided, Galveston County will request that ORCA return the funds to Galveston County’s allocation to be used for other CDBG-eligible projects recommended by the Galveston County Commissioners Court.

Galveston County and all non-entitlement entities will hire administrative/engineering consultants from the approved ORCA list to manage their projects. Entitlement communities may select consultants from ORCA’s list or their own lists. Cities, both entitlement and non-entitlement, may manage their projects in-house but unless they have extensive experience with managing CDBG funds, the county does not recommend this approach.

It is the desire of the Galveston County Commissioners Court that communities only submit projects that can be completed within ORCA’s stated timeframe. Larger projects should be submitted in phases to ensure completion of each phase within the allotted time period. Communities should take the following approach when planning projects: **1. Solve the problem. 2. Make it sustainable. 3. Get it done quickly.**

## Public Input and Approval Process

Galveston County, ORCA and HNTB hosted project review meetings with entitlement and non-entitlement communities at the Galveston County Courthouse, 722 Moody, on April 16, 2009. Additionally, the Galveston County Commissioners Court conducted public workshops to discuss the MoD on April 22, 2009, April 29, 2009, and May 6, 2009. A draft of the MoD was distributed to members of the Commissioners Court on May 2, 2009 and city representatives on May 5, 2009. Public hearings were conducted on May 6, 2009 and May 13, 2009 to discuss the MoD and solicit public comments, and the MoD was officially adopted by the Commissioners Court on Wednesday, May 13, 2009, subject to minor technical revisions needed to comply with ORCA/TDHCA requirements.

## Method of Distribution – Housing

This portion of the Galveston County MoD outlines the county’s plan for distributing CDBG funds to eligible households whose primary residence was impacted as a result of Hurricane Ike. This section addresses program management, housing fund allocations, eligible projects, eligible properties, and individual qualifying information. Additional information is included in Galveston County’s Housing Assistance Program Guidelines.

## **Designated Authority to Administer Housing Program**

Galveston County will select a qualified contractor (“Housing Program Manager”) through the RFP process to administer the county’s housing program. The program manager will administer the program for applicants who reside in all portions of Galveston County with the exception of the City of Galveston. Alternatively, Galveston County reserves the right to enter a Memorandum of Understanding with the Houston-Galveston Area Council for housing services outlined in this MoD.

The contract between Galveston County and the housing program manager will conform with all TDHCA-HUD guidelines and recommendations. An approved Scope of Work will detail essential tasks, including but not limited to public outreach, information and referral, intake procedures, eligibility guidelines, case management, repair, rebuild and replacement options, and the appeals process. The selected contractor will serve at the pleasure of the Galveston County Commissioners Court, which retains the right to set performance standards, bonuses for exceptional performance, and timelines for program implementation and expenditure of funds.

## **Housing Allocation**

Galveston County has been allocated \$99,503,498 to conduct eligible housing activities related to Hurricane Ike in all communities in the county with the exception of the City of Galveston and those portions of Galveston County municipalities which lie in other counties. Funds will be allocated in the following manner and for the following purposes.

This division of funding is based on FEMA Housing Task Force damage reports as well as recommendations from Galveston County-based non-profit organizations that conducted extensive research into local housing needs. These include Gulf Coast Interfaith, the Galveston North Side Task Force, and Galveston County Restore and Rebuild. (Galveston County and the program manager will partner with GCRR to assist with various aspects of the housing program, though a specific scope has not yet been defined.)

### **Total Housing Allocation: \$99,503,498**

- Owner-Occupied Minor Repair, Rehabilitation, Reconstruction, Elevation, and Replacement: **90% (\$89,553,148)**
- Rental Minor Repair, Rehabilitation, and Reconstruction: **9% (\$8,955,315)**
- Demolitions of unoccupied structures meeting HUD slum and blight national objectives: **1% (\$995,035)**

This distribution of funds is further allocated as follows:

- Owner-Occupied Minor Repair: **25% (\$22,388,287)**
- Owner-Occupied Rehabilitation: **25% (\$22,388,287)**
- Owner-Occupied Reconstruction: **25% (\$22,388,287)**
- Owner-Occupied Elevation **15% (\$13,432,972)**

- Owner-Occupied Replacement 10% (\$8,955,315)
- Rental Minor Repair: 45% (\$4,029,892)
- Rental Rehabilitation: 45% (\$4,029,892)
- Rental Reconstruction: 10% (\$895,531)
- Demolitions, slum and blight, 1% (\$995,035)

Galveston County requests flexibility with the above allocations to provide the widest leverage in assisting homeowners and making maximum use of available funds. This may include transferring unspent housing funds to the City of Galveston or other entities in the Houston-Galveston region, if they cannot be spent by Galveston County.

### **Project Administration**

Five percent of the housing funds will be available for general administration and 10 percent will be available for project planning and delivery, for a total of 15% of the funds. The project manager will not be guaranteed this amount. Galveston County may elect to include performance measures which restrict the amount of administration funds that can be expended prior to the start of construction phase of the housing program. Funds not allocated to administration will be re-allocated to the owner-occupied categories of assistance listed above.

## **Eligible improvements – Owner-Occupied Housing**

### Minor Repair

Minor repair is defined as limited, necessary repairs completed to alleviate health and safety concerns such as thermal environment, water leaks, unsafe plumbing conditions, and unsafe electrical hazards. This includes securing a structure from further exposure and degradation caused by exposure to the elements. Such repairs will not be designed to bring an entire structure into conformance with any standard or code except health and safety regulations. However, codes, standards and specifications will be applied to individual repairs and all repairs should be considered permanent. For example, a leaking roof creates health and safety issues and exposes the structure to further degradation. Replacing a roof will not require that additional insulation be added or a heater repaired. However, the roof itself will meet the applicable codes including windstorm requirements. Maximum grant award for minor repair: \$25,000

### Rehabilitation

Rehabilitation is defined as bringing an entire structure into conformance with a pre-determined set of specifications and standards that address the entire condition of the structure. At a minimum, the rehabilitated portion must comply with local building codes, standards and ordinances, Texas Windstorm Insurance Association requirements, FEMA and/or Galveston County floodplain elevation requirements, local health and safety codes, and the U.S. Department of Housing and Urban Development's Housing Quality Standards (HQS) Inspection criteria. The checklist may be obtained by following this web link: (<http://www.nls.gov/offices/cpd/affordablehousing/library/forms/hqschecklist.pdf>)

Additional city requirements may apply. Newly emerging deficiencies are also considered eligible costs. Rehabilitation shall be limited to stick-built structures that have been deemed feasible for rehabilitation. Maximum grant award for rehabilitation: **\$85,000**

### Reconstruction

If a structure is determined to be beyond repair, funds will be used to reconstruct that structure as a site-built structure or an industrialized home, whichever is deemed most economically feasible by the program manager or conforms with city-county requirements. The size of the new home will meet HUD guidelines based on family size. Reconstruction shall be defined as the demolition, removal, and disposal of an existing structure or structures and the replacement of that unit on the same lot with a unit that complies with the universal design features in new construction established by Sec. 2306.514 of the Texas Government Code, local health and safety codes, Texas Minimum Construction Standards, Texas windstorm requirements, FEMA floodplain regulations, and RESCHECK standards for energy efficiency. Additional city requirements may apply. Maximum grant award for reconstruction: **\$125,000**

### Replacement

Replacement shall be defined as the replacement of housing demolished or rendered inhabitable as a direct result of Hurricane Ike. Replacement will be for a comparable unit at a location that is outside the 100-year floodplain. However, the size of the new home will meet HUD guidelines based on family size. If the replacement unit is newly constructed, the unit must at a minimum comply with the universal design features in new construction established by Sec. 2306.514, Texas Government Code, local health and safety codes, energy standards as verified by RESCHECK certification, Texas Minimum Construction Standards, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code. Replacement funds will be considered only if other improvements available under this program or other housing assistance programs fail to address a qualifying homeowner's particular needs. Maximum grant award: **\$125,000**

### Elevation

Elevation shall be defined as the raising of a structure, whenever feasible, to meet FEMA flood zone requirements, especially for those structures located within the 100-year flood plain. No rehabilitation can occur for a structure unless these elevation requirements can be achieved. Maximum grant award: **\$50,000**.

### Demolition

Demolition shall be considered the total removal of all standing structural components and any building debris. (Demolition associated with the housing categories above is incidental to the cost of rehabilitation or reconstruction and is included in the cost of those activities.) The purpose will be to address slum and blight on a spot basis, according to HUD's national objectives, and will assist in the removal of vacant, deteriorated, or abandoned buildings. Maximum grant award: **\$10,000**

## Eligible Improvements – Rental Housing

Owners of rental properties qualifying for funds under this program must agree to maintain property affordable to existing renters – those who are at or below 80% AMFI – for a minimum of five years. Additionally, owner agrees to maintain property in good repair, and agrees to comply with the terms of an agreement between the parties (city/county/homeowner) that documents these requirements. The terms of this agreement will be explained in detail in the county’s adopted housing guidelines. Eligible categories for rental properties are limited to minor repairs, rehabilitation and reconstruction.

### Rental Minor Repair

Emergency repair is defined as limited, necessary repairs completed to alleviate health and safety concerns such as thermal environment, water leaks, unsafe plumbing conditions, and unsafe electrical hazards. This includes securing a structure from further exposure and degradation caused by exposure to the elements. Such repairs will not be designed to bring an entire structure into conformance with any standard or code except health and safety regulations. However, codes, standards and specifications will be applied to individual repairs and all repairs should be considered permanent. For example, a leaking roof creates health and safety issues and exposes the structure to further degradation. Replacing a roof will not require that additional insulation be added or a heater repaired. However, the roof itself will meet the applicable codes including windstorm requirements. Maximum grant award: **\$25,000**

### Rental Rehabilitation

Rehabilitation is defined as bringing an entire structure into conformance with a pre-determined set of specifications and standards that address the entire condition of the structure. At a minimum, the rehabilitated portion must comply with local building codes, standards and ordinances, Texas Minimum Construction Standards, Texas Windstorm Insurance Association requirements, FEMA and/or Galveston County floodplain elevation requirements, and local health and safety codes. Newly emerging deficiencies are also considered eligible costs. Rehabilitation shall be limited to stick-built structures that have been deemed feasible for rehabilitation. Maximum grant award: **\$85,000** (for single-family stick-built only; other limits may apply for multi-family units that will be addressed in the county’s housing guidelines).

### Rental Reconstruction

If a structure is determined to be beyond repair, funds will be used to reconstruct that structure as a site-built structure or a modular home, whichever is deemed most economically feasible by the project administrator. The size of the new home will meet HUD guidelines based on family size. Reconstruction shall be defined as the demolition, removal, and disposal of an existing structure or structures and the replacement of that unit on the same lot with a unit that complies with the universal design features in new construction established by Sec. 2306.514 of the Texas Government Code, Local Government Codes, Texas Minimum Construction Standards, Texas windstorm requirements, FEMA floodplain regulations, and RESCHECK standards for energy efficiency. Maximum grant award: **\$125,000** (for single-family stick-built only; other limits may apply for multi-family units that will be addressed in the county’s housing guidelines).

## Eligibility of dwellings

### Owner-Occupied

The program shall assist homeowners that used their property as their principal residence on or before Sept. 13, 2008. Further, the recipient's property must be shown as homestead property under Galveston County Central Appraisal District records. (The program manager will assist homeowners who qualified for a homestead exemption in 2008 but failed to file the necessary documents. Galveston County's intent is to help eligible homeowners, not deny for technical reasons.)

The following types of owner-occupied dwellings are eligible for assistance:

- Single Family Site-Built Structures
- Manufactured Housing Units including Mobile Homes

Primary eligibility shall be based on the following:

- Primary resident on Sept. 13, 2008
- Proof of ownership or ownership interest and homestead
- Income level at or below 80% of the 2009 Adjusted Median Family Income for Galveston County (compelling cases above 80% may be considered)
- Paid property taxes, tax deferrals or current in approved payment plan
- Proof of physical damage to residence as a result of Hurricane Ike

Assistance will be granted in accordance with applicable program guidelines. Generally priority will be given for the following reasons:

- Designated structure was impacted by storm surge
- Currently displaced from designated residence
- Household member is verified as physically or mentally disabled
- Household member is elderly
- Recognized as single head of household or large family
- Uninsured or underinsured

### Rental

The following types of dwellings are eligible for assistance:

- Single family site-built structures (up to a 4-plex)
- Small multi-family rental properties (up to 4 units)
- Manufactured housing units including mobile homes

## Eligibility of participants (owner-occupied and renters)

Primary eligibility shall be based on the following:

- Was rental property on Sept. 13, 2008
- Ownership verification
- Renter income level at or below 80% of the 2009 Adjusted Median Family Income (AMFI) for Galveston County (compelling cases above 80% may be considered)
- Paid property taxes, tax deferral or current in approved payment plan
- Renter must be in good standing with owner
- Owner agrees to have rents remain affordable for persons with income levels at or below 80% of the 2009 AMFI for five years following assistance

Assistance will be granted in accordance with applicable program guidelines. Generally priority will be given for the following reasons:

- Structure was impacted by storm surge from Hurricane Ike
- Occupants who are currently displaced from their primary residence due to Hurricane Ike
- Household member is verified as physically or mentally disabled
- Household member is elderly or medically fragile
- Recognized as single head of household or large family
- Uninsured or underinsured

Galveston County 2009 HOME-CDBG income limits, = or <80% AMI	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
	<b>35,750</b>	<b>40,850</b>	<b>45,950</b>	<b>51,050</b>	<b>55,150</b>	<b>59,200</b>	<b>63,300</b>	<b>67,400</b>

Note: Documents typically required under HUD Section 8 guidelines will be used to verify income eligibility.