

Brazos Valley Council of Governments
Method of Distribution for
Community Development Block Grant Disaster Recovery Program

April 8, 2009

Background

On November 26, 2008 the US Department of Housing and Urban Development (HUD) announced the allocation of \$2.1 billion dollars in disaster recovery assistance to 13 States and Puerto Rico. The emergency funding is intended to help address unmet housing, economic and infrastructure needs following this year's natural disasters. HUD allocated the majority of the funding (\$1.3 billion dollars) to the State of Texas. The emergency funding is provided through HUD's *Community Development Block Grant (CDBG)* Program and will support the State's long-term disaster recovery. This is the first allocation of approximately \$6.5 billion dollars appropriated by Congress immediately following Hurricane Ike.

Although entitlement communities like the City of Bryan and the City of College Station typically receive CDBG funds directly from HUD, BVCOG understands that the distribution of all CDBG funds for disaster recovery will be administered through the State of Texas. These funds can be used to address housing and infrastructure damage caused by Hurricane Ike. The majority of funding must benefit low and moderate income citizens.

Governor Perry has designated the Office of Rural Community Affairs (ORCA) as lead state administrator for CDBG disaster recovery funds. The Texas Department of Housing and Community Affairs (TDHCA) will work with ORCA to administer the housing portion of the funding.

The framework for distributing funds is a State Action Plan that can be found at the ORCA web site: http://www.orca.state.tx.us/pdfs/english_dr_action_plan_proposed.pdf. This includes funding priorities, eligibility criteria, types of eligible projects, and local match/cost sharing requirements. The State's draft Action Plan identifies the Councils of Government as the entity that will develop the **Method of Distribution** for their respective regions and allocates **\$8,952,164** to the BVCOG region. The State has asked that BVCOG recommend a method of distribution that apportions funds for housing and non-housing (community infrastructure) activities. BVCOG recommendations were due to the State on February 20, 2009. However, BVCOG requested and received an extension to March 13, 2009 so as to properly consider it and to allow the public to comment.

Public Notification and Input Process

BVCOG conducted a series of public outreach sessions with local leaders to inform them of the Method of Distribution process and to seek input on local priorities of housing and non-housing needs. BVCOG also scheduled **four formal public hearings** (February 18th and 19th, April 2nd

and 3rd) to receive public comment on the proposed method of distribution. BVCOG also posted notices in The Bryan-College Station Eagle and on the Secretary of State's Texas Register/Open meetings webpage.

Determining Allocations

BVCOG conducted an analysis of FEMA housing damage assessments and assistance claims, low-moderate income demographics, and severity of damage. Combined with the result of public hearing process and comments received from local elected officials, this analysis formed the basis for developing one direct allocation for housing and the establishment of a competitive process for non-housing projects.

The BVCOG intends to follow the state's preference to split funding between housing and non-housing activities based on but not limit the assistance to only FEMA damage assessments as of December 1, 2008. Additional information for potential housing projects was gathered from a review by the BVCOG Board for both public assistance (PA) and individual assistance (IA) and as obtained from such sources the Governor's Division of Emergency Management (GDEM) by ORCA.

Projected distribution of funds by activity is as follows:

Activity	Percent Allocation	Allocation Amount
Non-Housing: Infrastructure	89.4%	\$ 8,003,235
Housing	10.6%	\$ 948,929
Total	100%	\$ 8,952,164

The BVCOG Board reserves the right to make changes to the allocation percentages listed above based on damage assessments and/or other information received that may show a greater needs for funding within the specific activity areas listed.

Flexibility in Allocations

The distribution of funding between housing and non-housing activities is based upon a number of factors. Using the above-referenced damage and low-moderate income demographics analysis; input from local governments, faith-based organizations, long-term recovery groups, the public; and, the above-referenced State and FEMA reports projects will follow the scoring and ranking process for the non-housing projects. The allocation of housing and non-housing activities is directly based upon the approved BVCOG scoring process and acceptance by the state.

BVCOG 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. The flexibility to reallocate between and within activity categories is critical if the State intends to assist the region and the citizens of

Texas in recovering from Hurricane Ike and being prepared in the likelihood of future events. Progress in committing funding to housing and non-housing projects should be evaluated on a semi annual basis and funds reallocated if housing programs cannot deliver housing or if non-housing projects cannot be initiated in a timely fashion.

Non-Housing: Infrastructure

The purpose of the Non-Housing: Infrastructure Action Plan is to establish a methodology for the disbursement of funds to eligible local governmental entities that were impacted by Hurricane Ike. Funds are to be used to address public infrastructure damages and/or losses that are intended to improve and/or ensure health and safety for the community during a time of natural disaster.

Amount of Funding

Total Infrastructure Funding (in this round) \$8,003,235

Goal

The goal of the Non-Housing: Infrastructure Action Plan is to allocate funds to communities with infrastructure damage enabling a safe environment for citizens to live and work and to improve and/or ensure health and safety for the community during a time of natural disaster.

Eligible Entities

Funding will be available to all cities, counties, retail water and/or waste water suppliers, non-profit hospitals and regional projects sponsored by the BVCOG located in the Brazos Valley Council of Governments region that sustained infrastructure damage or failed to function as a result of the storm.

Eligible / Ineligible Activities and Uses

All activities must be specifically related to Hurricane Ike and must meet at least one of the following two major elements:

- Damages were received as a result of Hurricane Ike and/or
- There was a failure to function as a result of Hurricane Ike

Funding will focus on types of critical public infrastructure projects identified below that are necessary for a safe environment for citizens to live and work in and to improve and/or ensure health and safety for the community during a time of natural disaster. The following indicate the nature of eligible/ineligible activities but should not be relied upon as an exhaustive list. The final decision on potential activities will be made by the BVCOG Board and the State Review Committee at ORCA as determined by final federal regulations.

Sample Eligible Activities

- Water System Improvements
- Wastewater System Improvements

- Drainage Improvements
- Gas System Improvements
- Critical Public Safety Facilities (ex. – police stations, fire stations, volunteer fire stations, etc.)
- Road/Street/Bridge Improvements
- Accessibility Improvements to Public Buildings
- Solid Waste Disposal/Landfills/Transfer Stations
- Community/Senior/Social Service Centers
- Shelters for Persons with Special Needs
- Installation of Generators
- Communication capabilities

Sample Ineligible Activities

- Construction of building and facilities used for the general conduct of government (e.g., city halls and courthouses)
- Financing of political activities
- Purchase of equipment
- Income payments
- Operation and maintenance expenses of public works or facilities

Method of Distribution

The BVCOG Board will focus it the funding in the following three activities:

- Power (Electrical that failed to function or perform as a result of Hurricane Ike)
- Shelter (any project where the primary benefit is to sheltering individuals from the storm)
- Miscellaneous (any project that is not primarily associated with power or shelter)

Should a community choose not to continue a project all or any of the project funding awarded those funds will go into an excess pool and will be reallocated among all other eligible projects.

Upon submitting an application to and being approved by the BVCOG Board, a city or county shall submit its own application to ORCA and act as its own grant administrator or hire one from the state approved list.

Regional Competitive Process – Recommended Funding Amounts

Funding in this category is allocated to the region to be distributed via a competitive process, and is as follows.

- \$8,003,235 – non-housing: Infrastructure total

The non-housing portion would be a regional competition and based upon the scoring criteria approved by the BVCOG Board on March 11, 2009. BVCOG staff will apply the approved criteria that assign points to projects. Projects will then be ranked and recommended for

funding according to total points each is eligible to receive and as voted upon by the BVCOG Board. Any appeal of the ranking process will be decided by the BVCOG Executive Director.

BVCOG recognizes that overly high project costs will reduce the regional benefit to the majority of eligible jurisdictions. Therefore, BVCOG board reserves the right to comment on each project's estimated cost estimates. Any project costs deemed excessive by the BVCOG board must be substantiated with generally accepted local engineering estimates prior to submittal to ORCA. Projects are due to the BVCOG by April 28, 2009. The BVCOG Board will act as the reviewer and will establish the final project ranking on May 13, 2009.

Housing

Recommended Funding Amounts

BVCOG recommends direct allocation of funding for a region wide allocation to Brazos Valley Affordable Housing Corporation in the amount of \$948,949 (10.6%). Applications for this housing component will be based on a first-come, first-serve basis. The purpose of this Housing Action Plan is to broadly detail the allocation of housing funds that will be eligible to households whose primary residence suffered damage as a result of Hurricane Ike and for housing projects and activities implemented on a regional basis. This funding is to be administered by the Brazos Valley Affordable Housing Corporation.

Non-Floodplain Allocation

This program offers homeowners recovery assistance who, while outside of the floodplain, maintained property insurance and in some cases, flood insurance, but in insufficient amounts.

The program carries the following requirements:

- Home was not located in the floodplain
- Homeowner maintained insurance at the time of the storm
- Home was homeowner's primary residence at the time of the storm, and

Building Code Enforcement

As required by State regulations, 3rd party inspections will be necessary for any/all repair and/or construction activities utilizing these funds. Based on experience with Hurricane Rita, it is expected that a major impediment to housing development will be the lack of building, electrical and plumbing inspectors and/or permit processing staff. In addition, inspectors will be able to assist communities with understanding the new State Uniform Construction Codes and interpret any new flood elevation maps that may be release by FEMA.

Owner-Occupied

For those homeowners, who owned and occupied their property, the following types of dwellings are eligible for compensation grants under this program:

- single-family homes (up to 4-plex); and
- Manufactured Housing Units (MHUs).

Applicant eligibility will be based on:

- owner-occupied at the time of the storm
- proof of ownership
- income level (AMFI)
- paid property taxes

Burden of Proof:

- The household received home repair/replacement assistance from the Federal Emergency Management Agency (FEMA).
- The household received a loan from the Small Business Administration (SBA) for Ike related damage.
- The household received an insurance settlement for Ike related damage.
- If these documents are not available, the burden to prove damage is on the applicant and can be supported by documentation including, but not limited to, pictures of the property and any repair work that may have occurred.

Assistance will be granted in accordance with applicable program guidelines. With this understood, priority will be given to applicants:

- whose primary residence was impacted
- who are currently displaced from their primary residence
- who are medically fragile
- who are elderly and/or disabled
- who are single head of household
- who are uninsured or underinsured

Rental

For the owners of rental property and/or renters, the following types of dwellings are eligible:

- single-family homes (up to a 4-plex);
- rental properties that are 20 units or less; and
- Manufactured Housing Units (MHUs).

Applicant eligibility will be based on:

- Single Family
 - owner qualified (if renter)
 - co-application (owner/renter)
 - paid property taxes
 - renter has to be in good standing with owner
 - after assistance, owner agrees to keep property affordable
- Community Housing Development Organization
 - Must be certified by local jurisdiction

Burden of Proof:

- The household received assistance from the Federal Emergency Management Agency (FEMA).
- The household received a loan from the Small Business Administration (SBA) for Ike related damage.
- The household received an insurance settlement for Ike related damage.

- If these documents are not available, the burden to prove damage is on the applicant and can be supported by documentation including, but not limited to, pictures of the property and any repair work that may have occurred.

Assistance will be granted in accordance with applicable program guidelines. With this understood, priority will be given to applicants:

- whose primary residence was impacted
- who are currently displaced from their primary residence
- who are medically fragile
- who are elderly and/or disabled
- who are single head of household
- who are uninsured or underinsured
- Multi-family (20 units or less)
 - paid property taxes
 - after assistance, owner agrees to keep property affordable

Eligible Uses

- **Emergency Repair** – Emergency repair shall be defined as limited necessary repairs completed to alleviate issues of health and safety such as thermal environment, water leaks, unsafe plumbing conditions and unsafe electrical hazards or, alternatively, as repairs necessary to secure a structure from further exposure and degradation caused by such things as exposure to the elements. Such repairs will not be designed to bring an entire structure into conformance with any standard or code except the health and safety codes. 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.
- **Rehabilitation** – Rehabilitation shall be 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 and standards, and upon completion, the entire structure must comply with housing quality standards (HQS) and local health and safety codes. Rehabilitation shall be limited to “stick built” structures that have been deemed feasible for rehabilitation.
- **Reconstruction** – Reconstruction shall be defined as the demolition, removal, and disposal of an existing housing unit 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 §2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code. Reconstruction of a housing unit should be of a similar type structure. For example, a stick built housing unit may be replaced with a stick built unit and a manufactured one with a manufactured unit.
- **Replacement** – Replacement shall be defined as the replacement of housing taken or demolished by government action as a direct result of Hurricane Ike. Replacement will be for a comparable unit at a location that is not within the 100 year flood plain. If the

replacement unit is newly constructed, the unit must at a minimum comply with the universal design features in new construction established by §2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code.

- **Elevation** – Shall be defined as the piers necessary in Zone A of the 100 year flood plain to rebuild a housing unit to meet the flood zone requirements.
- **Demolition** – Shall be defined as activities necessary to alleviate conditions in slum and blighted areas. This can be for occupied or unoccupied dwellings. BVCOG or its sub-contractors will use all available resources, including Housing Authorities, Habitat for Humanity, Community Housing Development Organizations, local jurisdictions and other non-profit organizations. If persons are displaced these same entities may be used to provide access to decent, safe, sanitary, and affordable housing in the BVCOG region.

Financial Requirements

BVCOG may use up to (5) percent of the total Housing grant award for expenses of administration, including but not limited to costs for maintenance of financial records, preparation of progress reports, audits, and related expenses.

Comments and Questions

The Brazos Valley Council of Governments (BVCOG) hosted two public hearings to solicit comments on the method of distribution for Community Development Block Grant (CDBG) disaster recovery funds related to Hurricane Ike and other natural disasters.

Public Hearings were held: February 18 and 19, 2009 at 3:00 p.m. and April 2 and 3, 2009 at 2:00 p.m. at the Center for Regional Services, **3991 East 29th Street, Bryan, TX.**

The public was invited to attend these meetings and provide comments to BVCOG. Written comments were accepted **through 12:00 pm, Wednesday, April 8, 2009** to:

lmcquill@bvcog.org,

by fax to 979-595-2810,

or by mail to: Tom Wilkinson, Executive Director, Brazos Valley Council of Governments, P. O. Box 4128, Bryan, Texas 77805-4128

General questions can be communicated via phone at 979-595-2800.

BVCOG provides for reasonable accommodations for persons attending BVCOG functions. Requests from persons needing special accommodations should be received by BVCOG staff 24 hours prior to a function. The public hearing will be conducted in English and requests for language interpreters or other special communication needs should be made at least two working days prior to a function. Please call 979-595-2800 assistance.