TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TEXAS HOUSING TRUST FUND

AMY YOUNG BARRIER REMOVAL PROGRAM MANUAL

Updated 7/2024

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CHAPTER 1:   INTRODUCTION

ABOUT THE HOUSING TRUST FUND

The Housing Trust Fund ("HTF") was established in 1991 by the 72nd Texas Legislature, Senate Bill 546, to provide loans, grants, or other comparable forms of assistance to income-eligible individuals and households to finance, acquire, rehabilitate and develop decent, safe and sanitary housing. Funding sources consist of appropriations or transfers made to the fund, unencumbered fund balances, and public or private gifts or grants. The HTF Biennial Plan (available on the HTF web page HTF Funding Sources and Background details the appropriation of funds and the strategy to expend funds.

PROGRAM OVERVIEW

The Amy Young Barrier Removal Program ("Program") is a grant program that assists Low-Income Persons with Disabilities in making accessibility modifications and eliminating life-threatening hazards or unsafe conditions, as approved by the Texas Department of Housing and Community Affairs ("Department").

A Person with a Disability is defined in 10 TAC §20.3, the Single Family Programs Umbrella Rule.

Household income may not exceed 80% of the Area Median Family Income ("AMFI") or 80% of the Statewide Income Limits, adjusted for Household size, whichever is greater, in accordance with the U.S. Department of Housing and Urban Development ("HUD") HOME Investment Partnership Program income tables. Households may be tenants or homeowners.

USE OF THIS MANUAL

Program Administrators ("Administrator") must follow procedures described in this Program Manual and use the referenced Department forms. Program forms, the Program Manual, the Reservation System User Guide and other program information are available online at https://www.tdhca.texas.gov/aybr-program-administration . THIS MANUAL SUPERSEDES ANY PREVIOUS MANUALS. This Program Manual is subject to change from time to time. TDHCA shall notify participating Administrators of changes in writing via e-mail.

This Program Manual guides Administrators to implement the Program in accordance with Title 10, Part 1 of the Texas Administrative Code ("TAC") which includes the Single Family Umbrella Rule, the HTF Rule, the Minimum Energy Efficiency Requirements for Single Family Construction and other programmatic and compliance requirements ("Program Rules"). This manual supplements information published in the Notice of Funding Availability ("NOFA"). Best practices from national sources and industry leaders are also included throughout this Program Manual.

Administrators should contact HTF staff members at HTF@tdhca.texas.gov regarding questions about the rules, policies and regulations that govern the Program.

TECHNICAL ASSISTANCE

Technical Assistance is available at the Administrator's request and when the Department determines it is necessary for resolving/investigating program or capacity issues. Technical Assistance can be by webinars, telephone, email, or in person.

CHAPTER 2:   ADMINISTRATION

ENTITIES ELIGIBLE TO BECOME PROGRAM ADMINISTRATORS

To participate in the Program, an eligible entity must first be approved as an Administrator by the Department through the submission of a Reservation System Access Application. Amy Young Barrier Removal Administrator requirements are described in detail in 10 TAC Chapter §26.23.

Those entities which receive separate State or Federal funding, such as HOME Participating Jurisdictions, may consult with Program staff to determine eligibility.

STEPS TO BECOMING AN ADMINISTRATOR

Entities that wish to administer the Amy Young Barrier Removal Program must enter into a Reservation Agreement with the Department in order to be eligible to reserve funds.

Administrators are required to familiarize themselves with the Department's certification and debarment policies prior to application submission.

Part 1: *Reservation System Access Application ("Application")* – Complete, sign, scan and return the Application and attachments via email. Keep a copy in the Program file (do not mail a hard copy).

Part 2:

1. *Reservation System Access Agreement ("RSP Agreement")* – Upon review and approval of the Application, the Department will provide the organization an RSP Agreement for review and execution, along with additional forms listed below. Complete, sign, scan and return the RSP Agreement and forms via email. Keep copies in the Program file (do not mail a hard copy).

2. *Audit Certification Form* – a Department form that verifies for the Department when the Administrator's fiscal year begins and whether or not the Administrator conducts a single audit. This form is required even if the Administrator has never had an audit.

3. *Same-Day Wire Transfer Information Memo* – a memo from the Administrator to the Department's finance division listing the Administrator's bank account and routing numbers, plus accountant/bank contact information.

4. *Contract Reservation System Access Form* – a form that lists specific Administrator staff persons who are authorized to use the Department's online Reservation System.

These forms are available on the Program webpage or from HTF staff.

POLICIES AND PROCEDURES

The following policies and procedures **must** be in place prior to implementing the Program:

Procurement Policy – Subrecipients shall comply with the cost principals and uniform administrative requirements set forth in the TAC, Title 10, Part 1, Chapter 1. Procurement policies for municipalities and counties are defined by Local Government Code and Texas Government Code.

https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=1&sch=D&rl=Y

Conflict of Interest Policy – No person who is an employee, agent, consultant, officer, trustee, director, member of a governing board or other oversight body, elected official or appointed official of the Administrator who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the State Act, or who is in a position to participate in a decision making

process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted Activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

See the following resources for more information:

o **http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.171.htm**

o **http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm**

The following policies and procedures **should** be in place prior to implementing the Program:

Intake, Selection and Prioritization Policies and Procedures – please see the Texas Department of Housing and Community Affairs Fair Housing Webpage: https://www.tdhca.texas.gov/programs/fair-housing-program Identify where applications will be accepted

- o Make arrangements to accommodate applicants with special needs (accessibility, language barrier, etc.)
- o Establish frequency of intake (ongoing or limited?)
- o Ensure applicants are aware of the amount of time they have to complete applications on their own, or to submit additional information.
- o Maintain policies and procedures describing how applicants will be selected.
- o Prioritization of eligible applicants: first-come, first-served or ranked according to specific scoring criteria?
- o Prioritization of "special needs" Households, such as pending release from a hospital or rehabilitation center and leveraged funding availability?
- o Notification process to applicants of eligibility status, reason for denial, next steps or referral to other resources.
- o Wait-list policy.
- o Denial policy, with instructions for appeals or reapplying, if applicable.
- o Walk-away policy.

Construction Contractor Recruitment and Pre-Qualification – following procurement standards within the Texas Grant and Contract Management under Chapter 783 of the Texas Government Code ("**TXGMS**") and as specified by Department under TAC, Title 10, Chapter 1, subchapter D. A true sign of Administrator readiness is having an adequate number of pre-qualified construction contractors who: 1) understand the purpose of the Program; 2) fit within the requirements of the applicable Procurement Policy; and 3) are eligible and interested in bidding on projects.

Know what you want…

Create a checklist of the kind of contractors you want bidding on your projects, for example:

- ✓ Full-time contractors with several years of experience in the residential rehabilitation business.
- ✓ Contractors that have their business registered with the Texas Secretary of State and the Texas Comptroller of Public Accounts. Use the Texas Franchise Tax Account Status search at https://mycpa.cpa.state.tx.us/coa/Index.html to determine whether a taxable entity's right to transact business in Texas is intact.
- ✓ Contractors that have excellent local customer, banking, sub-contractor, and vendor references.
- ✓ Contractors that have current certificates of insurance for general liability and worker's compensation.

- ✓ Contractors that are members of the local chapter of the National Association of the Remodeling Industry (NARI) and/or a local chapter of the National Association of Home Builders.
- ✓ Contractors that are certified for the EPA's Lead-Based Paint – Renovation, Repair and Painting Program.
- ✓ Contractors that have sufficient financial strength and lines of credit to carry the job without needing prepayment or interim payments.
- ✓ Contractors that share the values of the Administrator's mission and will be good business partners.

WHY HAVE A WALK-AWAY POLICY?

The Administrator may, at its discretion, "walk-away" from an Activity. A "walk-away" policy spells out the guidelines to prevent investment in a property that is so deteriorated that it would be impossible to meet Program requirements within the maximum Program budget. The Administrator must establish their walk-away policy in a way that leaves enough room for flexibility and objective decision-making and follow it consistently.

Some walk-away policies may address the following situations:

- Homes in need of substantial structural repair but available funds are insufficient;

- Program participant is not agreeable to the required elimination of life-threatening hazards or unsafe conditions.

- Program participant is not agreeable to required Program guidelines.

Administrators should notify households of their walk-away decision in writing and retain a copy in the Activity File. As with all policies, Administrators should retain a copy of their adopted "walk-away" policy in the Program File.

RECORDKEEPING REQUIREMENTS

Administrators shall establish and maintain sufficient records, as specified by Department under the TAC, Chapter 1, subchapter D, Rule 1.409. Original documents may not be moved to a consultant's place of business or to any other location that is not under ownership or control of the Administrator. In accordance with Texas Government Code, Chapter 552, all Program-related documents (which includes applications, bookkeeping, reports, program files, activity files, etc.) must be available for public inspection by the Department, the Comptroller of Public Accounts, the State of Texas or any of their authorized representatives.

Administrators must adhere to recordkeeping requirements, which may include, but are not limited to:

- Information necessary to determine whether the Administrator has carried out housing activities in accordance with the objectives and requirements of the Single Family Umbrella Rule, HTF Rule, Energy Efficiency Rule, NOFA and the Reservation Access Agreement

- Information necessary to determine if a project is benefiting low-, very low-, and extremely low-income Households

- Data on race and ethnicity for Households who have applied for and/or benefited from any activity funded with HTF Program funds

FILE ORGANIZATION: 1 PROGRAM FILE VS. MANY ACTIVITY FILES

The Administrator must maintain a recordkeeping system for HTF activities that can be easily monitored by the Department. The Department requires 2 types of files: Program files (1) and Activity files (multiple).

Program File – The Program File is a single file that documents the "big picture" administration of the Program and is best organized by grouping the documents according to their function. The Program File could contain the sections such as:

➢ *NOFA and Agreement.* Keep a print-out of the NOFA (plus any subsequent amended NOFAs); the Application to Access the Reservation System that the Administrator submitted to the Department; a fully executed Reservation System Access Agreement, with amendment requests and executed amendments.

➢ *Accounting.* Keep printouts of documents that track and justify administrative and project costs, such as:

   o Receipts for all Program expenditures (tracked and reconciled)

   o Disbursements of Program funds (tracked and reconciled)

   o Bank statements for the bank account(s) used for the Program

   o Summary of draw requests to and received from the Department

   o The same-day wire transfer memo provided to the Department

➢ *Procurement and Program Eligibility Policies.* Include adopted plans and policies related to the Program, such as your application selection/prioritization policy, board-adopted procurement policy/city or county procurement policy, walk-away policy/infeasibility policy, and conflict of interest policy.

➢ *Program Marketing.* Copies of all affirmative marketing and outreach plans materials should be retained in a file for future monitoring. The following documents may be included, as applicable:

   o Copies of Program brochures, notices, hand-outs, and other advertising materials or publications

   o Documentation of public outreach efforts, including dates, times, locations, and content of information and/or materials provided

   o Copies of invoices for paid advertising and publication services

   o Transcripts of radio or other media announcements including dates and times of publication

Activity Files – The multiple Activity files organize all records pertaining to each applicant, regardless of their final approval for assistance. Create a separate Activity file for each approved and disapproved applicant. The documentation should include the documents outlined on the Activity File Checklist, which is available on the Program Forms webpage.

ADMINISTRATIVE FEE

In addition to the grant amount, Administrative Fees equal to 10% of each activity's combined Hard and Soft Costs will be paid to the Administrator upon completion of each Activity. Eligible expenses are prescribed within the Texas Grant and Contract Management under Chapter 783 of the Texas Government Code ("**TXGMS**"). Administrators must submit draw requests following the HTF Reservation System User Guide, which can be found at https://www.tdhca.texas.gov/housing-trust-fund-program-forms .

SHOULD WE REQUEST SOFT COSTS?

Soft Costs are a way for the Administrator to cover costs that are not construction costs but still related to completing the activity. Soft costs are optional; some Administrators include them, others do not. Another way to think of Soft Costs is that they are activities performed for a household project (at any stage of the process) that do not show up on the Work Write-Up. Examples of typical AYBR Soft Costs are:

- o Administrator's staff time or consultant time spent meeting with the household

- o Administrator staff mileage incurred for meeting with the household or for performing AYBR duties related to the household's project (exception: Consultant mileage is *not* considered a Soft Cost)

- o On-Site Sewage Facility inspection (also known as an OSSF or "septic tank" inspection), if required

- o Lead Based Paint testing

To be able to request Soft Costs reimbursement at the completion of the activity, Administrators must complete the Department's Soft Costs Invoice and follow instructions. All Soft Cost expenses must be justified and documented in the Activity file created by the Administrator.

HOW TO CALCULATE SOFT COSTS

Soft Costs cannot exceed 10% of the Hard Costs amount (*not* 10% of the total Project Costs that are reserved).

To figure out the maximum Soft Costs you may get for your reservation, divide the total Project Costs amount by the number 11. For example, if you are reserving the maximum grant of $22,500 allowed for the project, the maximum Soft Costs you could be eligible for would be $2,045.45 (22,500 divided by 11 is 2,045.45). The remaining amount is $20,455, which would be the maximum Hard Costs.

Please view the HTF Reservation System User Guide for additional guidance on entering Soft Costs during the reservation setup.

AYBR PROGRAM ACTIVITY TIMELINE AT-A-GLANCE

STEP	DOCUMENTS TO UPLOAD TO TDHCA	TIMING
STAGE 1 RESERVATION SETUP	- Intake Application - Certification of Disability, including SSI award letter if applicable. - Household Income Certification - Household's property ownership and property tax information - Statement of Ownership and Location (SOL) for MHU properties. - Letters of explanation (LOE) documenting and supplementing items listed above. - Other documentation requested by the Department on a case-by-case basis - After Stage 1 setup packet is approved, the Household Assistance Contract (HAC) is issued through DocuSign. **The One- year activity timeline begins when the HAC is fully executed**.	Administrator uploads after determining Household is eligible according to their own selection plan/policies
STAGE 2 WORK WRITE UP & COST ESTIMATE REVIEW	- Initial Inspection, **signed by Head of Household** - Labeled "Before" Photos - On Site Sewage Facility (OSSF/septic system) Inspection report, if applicable - Work Write-up and Cost Estimate	Administrator uploads **after STAGE 1 APPROVAL**
STAGE 3 BID REVIEW	Copy of Construction line item bid to be selected for Contract, **signed by Head of Household**	Administrator uploads **after STAGE 2 APPROVAL***
STAGE 4 CONSTRUCTION COMPLETION & DRAW	- Department-approved change order(s) - Permits and green tags - Final inspection form - Administrator certification of energy efficiency rule compliance - Construction contractor's request for payment - Construction contractor's invoice - Activity soft cost invoice - Labeled "after" photos	**ADMINISTRATOR UPLOADS AFTER STAGE 3 APPROVAL**
A ONE TIME 3 MONTH EXTENSION AMENDMENT CAN BE REQUESTED.		

CHAPTER 3:   APPLICATION INTAKE & HH ELIGIBILITY

APPLICATION INTAKE OVERVIEW

Administrators must be familiar with Program forms and processes to properly verify Household eligibility:

- Download forms directly from the Program website each time you work with a new applicant. Forms are updated periodically and previous versions of forms may no longer be acceptable.

- Complete the forms in full; do not leave any blank spaces. If a field is not applicable, put "N/A", "none" or draw a line through the field.

- Do not use correction fluid or correction tape to cover errors. To make corrections, draw a line through the incorrect information, write the correct information nearby, and have the applicant initial the corrected information.

  Best Practices:

  - ✓ Use the Activity File Documentation Checklist to gather required documentation

  - ✓ Be prepared to submit support documentation. In case of a discrepancy, the Department may ask for additional information that is not specified on checklists or forms.

  - ✓ Review bank account statements carefully for signs of unreported and reoccurring income.

  - ✓ Ensure there is no conflict of interest between any applicant Household member and Administrator staff or consultants authorized to receive, evaluate, assist, or process applications.

PROPERTY OWNERSHIP AND PROPERTY TAX STATUS

To determine household eligibility, Administrators must verify and submit applying Household's property ownership and property tax information in compliance with the Single Family Programs Umbrella Rule, Rule §20.7.

Administrators must provide documentation from a Property Search on the appropriate Tax Assessor and County Appraisal District website to confirm current property tax status.

- If owner-occupied, applicant will self-certify on the Intake application that he/she is the owner of record for the property identified in the application and it is their principal residence.
- If applicant has other property that is not their principal residence, then the net cash value calculated utilizing the appraisal district's market value for any real property that is not a principal residence will be counted towards the household assets. Administrator must upload a screen shot of the Appraisal District market value.
- If the owner of record does not live in the subject property with the Person with Disability, the Department may consider it a renter-occupied home, unless satisfactory documentation is provided to the Department that confirms otherwise and restrictions on eliminating life-threatening hazards and correcting unsafe conditions apply. (See Chapter 5 for additional information on life-threatening hazards and unsafe conditions). A statement of authorization from the owner of record may be required in addition to documentation reflecting household composition, such as death certificates and letters of explanations. Please contact HTF staff for specialized assistance.

- If multiple owners, statements authorizing the modifications of the home may be required from each owner.
- If the property is "family-owned" but the owner of record is not a Household member (or is deceased) the applicant may be considered a renter, unless satisfactory documentation is provided to the Department that confirms otherwise for the purposes of this Program.
- If the applicant occupies the property under a contract-for-deed, the applicant may be considered a renter for the purposes of this Program. Please contact HTF staff for additional assistance with contract-for-deed cases.
- Properties developed, owned or managed by an Administrator or an Affiliate and rental units in properties financed with any federal funds are ineligible for assistance. Verify using link below: https://public.tdhca.state.tx.us/pub/T_HF_CLEARINGHOUSE.list_for_sale

Real property taxes assessed on an owner-occupied Single Family Housing Unit must be current prior to the effective date of the application. Delinquent property taxes will result in disapproval of the Activity unless one or more of the following conditions are satisfied:

- Household must be satisfactorily participating in an approved installment agreement in accordance with Texas Tax Code §33.02 with the taxing authority, and must be current for at least three consecutive months prior to the date of Application;
- Household must have qualified for an approved tax deferral plan agreement in accordance with Texas Tax Code §§33.06 or 33.065; or
- Household must have entered into an installment agreement under Texas Tax Code §§31.031 or 31.032, have made at least one payment under the agreement, and be current on the installment plan.

A Single Family Housing Unit must not be encumbered with any liens which impair the good and marketable title as of the date of the application.

Prior to any Department assistance, the owner must be current on any existing Mortgage Loans or home equity loans.

APPLICANT NOTIFICATION

After receipt of a complete Intake Application and supporting documentation from the applicant Household, notify the Household of its eligibility status in writing and in a timely manner. Notifications should communicate the following:

- The Household has been determined eligible to receive assistance;

- The Household has been determined *ineligible* to receive assistance (cite the reason for denial plus instructions on how the household may file an appeal to the Administrator); or

- The Household has been added to the Administrator's waiting list (if applicable).

Retain a copy of the notification letter in the applicant's individual Activity File as outlined in Chapter 2.

NEXT STEPS FOR ELIGIBLE APPLICANTS

After verifying that an applicant meets all the eligibility factors, the Administrator should confirm that the applicant understands the Program requirements, the timeline for next steps, and their rights and responsibilities.

At this point, the Administrator requests reservation of funds for the eligible Household by submitting a "Reservation Setup" via the Department's online Reservation System.

HOUSEHOLD ELIGIBILITY AT-A-GLANCE

Type	Requirement	Documentation
	At least 1 Household member meets definition of Person with Disabilities.	• Certificate of Disability Form *Must not be more than 12 months old at date of Reservation System submission.*
Income Eligibility	Household income does not exceed the greater of 80% of the Area Median Family Income or 80% of the State Median Family Income, adjusted for Household size, in accordance with the current HOME Investment Partnerships Program income limits, as defined by HUD.	• Intake Application Form • Household Income Certification Form • Applicable Income Support documentation items listed on page 14. *Income support documentation must not be more than 180 days old at date of Reservation System submission.*
Liquid Assets	Liquid assets may not exceed $25,000. Cash deposited in checking or savings accounts, money markets, certificates of deposit, mutual funds or brokerage accounts; the net value of stocks or bonds that may be easily converted to cash; and the net cash value calculated utilizing appraisal district's market value for any real property that is not a principal residence. Funds in tax-deferred accounts for retirement, health or education savings (i.e., Individual Retirement Accounts, 401Ks, 529, 529A (ABLE) plans) and whole life insurances policies are *not* considered in the Liquid Assets calculation. A Reverse Mortgage is not considered in the Liquid Assets calculation.	• 2 months of most recent CHECKING account statements **prior to date of HIC Form** • 1 month of most recent SAVINGS account statement **prior to date of HIC Form** • OR Optional Asset Verification Form completed by Financial Institution • OR Zero Income/Asset Certification Form • For any real property, submit a screen shot of the appraisal district market value *Asset support documentation must not be more than 180 days old at date of Reservation System submission*

Forms are available on the Program Forms page of the Program website

INCOME VERIFICATION AT-A-GLANCE

Wages and Salaries

Include salary and wage income from household members over the age of 18 and emancipated minors

Type	Requirement	Documentation
Employment income for all household members aged 18 and older, including full-time and part-time employment	• Pay stubs for most recent 30-day pay period prior to HIC Form date • OR a completed Verification of Employment Form	Include bonus, overtime, shift differential, commissions. Average all the GROSS amounts on the paystubs, then multiply by how many pay periods there are per year (ex: 12, 24, or 26). This is the annual amount. For the monthly amount, divide this number by 12.
Seasonal Work, Self-Employment, or Business Income	• 2 previous years' signed tax returns/tax transcripts	Average the most recent 2 years' returns Include seasonal and migrant farm work income and self-employment income. Contact HTF staff if you need assistance calculating this type of income.
Employment by Relative	• A completed Verification of Employment Form and previous year signed Tax Returns/Transcripts	Include income from employment by relative or family business. Calculate like you would wages and salaries.

Income from Benefits
Include benefit income for all household members of any age

Type	Requirement	Documentation
Pension/Retirement Income	• Most recent account statement showing gross monthly income from pension/retirement accounts.	Multiply monthly GROSS amount by 12 to get annual income.
Social Security and Veterans Administration Benefits	• Most recent award letters, showing GROSS monthly amount of the benefit or pension • OR a completed Verification of Benefits Form	Multiply monthly GROSS amount by 12 to get annual income.
Other cash public assistance (TANF, etc, excluding SNAP benefits)	• Award Letter • OR a completed Verification of Public Assistance Form	Include Unemployment, Workers Compensation, Housing Assistance Payments (i.e. Section 8), and Military Housing Allowance Benefits. Contact HTF staff if you need assistance calculating this type of income.

Other Income

Include other income sources for all household members of any age

Type	Requirement	Documentation
Child Support and Spousal Support	• Attorney General's office confirmation • Divorce decree/temporary support order • Statement regarding eligibility for court awarded child support	Child support and spousal support income are used for income eligibility purposes
Recurring Cash Support	• A completed Verification of Recurring Cash Contributions Form • Letter of explanation regarding the additional income.	Include recurring cash support or donations to any Household member by any persons not living in the Household.
Zero Income	• Zero Income/Asset Certification Form	A family of one with a Zero Income/Asset Certificate will not be accepted.

SNAP (also known as food stamps), Earned Income Tax Credit payments, and monthly payments on a Reverse Mortgage are NOT COUNTED as income in the Program.

PROPERTY ELIGIBILITY AT-A-GLANCE

Type	Requirement	Documentation
Property Eligibility Title 10, Part 1 of the TAC RULE §26.26 RULE §20.7	Property is the principal residence of the Person with Disability. Proof of ownership, or if a renter, written permission of the property owner. For owner-occupied homes and rented units: Property taxes must comply with Single Family Programs Umbrella Rule §20.7 <u>Manufactured Housing Units (MHUs) built on or after January 1, 1995</u> may be eligible, as determined by the Department. Properties developed, owned, or managed by an Administrator or an Affiliate and rental units in properties financed with any federal funds are *ineligible* for assistance. AYBR Funds may be leveraged with other funding sources so long as the housing meets requirements prior to AYBR project completion.	• Intake Application • For renters, property owner permission form (created by Administrator) • For renters, copy of the lease • Screen shot of County Tax property status • For MHUs, Statement of Ownership & Location. If it is a newly installed MHU, final SOL is required prior project completion. • If applicable, an On-Site Sewage Facility ("OSSF") Inspection Report
Life-Threatening Hazards & Unsafe Conditions Limitation Title 10, Part 1 of the TAC RULE §26.27(d)	Life-threatening hazards and unsafe conditions must be corrected using no more than 25% of project funds. Department may waive this requirement on a case-by-case basis. <u>If an owner-occupied unit CANNOT be made free of life-threatening hazards or unsafe conditions within the budget of this Program</u>, or in conjunction with funds leveraged from other sources as a part of this Project, then the Household is **ineligible** for this program based on property eligibility criteria. Rental units must not have life-threatening hazards or unsafe conditions at the time Program funds are used to assist a renter.	• Initial Inspection Form • Signed Final Work Write-Up & Cost Estimate Form • Labeled "Before" photos
Prohibited Liens Title 10, Part 1 of the TAC RULE §20.7	Prior to any Department assistance, the owner must be current on any existing Mortgage Loans or home equity loans. Property with unresolved liens of record may be ineligible for assistance (to be determined by the Department).	• Intake Application • Ensure liens are resolved and released before Reservation Setup

CHAPTER 4: STAGE 1, RESERVATION SETUP

WHAT IS A RESERVATION SETUP?

A "Reservation Setup" is the process by which the Administrator reserves HTF Program funds for an eligible Household. The Administrator will reserve funds for Households by entering and submitting setups using the Department's online Reservation System ("System").

Reservation System User Guide – The HTF Reservation System User Guide for the Program ("User Guide") provides step-by-step instructions for submitting documentation through all stages of the Program (Reservation Setups, interim stage reviews, and draw requests). It is available on the Program website at https://www.tdhca.texas.gov/housing-trust-fund-program-forms , and from HTF staff.

WHO MAY SUBMIT RESERVATION SETUPS?

The Administrator must authorize the staff persons allowed to submit information to the Department through the System using the Contract and Reservation System Access Request Form. The Department will assign unique login names and temporary passwords to the authorized users. Login names and passwords may NOT be shared with anyone other than the person to whom it is assigned. If authorized users are no longer involved in administering the Program, the Administrator must submit an updated form to remove and/or add additional users.

ADMINISTRATOR READINESS

Administrators must review and understand the Program Rules, RSP Agreement, Household Assistance Contract ("HAC"), NOFA, and Program Manual before attempting to reserve funds on the online Reservation System, TDHCA Housing Contract System.

AUDIT REQUIREMENTS **– AN ADMINISTRATOR IS INELIGIBLE TO ACCESS FUNDS ON THE ONLINE RESERVATION SYSTEM UNTIL ANY PAST DUE AUDITS OR DEPARTMENT AUDIT CERTIFICATION FORMS HAVE BEEN SUBMITTED TO THE DEPARTMENT IN A SATISFACTORY FORMAT WITH NO UNRESOLVED FINDINGS.**

RESERVING AVAILABLE FUNDS

Program funds are available on a first-come, first-served basis through an online Reservation System. To promote the dispersion of funds, the funds are subject to **regional set-asides** for 60 days after the initial release of funds or the "Reservation Start Date."

For the first 30 days after the Reservation Start Date, funding for each region will be divided into urban and rural sub region set-asides. After approximately 30 days, any remaining funds in the urban and rural sub regions will collapse into a single set-aside per region.

After approximately 30 days of the initial release of funds, any funds available in all regions will collapse into a single statewide pool and will be made available on a first-come, first-served basis. For more information, please see Section 6 of the NOFA, "Program Overview."

After collecting and verifying the required Household income and property eligibility documentation, the Administrator shall enter the Reservation Setup information (step-by-step guidance is available in the HTF Reservation System User Guide at https://www.tdhca.texas.gov/housing-trust-fund-program-forms) into the System and request an amount of funds. The Administrator does not enter a reservation for the 10% Administrative Fee, which is done by the Department during processing.

The Department processes Reservation Setups in the order they are submitted by Administrators and time-stamped on the online Reservation System. Submission of a Reservation Setup on behalf of a Household does not guarantee funding. The Department will attempt to review the Reservation Setup documentation within 14 calendar days of submission by the Administrator.

INCOMPLETE RESERVATIONS

The Department considers Reservations incomplete if it is missing any required items listed on the Activity File Checklist. If the documentation needs correction or additional information, the Department will notify the Administrator of any deficiencies. If all deficiencies are not corrected within 14 calendar days of notification or the response creates additional deficiencies, the Department may disapprove the Reservation from the System and the Administrator may resubmit the Reservation if funding permits.

ONCE THE DEPARTMENT CONFIRMS THAT A HOUSEHOLD IS ELIGIBLE FOR THE PROGRAM, THE DEPARTMENT WILL ISSUE A HOUSEHOLD ASSISTANCE CONTRACT IN THE AMOUNT OF THE RESERVATION FOR EXECUTION BY THE ADMINISTRATOR. THE DEPARTMENT WILL COMMIT ADMINISTRATIVE FUNDS AFTER THE HOUSEHOLD ASSISTANCE CONTRACT IS FULLY EXECUTED, WHICH MAY BE DISBURSED UPON PROJECT COMPLETION.

CHAPTER 5: STAGE 2, INITIAL INSPECTION, WORK WRITE-UP & COST ESTIMATE

THE REVIEW PROCESS

When the Reservation Setup is approved by the Department and has been set to "Active" status in the Reservation System, this means that Project and Administrative funds have been reserved for the Household.

Within the next 90 calendar days, the Administrator should complete and submit "Stage 2" to the Department, which includes the initial inspection, labeled "before" photos, and the Work Write-Up and Cost Estimate.

The Department will attempt to review the Stage 2 documentation within 14 calendar days of submission by the Administrator.

If the documentation needs correction or additional information, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 14 calendar days of notification, the Department may cancel the reservation from the System and the Reservation Setup may be resubmitted if funding permits.

THE INITIAL INSPECTION

Once the Household and property have been determined to be eligible for participation in the Program, the next step in the process is the Initial Inspection.

This inspection must identify both accessibility needs **and** the causes of life-threatening hazards and unsafe conditions and the degree to which they can be corrected within the scope of the Program and the budget.

The purpose of the Initial Inspection is to:

- Identify the accessibility modifications needed by the Person with Disability.
- Assess and document the condition of the property, identifying all deficiencies that constitute life-threatening hazards and unsafe conditions.
- Pinpoint in the Initial Inspection any deficiencies that are <u>not</u> related to accessibility modifications or that do not constitute life-threatening hazards and/or unsafe conditions. <u>These deficiencies may not be eligible for inclusion in the Scope of Work funded by the Program</u>.

Preparing for the Initial Inspection

- Be very familiar with the Initial Inspection form and the applicable Program Construction Standards, Energy Efficiency Standards and 2010 ADA Standards.

- Know if the property is in a jurisdiction that has local building codes and ordinances and be familiar with the codes and ordinances. Meet with the local Building Official or Residential Inspectors to learn local protocols and get a schedule of permit fees.

- If the property is in an unincorporated area where there is no local residential code, the 2015 International Residential Code (IRC), including Appendix J for Existing Buildings and Structures, is the applicable code for the Program. Title 10, Part 1 of the TAC, Chapter 26, subchapter B, §26.27

Inspector Qualifications

Inspectors selected by the Administrator to verify compliance with this chapter must be certified by the Administrator to have sufficient professional certifications, relevant education or experience in a field directly related to home inspection, which may include but is not limited to installing, servicing, repairing or maintaining the structural, mechanical, plumbing and electrical systems found in Single

Family Housing Units. Qualified inspection individuals may be a staff member of the Administrator or a contracted third party.

It is important that the Inspector is knowledgeable about all applicable codes, consumer product safety notifications, residential building systems, and local costs for residential rehabilitation. At times, the Inspector may need to consult with another professional who specializes in any of the above systems. Note that when an additional specialist assists in evaluating a problem and recommending a solution, that specialist *must be excluded* from consideration as a potential bidder or sub-contractor for that particular activity.

Inspection Photos Guideline Labeled "Before" Photos
Using a quality digital camera, take a full set of exterior and interior photos.

EXTERIOR photos should include all four sides of the building, and clearly show the condition of the:

- ❖ Roof
- ❖ Doors and windows
- ❖ Porches and decks, steps and handrails
- ❖ Guttering and downspouts (if present)
- ❖ Foundation and crawlspace (if present)
- ❖ Site drainage
- ❖ Path of travel from parking area or driveway and mailbox
- ❖ Electrical service entry and load center
- ❖ HVAC equipment
- ❖ Exterior outlets and hose bibs
- ❖ Windows, especially bedroom windows providing emergency egress

INTERIOR photos should include views of each room, with focus on:

- ❖ Flooring
- ❖ Bathroom fixtures
- ❖ Doors, closets
- ❖ Lighting and ceiling fans
- ❖ Receptacle outlets and wall switches
- ❖ Smoke alarms and carbon monoxide detectors
- ❖ Heating and cooling equipment
- ❖ Kitchen cabinets and countertops
- ❖ Kitchen and laundry room appliances
- ❖ Water heater and furnace/HVAC closets
- ❖ Window AC units
- ❖ Bathroom and kitchen ventilation
- ❖ Electrical breaker panel
- ❖ Attic scuttle and attic insulation
- ❖ Evidence of water damage or foundation failure on walls and ceilings

Inspecting Septic Systems

Prior to completing the Work Write-Up and Cost Estimate, all On-Site Sewage Facilities (OSSF or septic system) shall be inspected by a Texas Commission on Environmental Quality authorized agent to determine if the system is in substantial compliance with Health & Safety Code, Chapter 366, and the rules adopted under that chapter, unless waived by the Department on a case-by-case basis.

If an existing OSSF system is not performing as intended, it may have to be repaired or replaced, or a licensed plumber shall connect the home to a public system.

Inspecting Renter-Occupied Properties

The inspection process for renter-occupied properties versus owner-occupied properties is the same with one major exception.

In rental units, any life-threatening hazards and unsafe conditions identified in the inspection must be corrected by the property owner prior to any accessibility modifications funded by the Program. The inspector must re-inspect and document that the life-threatening hazards and unsafe conditions have been corrected, and create an updated version of the Initial Inspection Form.

Inspecting Manufactured Housing Units

Accessibility modifications and elimination of life-threatening hazards and unsafe conditions in Manufactured Housing Units (MHUs) may be an eligible use of Program funds under the following conditions:

- The MHU was constructed on or after January 1, 1995, in compliance with HUD's construction and safety standards (known as "HUD Code"), as evidenced by a HUD Certification Label on the MHU.

- The Department may allow Manufactured Housing Units older than January 1, 1995, to receive only exterior accessibility modifications (i.e., ramps, handrails, concrete flatwork) as long as the Administrator can verify that the unit itself will be free of hazardous and unsafe conditions.

- If the MHU is served by a septic system, the above inspection requirements for OSSF apply.

Variations from these conditions will be considered by the Department on a case-by case basis.

ACCESSIBILITY VS. LIFE-THREATENING HAZARDS & UNSAFE CONDITIONS

In a Household's construction contract, a minimum of 75% of the Program funds must represent accessibility modifications; and, no more than 25% of the Program funds may go towards eliminating life-threatening hazards and correcting unsafe conditions. The Department may adjust this ratio requirement on a case-by-case basis if the Administrator submits a request and justification for approval.

All work items which address the accessibility needs of the Person with Disability, as determined in consultation with the Household, will be considered a part of the Accessibility Modifications. Basically, accessibility modifications will involve the removal of physical barriers in the home or the addition of features that are necessary, based on the nature of the disability, and will allow the Person with Disability to enjoy the full use of their home.

Title 10, Part 1 of the TAC, Chapter 26, subchapter B, §26.27

Life-threatening hazards and unsafe conditions include, but are not limited to:

- Faulty, damaged or non-compliant electrical system
- Faulty, damaged or non-compliant gas-fueled systems
- Faulty, damaged or non-compliant heating and cooling systems or the absence of adequate heating and cooling system
- Faulty, damaged or non-compliant plumbing systems, including hot and cold water supply and sanitary sewer systems
- Faulty, damaged or non-compliant smoke, fire and carbon monoxide detection/alarm systems or the absence of these systems
- Structural systems on the verge of collapse or failure

- Absence of adequate emergency and fire egress
- Environmental hazards such as mold, lead-based paint, asbestos or radon
- Serious pest infestation

If the work write-up addresses any of the above line items, the percentage of Project Hard Costs devoted to eliminating life-threatening hazards and correcting unsafe conditions **may only exceed 25% by the amount of the following line item's cost**

- Emergency escape, rescue openings and fire egress

- Ground fault circuit interrupters (GFCI)

- Arc fault circuit interrupters (AFCI)

- Smoke, fire and carbon monoxide detection/alarm systems.

The combination of these line items plus the correction of any other unsafe conditions **cannot exceed 40% of Project Hard Costs budget**.

*****At the Final Inspection, all areas and components of the housing must be free of life-threatening hazards and unsafe conditions. *****

Completing the Initial Inspection – Best Practices

- Take time to sit down and talk with the client, other Household member(s) and/or the caretaker regarding the life-threatening hazards and unsafe conditions that were identified in the inspection.

- Review the accessibility modifications that were discussed earlier. Are there any additional meaningful accessibility modifications that could be added that were not identified?

- Is the Initial Inspection form completely filled out with words and details?

- Are there sufficient photos of each area of the home on the inspection checklist?

- Are there adequate measurements for preparing the Work Write-Up and Cost Estimate?

MINIMUM ENERGY EFFICIENCY REQUIREMENTS

As of January 1, 2015, all TDHCA-funded single family construction activities must meet the Minimum Energy Efficiency Requirements in TAC, Part 1, Chapter 21, Rule §21.6 for Housing Rehabilitation Activities.   For   more   information   on   the   Energy   Efficiency   Rule,   please   visit https://www.tdhca.texas.gov/tdhca-energy-efficiency-rule .

CONSTRUCTION STANDARDS & REQUIREMENTS

- Rehabilitation or modifications funded by the Program must meet all applicable state and local housing quality standards and code requirements, pursuant to Section 214.212 of the Local Government Code. Discuss applicable codes with a local code enforcement official to be aware of what situations require permits prior to seeking bids.

- Where local codes do *not* exist, the 2015 International Residential Code (IRC), including Appendix J for Existing Buildings and Structures, is the applicable code for the Program. To review the International Codes, visit https://codes.iccsafe.org/content/IRC2015NY

- Accessibility modifications shall be made with consideration of the design standards established by the 2010 ADA Accessibility Standards and/or Texas Government Code, Chapter 2306.514.

- Although the Program is specifically excluded from compliance with the Department's Construction Requirements of the Single Family Programs Umbrella Rule, 10 TAC Part 1 Chapter 20, the Texas Minimum Construction Standards referenced in the Umbrella Rule provide substantial guidance on how IRC applies to rehabilitation.

- <u>Administrators are responsible for providing oversight of the construction contractor</u>. To ensure full compliance with applicable codes and laws, Administrators may be open to contracting out inspection and spec writing services if Administrator staff lack expertise in technical aspects of construction codes and spec writing. This would be considered a Soft Costs expense.

- The Department may make periodic construction site visits to verify construction progress and/or completion.

- **Lead-Safe Paint & Environmental Protection Agency Lead Regulations**

  - Administrators need to be familiar with the Environmental Protection Agency (EPA) Lead-Safe Paint and EPA Lead Regulations to comply with federal law. **Only an EPA-certified firm may rehabilitate, renovate and/or demolish any pre-1978 home. And, only an EPA-certified Lead Renovator may oversee construction.**

    For more information on EPA's Lead-Based Paint Renovation, Repair and Painting (RRP) Program: https://www.epa.gov/lead/lead-renovation-repair-and-painting-program.

    While it is ultimately the certified contractor's responsibility to comply with RRP Rule, Administrators must know how to avoid violating EPA regulations.

WORK WRITE-UP & COST ESTIMATE

- Accessibility modifications, life-threatening hazards and unsafe conditions identified on the Initial Inspection form are to be transferred to the Work Write-Up and Cost Estimate form.

- If the cost estimate for the Work Write-Up exceeds the budget for the Project, the Administrator must commit supplemental funding to the Project or the Project will be at risk of cancellation if all bids for the Work-Write-Up come in over-budget. <u>Work identified as eliminating life-threatening hazards and unsafe conditions may not be deleted from the scope of work because of budget limitations</u> or because the applicant does not consent to the work. Either of these outcomes may result in having to "walk away" from the Project.

- The Homeowner or, if applicable, property owner and tenant, must acknowledge agreement with the final TDHCA Approved Work Write-Up by signing and dating it.

HTF staff will look for the following <u>in each specification</u> of the Work Write-Up and Cost Estimate:

1) Materials, if specifying a product, such as or pre-approved equal must be annotated.

2) Performance standards

3) Quantity

4) Method of installation

5) Location and special conditions, if any

6) Description of proposed accessibility modification

HTF will grant Stage 2 approval if each specification clearly describes the points above, cost estimates are reasonable, and all required documents are submitted.

WHEN STAGE 2 DOCUMENTATION IS APPROVED BY THE DEPARTMENT, THE DEPARTMENT WILL NOTIFY THE ADMINISTRATOR TO PROCEED TO STAGE 3, THE BID REVIEW.

CHAPTER 6: STAGE 3, CONSTRUCTION BID REVIEW

CONSTRUCTION BID REVIEW

Within 90 calendar days of the date of the Department's Stage 2 approval notification, the Administrator should submit the line item bid selected for award with homeowner's signature.

HTF staff will attempt to review the Stage 3 documentation within 14 calendar days of submission by the Administrator.

If the Department requires additional information or documentation, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 14 calendar days of notification, the Department may cancel the reservation from the Reservation System and the Reservation Setup may be resubmitted if funding permits.

PROCUREMENT

Procurement is the process through which an Administrator obtains goods and services from vendors in order to administer the Program. All Administrators must establish written procurement policies. Administrators shall comply with the cost principals and uniform administrative requirements set forth in TAC, Title 10, Part 1, Chapter 1. The procurement process usually includes the following actions:

- ✓ Establish the kind of goods or services needed
- ✓ Research an independent cost estimate of the goods or services needed
- ✓ Solicit multiple contractors
- ✓ Compare bids to an independent estimate to ensure a fair price for the good and services
- ✓ Select the winning bidder and draft a contract that clearly states the responsibility of each party
- ✓ Document each step in the entire process as it is completed
- • Counties: Texas Local Government Code 262.003(a)
- • Cities: Texas Local Government Code 252.021(a)
- • Counties and Cities: Texas Government Code, Chapter 2254 when procuring professional services
- • All: Texas Grant and Contract Management under Chapter 783 of the Texas Government Code ("**TXGMS**")

NOTE: Some municipalities and counties may be subject to more stringent state and local procurement regulations than those cited in this document. Administrators should ensure compliance with the most stringent procurement requirements applicable and consult with city and county purchasing agents to determine exact procurement procedures to follow.

BIDDING PROCESS

In addition to everything that should be required for accepting a bid (e.g., insurance), always include language in the Invitation for Bids that requires a bid amount for *each* individual specification. "Lump sum bids" will be rejected. Zero line items are not acceptable.

Lump sum bids are not acceptable because: 1) without unit prices, it is difficult to recalculate costs for approving/denying a change order, and 2) each spec bid allows for refining the cost estimates for future activities.

Pre-bid Inspections with Potential Bidders

Pre-bid inspections can clarify the scope of work and reduce misunderstandings. Requiring pre-bid inspections could result in better quality bids, especially for jobs that have unusual characteristics. Also,

pre-bid inspections serve a dual purpose for new bidders wishing to work with your organization: they are an opportunity to communicate expectations while also explaining program details.

THE PRE-CONSTRUCTION CONFERENCE

Pre-construction conference with the winning bidder at the construction site is required. The contractor, potential subcontractors, the Household, and Program staff all attend the pre-construction conference.

The purpose of the meeting is to discuss details on roles and responsibilities, timing, and to clarify the scope of work. The Household verifies his/her role in providing utilities, security issues, packing, insurance requirements, and relocation (if necessary). The Household, contractor, and program staff walk the job, re-inspecting every single item on the scope of work to clarify any differences in understanding. Use the Pre-Construction Conference form to document this step.

Sample Checklist for the Pre-Construction Conference:

- ✓ What each party should expect throughout construction
- ✓ Specific materials to be used, including samples and colors, as applicable
- ✓ Construction and demolition procedures and process
- ✓ Start and end date of the Project, acceptable hours and days of the week when work may take place
- ✓ Budget limitations which may affect the scope of work
- ✓ Household agrees to provide access to the property to the Administrator, the Construction Contractor, workers, and other authorized persons providing administrative and construction services
- ✓ Household will ensure that all existing utilities (i.e., electricity, water, sewer, garbage) continue running for the Construction Contractor's use throughout the construction process
- ✓ Household may need to move and/or store belongings off-site to safeguard personal property. Recommended: Household should compile a photo/written inventory of personal belongings before construction begins
- ✓ Personal property that is damaged or missing during construction should be reported immediately to the Administrator
- ✓ Household must make a reasonable effort to stay safely away from the construction site while work is in progress
- ✓ Demolition and construction may not begin until authorized by the Administrator

INTERIM (PROGRESS) INSPECTIONS

An optional Interim Inspection Form is available on the Programs Forms webpage.

- Observe and photograph completed work before it is covered up with flooring, wall covering, or ceiling
- Quality control, make sure quality materials are being used
- Clarify issues and answer questions that homeowners or contractors may have
- Manage expectations, maintain momentum

When conducting interim/progress inspections, Administrator staff should reference the specs, the inspection report, the Contract Work-Write-Up, the Texas Accessibility Standards (applicable sections), and a code book. Take relevant inspection tools (ex: camera, flashlight, step ladder, measuring tape, receptacle tester, etc.) to all inspections to confirm compliance with the construction contract specs.

CHANGE ORDERS

Change orders are permitted in the program due to unforeseen circumstances, or if bids received are over or under budget allowance

- All Change Orders must have written Department approval **PRIOR** to beginning any work related to the proposed change. Failure to get prior Departmental approval may result in disallowed costs.
- Change Order requests must be on the Program form and include detailed specification and justification for the change.
- Contract amounts that will be reduced by the Change Order must be tied to the line item contracted price for that specification.
- Contract amounts for work that will be added by the Change Order **must be fair and reasonable.**
- Change Order requests that result in an increase of the 25% budget limit to life-threatening hazards and unsafe conditions may result in disallowed costs.

WHEN DOCUMENTATION IS APPROVED BY THE DEPARTMENT, THE DEPARTMENT WILL NOTIFY THE ADMINISTRATOR TO PROCEED WITH CONSTRUCTION. ONCE CONSTRUCTION IS COMPLETE, THE ADMINISTRATOR WILL PROCEED TO STAGE 4, PROJECT COMPLETION AND DRAW.

CHAPTER 7:   STAGE 4, COMPLETION & DRAW

ACTIVITY COMPLETION

When the Administrator has been notified that Stage 3 Review has been approved by the Department, the Administrator has until the HAC end date to complete all construction activities and submit the Project and Administrative Draw Request, which includes:

- Department-approved Change Order(s) – change order submitted at draw without prior department approval may be a disallowed cost.
- Permits and Green Tags
- Final Inspection form, signed by head of household and Inspector- initialed Scope of Work from the Construction Contract
- Administrator Certification of Energy Efficiency Rule Compliance
- Construction Contractor's Request for Payment
- Construction Contractor's invoice
- Activity Soft Cost Invoice
- Labeled "After" Photos

For questions or guidance, please see the Texas Property Code cited below:
http://www.statutes.legis.state.tx.us/Docs/PR/htm/PR.53.htm#53.085

HTF staff will attempt to review the Stage 4 draw documentation within 14 calendar days of submission by the Administrator.

If the Department requires additional information or documentation, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 14 calendar days of notification, the Department may cancel the reservation from the Reservation System and the Reservation Setup may be resubmitted if funding permits.

* If an extension is needed, the administrator may request an amendment to their HAC for a one-time, 30-calendar day extension to the Project completion deadline. This is done by submitting a request to the Single Family and Homelessness programs Director. The request should be on the Administrator's Letterhead and signed by the executive director. The request can be submitted electronically.

THE FINAL INSPECTION

A copy of the Final Inspection report must be provided to the Department and the Household.

The Inspector will complete the Final Inspection report and take labeled "after" photos of all completed construction. The Final Inspection allows the Administrator to:

- ✓ Verify that contractors have addressed any punch list items and corrected any deficiencies

- ✓ Demonstrate construction was completed for final draw request

- ✓ Demonstrate project meets all contractual and applicable state and local codes, and other Construction Standards requirements

- ✓ Demonstrate that there are no observed deficiencies related to life-threatening and unsafe conditions

DRAW REQUEST GUIDELINES

A Draw Request is the process for transferring the reserved funds to the Administrator for an approved reimbursable expense. Eligible costs must be incurred during the Reservation System Access Agreement period in order to be reimbursed. Draw Requests require uploading forms and supporting documents, as well as entering financial information about the project into the Reservation System. Details on the draw request process are outlined in the Reservation System User Guide located on the AYBR website.

The Construction Contractor may submit a request for payment only after all costs have been incurred and all work for such costs has been satisfactorily completed. By signing the Construction Contractor's Request for Payment, the Construction Contractor, Household, Inspector, and Administrator are each verifying the satisfactory completion of <u>each</u> specific line item of work from the Construction Contract.

All items listed in the Contract Scope of work must be completed and all parties must sign the Construction Contractor's Request for Payment, Final Inspection Form and submit all required documentation before the Department will process the Draw Request.

<u>Please see the Activity File Checklist for list of Documents.</u>

CHAPTER 8:   MONITORING & COMPLIANCE

The Department's Compliance Division monitors the performance of Administrators to ensure compliance with all applicable requirements. All Administrators are subject to a monitoring review at any time.

Administrators may be chosen for a monitoring review based on:

- a risk assessment performed internally by the Department

- a citizen complaint

- findings from a previous monitoring review

The following five objectives guide the Department's monitoring efforts:

1. Performance: Administrator is meeting the requirements of the NOFA, Agreement, Administrative Rules, and applicable laws

2. Expenditure of HTF monies: Administrator is expending funds in accordance with all applicable requirements as set forth in the Agreement, NOFA, and Program Manual

3. Compliance: Administrator is following applicable laws, Administrative Rules, and Department policies and requirements as applicable

4. Prevention of Fraud & Abuse: Administrator has adequate protections against fraud and misuse of Program funds

5. Quality Workmanship: Workmanship on assisted properties complies with applicable construction standards

WHAT WILL BE MONITORED?

FINANCE	ADMINISTRATION
Fiscal controls are in place to adhere to Chapter 2306 of the Texas Government Code, Administrative Rules, Department policies and other requirements. Administrator demonstrates financial integrity. Administrator follows Generally Accepted Accounting Practices (GAAP).	Documented program policies (e.g., marketing, fair housing, procurement, conflict of interest, etc.) meet requirements and are being followed. Record keeping system is established. System organizes and maintains Program documents. Timely, accurate reports are submitted and written agreements are enforced, as applicable.
ELIGIBILITY	CONSTRUCTION/HOUSING QUALITY
Each activity meets all Program requirements for Household eligibility, property eligibility, and funding limits. Administrator has established a record keeping system to organize and maintain activity files.	Physical inspection of assisted units support previously reported progress and condition. Physical inspection verifies that workmanship is in accordance with construction standards

DESK REVIEWS

A Desk Review is a monitoring review in which the monitor does not visit the Administrator but examines documentation submitted by the Administrator.

Part 1: The monitor will send a notification letter directly to the Administrator (copies are also mailed to the consultant, if any) requesting information to be submitted to Department offices by a certain date. The letter lists specific information that the monitor will be reviewing, such as program files, activity files, financial records, etc.

Part 2: The monitor will analyze the documentation submitted and test for compliance.

Part 3: The Desk Review concludes with a monitoring report which could detail any findings or observations. The Administrator will have an opportunity to correct any findings, secure additional information or clarification, and report any actions the Administrator may already be taking to address areas of non-compliance.

ON-SITE VISITS

An On-site Visit is a monitoring review in which the monitor travels to the Administrator's place of business to physically review program documents and files and inspect assisted housing units.

Part 1: The monitor sends a notification letter directly to the Administrator (copies are also mailed to the related consultant, if any) identifying the date, time and purpose of the visit. The letter lists specific information that must be available on the day of the visit, such as program files, activity files, financial records, etc.

Part 2: On the day of the visit, the monitor will conduct an entrance interview with the Administrator (and with the consultant, if applicable) to ensure that the Administrator clearly understands the purpose, scope and schedule for the visit.

Part 3: The monitor will select files for review. Any activities referenced in a public complaint may also be reviewed and physically inspected.

Part 4: Administrator staff member must accompany the monitor during all physical inspections of assisted units. The monitor may also obtain information through interviews with Administrator staff and/or members of Households assisted. The monitor will analyze all information gathered and test for compliance.

Part 5: The on-site visit concludes with an exit interview to discuss any preliminary findings. The monitor will later prepare a monitoring report that details any findings. The Administrator will have an opportunity to correct any findings, secure additional information or clarification, and report any actions the Administrator may already be taking to address areas of non-compliance.

MONITORING REPORTS & CORRECTIVE ACTION

Part 1: The monitor will issue a monitoring report. The monitoring report will detail findings of non-compliance, if any, identified during the review and prescribe corrective actions.

Part 2: The Administrator will usually have 30 days to submit a written response that verifies corrective actions were completed.

Part 3: The monitor will review the corrective action documentation submitted by the Administrator. If the corrective action does not sufficiently resolve the findings of non-compliance, the Administrator may have to repay disallowed costs to the Department. Any disallowed costs are to be repaid to the Department immediately. Following receipt of payment, the monitor will close the review and issue a monitoring closeout letter.

If Administrator fails to take the action specified in the monitoring report, it may result in any or all of the following:

- Suspension or termination of the Agreement

- Deobligation of any funds remaining in the Agreement

- Recommendation that the Administrator be debarred

- Other financial penalties in accordance with Administrative Rules

SUBMITTING YOUR SINGLE AUDIT

The audit-related deadlines are:

- Within 60 DAYS after Administrator's Fiscal Year End (FYE): Submit the Audit Certification Form, available on the Program website or from HTF staff

- Within 9 MONTHS after Administrator's FYE: Submit the Single Audit Report (if applicable)

Failure to submit an Audit Certification Form or a Single Audit Report on time may result in the suspension of an Administrator's use of the Reservation System for reservation set-ups and draw requests until outstanding documentation is submitted to the Department's satisfaction.

REFERENCES & APPLICABLE REGULATIONS

Administrators are encouraged to familiarize themselves with all of the federal regulations, state statutes and administrative rules that govern the Department, the Texas Housing Trust Fund, and the Amy Young Program.

Other regulations may also apply, including but not limited to:

- ✓ TDHCA Governing Statute (Texas Government Code, Chapter 2306)
  - o http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm
- ✓ TDHCA Administrative Rules (Texas Administrative Code, Title 10, Part 1)
  - o http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1
- ✓ Texas Housing Trust Fund Rule
  - o https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=26
- ✓ Texas Accessibility Standards
  - o http://www.license.state.tx.us/ab/abtas.htm
- ✓ ADA 2010 Standards
  - o https://www.ada.gov/regs2010/2010ADAStandards/2010ADAStandards_prt.pdf
- ✓ State Procurement Regulations
  - o Counties: Texas Local Government Code, Chapter 262
    http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.262.htm
  - o Cities: Texas Local Government Code, Chapter 252
    http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.252.htm
- ✓ Counties and Cities: Texas Government Code, Chapter 2254 (procuring professional services)
  - o http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2254.htm
- ✓ Federal "Fair Housing Act" Sec. 800. [42 U.S.C. 3601 note]
  - o http://www.justice.gov/crt/about/hce/title8.php
- ✓ Environmental Protection Agency – Renovation, Repair & Painting Rule (40 CFR 745, Subpart E)
  - o http://www2.epa.gov/lead/lead-renovation-repair-and-painting-program-rules