



HOUSTON-GALVESTON AREA COUNCIL
UPDATED PARTIAL Method of Distribution for
Community Development Block Grant Disaster Recovery Program
ROUND TWO DISASTER RECOVERY SUPPLEMENTAL ALLOCATION

UPDATED DRAFT – For Public through August 16, 2010

Prepared **August 11, 2010**

www.h-gac.com/Ike

TABLE OF CONTENTS

- 1.0 BACKGROUND**
 - 1.1 Funds Available for Allocation**
 - 1.2 Adoption, Approval and Amendment**
 - 1.3 Schedule for MOD Development**

- 2.0 PUBLIC NOTIFICATION AND INPUT PROCESS**

- 3.0 ALLOCATION PROCESS**
 - 3.1 Non-Housing**
 - Project Requirements
 - Public Hearings*
 - Priority Projects*
 - Affirmatively Furthering Fair Housing*
 - Promote Local Economic Development*
 - Eligible Project Categories
 - Ineligible Projects Categories
 - Minimum and Maximum Grant Amounts

 - 3.2 Housing**
 - Public Housing and Subsidized Housing
 - Local Disaster Recovery Housing Programs
 - Round 2 Program Requirements*
 - Minimum and Maximum Benefits*
 - Allocations*

 - 3.3 Allocation Between Non-Housing and Housing**

- 4.0 REVIEW OF EXISTING ANALYSES OF IMPEDIMENTS**

- 5.0 FURTHERING LONG-TERM PLANNING AND RECOVERY AND FAIR HOUSING**

- 6.0 COMMENTS & QUESTIONS**

LIST OF TABLES

TABLE 1 – Partial MOD - Recommended Non-Housing Allocations

TABLE 2 – Partial MOD - Recommended Disaster Recovery Housing Program Allocations

TABLE 3 – Partial MOD - Combined Recommended Allocations

TABLE 4 – Summary of AI Review

LIST OF APPENDICES

APPENDIX A – Summary of Updates and revisions to Draft Partial MOD

APPENDIX B – Citizen Participation Plan

APPENDIX C- Data Sources

Houston-Galveston Area Council
UPDATED PARTIAL Method of Distribution for
Community Development Block Grant Disaster Recovery Program
ROUND TWO DISASTER RECOVERY SUPPLEMENTAL ALLOCATION
DRAFT – For Public Comment through August 16, 2010

1.0 BACKGROUND

The U.S. Department of Housing and Urban Development has approved the State's amended action plan for \$1.7 billion in second round disaster recovery funding associated with Hurricanes Ike and Dolly. The amended state plan allocates \$1.032 billion to the Houston-Galveston Area Council region. The disaster recovery funding is intended to help address unmet housing, economic and infrastructure needs associated with Hurricanes Ike and Dolly. 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 second and final allocation of disaster recovery CDBG funding appropriated by Congress immediately following Hurricane Ike.

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

1.1 Funds Available for Allocation

At this time H-GAC may prepare only a partial MOD for \$258 million of the \$1.032 billion, according to terms of the State/housing advocacy group conciliation agreement. Once the State completes an Analysis of Impediments to fair housing, a further MOD may be prepared for the remaining \$774,327,382 in funds allocated to the region.

1.2 Adoption, Approval and Amendment

The H-GAC Board of Directors anticipates adopting the Method of Distribution on Tuesday August 17, 2010. H-GAC will submit the Method of Distribution to TDRA for approval on August 31, 2010. Future amendments, if any, will be made by the H-GAC Board of Directors.

1.3 Updates and Revisions to the Draft Partial MOD

As discussed in section 1.4 below, H-GAC held three public hearings on July 28 and 29, 2010. At those hearings H-GAC heard from about seventy-five commenters. H-GAC has also received additional written comment. In response to public comment H-GAC is recommending revisions to the draft MOD, is holding an additional public hearing at 10 a.m. August 16, 2010 and is extending the public comment period through 4 p.m. on the 16th. Updated and revised portions of the document are highlighted in yellow. A summary of the updates and revisions is included as Appendix A.

1.4 Schedule for MOD Development

- July 9, 2010 H-GAC Hurricane Ike Committee—review first draft
- July 20, 2010 H-GAC Board approve public comment draft
- July 22, 2010 Draft MOD posted; public comment period begins
- July 28, 2010 Public Hearing—Houston Airport Marriott, 9100 Gulf Freeway, Houston, Texas from 10 a.m. to 12 noon

- July 28, 2010 Public Hearing—Galveston County Courthouse from 5 to 7 p.m.
- July 29, 2010 Public Hearing—Greenspoint Marriott, 255 N. Sam Houston Pkwy. East, Houston, Texas from 10 a.m. to 12 noon

- August 16, 2010 Public Hearing - H-GAC Conference Room A, 3555 Timmons Lane, Houston TX 77027 from 10:00 a.m. - noon

- August 16, 2010 Public Comment ends
- August 17, 2010 Hurricane Ike Committee and H-GAC Board approve MOD
- August 30, 2010 H-GAC Submits method of distribution to TDRA

2.0 PUBLIC NOTIFICATION AND INPUT PROCESS

State guidance requires H-GAC to submit this partial MOD by August 30, 2010 and to have an extensive public participation and comment process. In order to meet that schedule, H-GAC developed a series of meetings, input sessions and hearings. Information on the specifics of the public participation and comment process is included in Citizen Participation Plan, included as Appendix B.

A hard copy of the MOD will be made available for public inspection and comment at the H-GAC reception area at 3555 Timmons, Suite 120, Houston, TX 77027 throughout the comment period. H-GAC held input sessions with housing advocates, community organizations and concerned citizens on July 14, 2010.

H-GAC held three public hearings on July 28 and 29, 2010. At those hearings H-GAC heard from about seventy-five commenters. H-GAC has also received additional written comment. In response to public comment H-GAC is recommending revisions to the draft MOD, is holding an additional public hearing at 10 a.m. August 16, 2010 and is extending the public comment period through 4 p.m. on the 16th. H-GAC has distributed notices in English, Spanish and Vietnamese to regional and local newspapers, posted information on the H-GAC and state agency websites, and contacted numerous individuals via electronic mail. A summary of the date, time and place for the public hearings is presented below. Details are included in Appendix B.

- Public Hearing 1: **Date** – July 28, 2010, 10:00 a.m. – noon. **Location** - Houston Airport Marriott, 9100 Gulf Freeway, Houston, TX 77017.

- Public Hearing 2: **Date** – July 28, 2010, 5:00 p.m. – 7:00 p.m. **Location** - Galveston County Courthouse (in Commissioners Courtroom), located at 722 21st Street, Galveston, TX 77550-2317.

- Public Hearing 3: **Date** - July 29, 2010, 10:00 a.m. – noon. **Location** - Greenspoint Marriott, 255 N. Sam Houston Parkway East, Houston, TX 77060.
- Public Hearing 4: **Date** – August 16, 2010, 10:00 a.m.- noon. **Location** – H-GAC Conference Room A, 3555 Timmons Lane, Houston TX 77027

3.0 ALLOCATION PROCESS

H-GAC’s Hurricane Ike Recovery Committee met on July 9, 2010 to review allocation methods. H-GAC staff recommended using the formula adopted by H-GAC’s Board in December 2009 as a starting point and developed a preliminary allocation for the entire \$1.032 billion in second round funding to provide a framework for the partial MOD. However, final allocations for the second funding release are subject to the State Analysis of Impediments to Fair Housing report.

The formula used in the proposed allocation places an emphasis on low-to-moderate populations and severity of storm damage for both the housing and non-housing portions of the funding. Placing an emphasis on these conditions increases the potential of funds being allocated to communities where damage was the highest and vulnerable populations are the most impacted – a key element of the State’s Amended Action Plan – **and an approach that focuses funding on communities with high levels of FEMA damage and affected low-to-moderate populations, and are more likely to have projects with compelling need.**

To meet the State’s requirement that funds be allocated down to the local government level and to help increase the potential that funds will be allocated to communities with low to moderate income households, H-GAC conducted a detailed analysis of FEMA housing damage assessments, HUD low-moderate income demographics, severity of damage, and FEMA infrastructure data (data sources included as Appendix B). Specific local allocations for non-housing and housing activities are presented below. Details are presented in sections 3.1 and 3.2 of this document.

A summary of the proposed allocation of the \$258 million is presented below.

\$87.2 million allocated to cities and counties for non-housing projects

\$50 million set aside for one-for-one replacement of public housing units in Galveston

\$20 million set aside for subsidized housing restoration in Galveston

\$100.8 million allocated across nine existing Disaster Recovery Programs

H-GAC’s Ike Committee approved the recommendation of the proposed allocations, and also included two additional clarifications—

1. Any city receiving an allocation under the August 2010 method of distribution may agree to waive its allocation to the County.
2. The Board’s CDBG disaster recovery reallocation process, adopted in December 2009, would be included in this August 2010 MOD. That policy first reallocates unused funds to entities within a County. After consideration of reallocation within a County, funds would next be reallocated within the region first to smaller coastal counties, next to larger coastal counties and finally to inland counties.

In accordance with State comments that reallocation of funds will not likely be authorized for the partial MOD H-GAC has removed reallocation process language included in the draft MOD. This action does not affect the Board adopted policy when the opportunity to reallocate funds becomes available. However, the option for any city receiving an allocation under the August 2010 method of distribution may agree to waive its allocation to the county remains in place.

3.1 Non-housing Funds

H-GAC allocated non-housing funds through sequential steps, with the first step establishing a County total using uniformly available data-

1. Each County total based upon relative share of regional FEMA funded projects
 - o FEMA Hurricane Ike damage website portal data used
 - o H-GAC excluded debris removal and emergency measures
2. *After* establishing County totals, calculate City of Galveston and balance of Galveston County and City of Houston and balance of Harris County shares using Texas Rebounds or FEMA project worksheet data
3. County, City of Houston and City of Galveston allocations are reduced to set floor for smaller counties with less FEMA reported damage
 - o \$750,000 floor for inland counties
 - o \$5 million floor for coastal counties
4. Allocate to cities and balance of County
 - o Use relative share of total low-moderate income population
 - o Low-mod shares adjusted based upon storm surge factor
5. After determining each entity's potential total allocation, allocate non-housing funds for the partial MOD accordingly:
 - a) Determine amount equal to 25% of each entity's total allocation
 - b) Include in the Partial MOD only entities that would receive a minimum of \$500,000
 - c) Provide for at least one project per county, if the amount meets the state's \$75,000 minimum

This method results in **an aggregated total of \$87,185,940 in non-housing funding** being allocated within the Partial MOD.

Step 1 allocated funds to the county level using FEMA damage data for categories C through G. This approach mirrors the method used by HUD to allocate the second allocation of funding to the States.

Step 2 determined allocations for the City of Galveston and the City of Houston. H-GAC used two sources of data to determine the amount to be allocated for the City of Galveston from the Galveston County amount calculated in Step 1 for the City of Galveston and Galveston County. They included: critical infrastructure data used in the Governor's Texas Rebounds report and a summary of FEMA project worksheets for categories C through G. H-GAC split the difference between the two methods and obtained the distribution included in Table 1, below. At the time of posting, H-GAC was unable to obtain FEMA project worksheet summaries that split out the City of Houston from Harris County. As a result,

H-GAC based the City of Houston share of Harris County non-housing funds calculated in Step 2 using the Governor's Texas Rebounds Report data.

Step 3 Funding floor - Based on input from the region during development of the previous Round 2 MOD, H-GAC established a floor-level of non-housing funding to assist counties in their recovery efforts. The floor for inland counties is set at \$750,000, with the caveat that funds will be reallocated if the counties (and cities therein) cannot submit eligible projects to the State. Likewise, H-GAC proposes a floor of \$5,000,000 for coastal counties. It is important to note that floor-level funding is not a set aside. The floor-level includes an adjustment to non-housing funding to raise each county to the minimum level.

Step 4 H-GAC allocated non-housing funds down to the city level for remaining entities using an assessment of the city share of total low-moderate income population for the entire county. Project allocation to the city level based on shares of HUD low-moderate income population included a weighting factor to benefit communities within the surge zone included in the State's Action Plan Amendment. A summary of the low-to-moderate population numbers, weightings and allocations is included in Appendix C.

Project Requirements

Allocations are subject to communities identifying projects that meet the state's criteria (currently under development). Additional requirements under this Partial MOD are listed below.

Public Hearings

To provide additional opportunity for public comment on specific project activities, H-GAC is requiring that every non-housing applicant hold a public hearing on its proposed grant application.

Priority Projects

The State will only consider high priority projects with documented compelling need, and that meet a minimum of 51% LMI beneficiaries. It is H-GAC's understanding that high priority projects with compelling need are those which a) could not be implemented without round 2 Disaster Recovery CDBG funds, b) meet the LMI national Objective, and c) are in communities with substantial damage and recovery needs.

Affirmatively Furthering Fair Housing

Projects must affirmatively further fair housing. Applicants must include documentation on how the project will achieve this requirement in accordance with TDRA training. Recipients will be required to receive training from the State regarding how to ensure projects affirmatively further fair housing.

Promote Local Economic Development

Recipients shall comply with applicable HUD policies including HUD's Section 3 program which encourages hiring of local firms and residents.

Eligible Project Categories

Because partial MOD funds may be used only for projects with a compelling need, H-GAC proposes limiting eligible projects to: water facilities, sewer facilities, other public utilities, street improvements, flood and drainage improvements, economic development and fire protection facilities and equipment. As mentioned earlier, economic development is not specifically addressed as a set aside. However, entities may elect to submit economic development projects to Texas Department of Rural Affairs for consideration. Project applications will be reviewed by TDRA and the housing advocates included in the conciliation agreement.

Ineligible Project Categories

Activities **not** eligible for partial MOD funding are: debris removal, community centers and emergency shelters, senior centers, parks and recreational facilities, specifically authorized public facilities and improvements, public services, clearance and demolition activities, code enforcement and planning and urban environmental design.

Minimum and Maximum Grant Amounts

The minimum non-housing project grant amount is \$75,000 for communities identified in Table 1 of this Method of Distribution. The maximum grant amount shall not exceed the community-specific allocation amount specified in Table 1 of this Method of Distribution.

Table 1 – Partial MOD - Recommended Non-Housing Allocations

Austin County	Allocation (Partial MOD)
Unincorporated	\$ 89,566
	\$ 89,566
Brazoria County	Allocation (Partial MOD)
Alvin city	\$ 719,881
Angleton city	\$ 519,670
Freeport city	\$ 554,001
Unincorporated	\$ 884,601
	\$ 2,678,153
Chambers County	Allocation (Partial MOD)
Unincorporated County	\$ 1,788,382
	\$ 1,788,382
Fort Bend County	Allocation (Partial MOD)
Unincorporated County	\$ 473,290

	\$ 473,290
	Allocation (Partial MOD)
Galveston County	
Dickinson	\$ 4,279,405
Friendswood	\$ 1,127,387
Galveston	\$ 26,318,736
Hitchcock	\$ 2,044,869
La Marque	\$ 1,650,051
League City	\$ 2,061,679
Santa Fe	\$ 779,240
Texas City	\$ 4,425,720
Unincorporated County	\$ 7,889,721
	<u>\$ 50,576,807</u>

	Allocation (Partial MOD)
Harris County	
Baytown	\$ 5,197,849
La Porte	\$ 1,524,040
Pasadena	\$ 4,710,307
Unincorporated County	\$ 10,907,982
Houston city	\$ 6,537,247
	<u>\$ 28,877,424</u>

	Allocation (Partial MOD)
Liberty County	
Unincorporated County	\$ 1,361,208

	Allocation (Partial MOD)
Matagorda County	
Bay City city	\$ 651,315

	Allocation (Partial MOD)
Montgomery County	
Unincorporated	\$ 415,314

	Allocation (Partial MOD)
Walker County	
Huntsville city	\$ 111,071

	Allocation (Partial MOD)
Waller County	
Unincorporated County	\$ 83,952

Wharton County	Allocation (Partial MOD)
Unincorporated County	\$ 79,459
	\$ 87,185,940

3.2 Housing Funds

Subtracting \$87,185,940 from the available amount of \$258 million leaves **\$170,884,060 available for housing**. H-GAC recommends allocating housing funds to public housing, subsidized housing and local disaster recovery housing programs.

Public Housing and Subsidized Housing

The State’s Amended Action Plan includes a specific allocation of \$50 million for one-to-one replacement of public housing and \$20 million to repair subsidized housing on Galveston Island.

- \$50 million – public housing replacement on Galveston Island
- \$20 million - subsidized housing repair on Galveston Island

H-GAC proposes to allocate these specific amounts, totaling \$70 million, to the Galveston Housing Authority as part of this MOD. As a sub-recipient of these funds, the Galveston Housing Authority must comply with local ordinances and regulations, TDHCA guidelines and policies, and other applicable state and federal law and regulations.

Subtracting \$70 million from the \$170,884,060 available for housing within the partial MOD, leaves \$100,884,060 for further allocation.

Local Disaster Recovery Housing Programs

H-GAC recommends that the **\$100,884,060 in general housing funding** be programmed via existing disaster recovery housing programs developed during the first round of funding. These nine programs have already undergone the application, approval and development process required by the Texas Department of Housing and Community Affairs (TDHCA) and contracts are currently in place that can be amended to quickly program available second round funding. Round 2 programs will be aligned with the guidelines and policies to be developed by the State’s Housing Program Guidelines Task Force and must comply with the requirements included below.

Round 2 Program Requirements

Allocations to recipients administering local housing programs are contingent upon the following conditions.

- Recipients must demonstrate that they have a compelling need for additional funding and an adequate applicant pool and documented unmet housing needs to justify access to the proposed funds.

- Round 2 programs will be aligned with the guidelines and policies to be developed by the State's Housing Program Guidelines Task Force.
- Round 2 programs will include opportunities for applicants to relocate based upon the parameters of the State's Impacted Area Buyout Program and Moving to Opportunity Program when and if these programs are developed. In accordance with the State and housing advocate conciliation agreement each housing recipient must devote a portion of its housing program to counseling and relocation supportive services for persons who choose to relocate rather than repair or reconstruct their home. The program will focus on areas particularly vulnerable to flooding and other natural disasters.
- Recipients must define in their housing program guidelines services to be offered to individuals with eligible properties located in the flood plain and must comply with local ordinances and regulations and other applicable state and federal law and regulations.
- To provide additional opportunity for public comment on specific housing services, anticipated beneficiaries, and benefit caps, recipients must define the housing services they provide and hold a public hearing on housing program guidelines and their housing application to the State.
- Programs will meet the requirements of TDHCA and the State's Amended Action Plan – including but not limited to, maintaining affirmative action plans, affirmatively furthering fair housing and using locally applicable analysis of impediments to inform their programs.
- Recipients shall comply with applicable HUD policies including HUD's Section 3 program which encourages hiring of local firms and residents.
- Recipients must document how their programs will meet obligations to Affirmatively Further Fair Housing. In addition to consulting local analysis of impediments documents, recipients should also consider how their programs may address the fair housing issues summarized in Section 4 of this MOD. Recipients will be required to receive training from the State regarding how to ensure projects affirmatively further fair housing.

H-GAC makes the following recommendations regarding local disaster recovery housing programs to be funded via the partial MOD.

- Outreach efforts should be focused in low to moderate income neighborhoods and areas exhibiting the greatest FEMA documented housing damage.
- While the majority of existing housing programs place a priority on owner-occupied housing, H-GAC encourages each program to revisit their priorities based upon the results of outreach efforts conducted to date and determine if current priorities address the pool of eligible households.
- Housing specifications should take into consideration the long term financial and maintenance needs of the housing applicants (i.e., use of energy efficient appliances and materials, durable fixtures, and considerations for future accessibility needs)
- At least 90% of the total housing funds benefit low to moderate income households.

Minimum and Maximum Benefit Amounts

The minimum housing benefit shall be minor repair of a damaged home or rental unit. The maximum housing benefit shall be home replacement, which may include new construction or relocation.

Allocations

H-GAC used the same approach used in the December 2009 MOD to allocate the \$100,884,060 across the existing housing programs. This approach includes analyzing FEMA home damage reports for counties, cities, and unincorporated areas within the eligible portions of the H-GAC region and developing an estimated dollar value for each damage category, from minor through destroyed. H-GAC also reviewed low-moderate income data available through HUD and included the results of that analysis in its funding allocations. Source data is included in Appendix C.

Table 2 – Partial MOD – Recommended Disaster Recovery Housing Program Allocations

County*	housing allocation	Housing program
Austin	\$ 17,407	H-GAC Regional
Brazoria	\$ 3,658,049	H-GAC Regional
Chambers	\$ 4,260,235	Chambers County
Fort Bend	\$ 1,049,064	Fort Bend County
Galveston	\$ 24,041,666	Galveston County
City of Galveston	\$ 25,472,544	City of Galveston
Harris	\$ 10,076,570	Harris County
City of Houston	\$ 25,329,264	City of Houston
Liberty	\$ 3,979,168	Liberty County
Matagorda	\$ 57,091	H-GAC Regional
Montgomery	\$ 2,536,642	Montgomery County
Walker	\$ 262,343	H-GAC Regional
Waller	\$ 73,495	H-GAC Regional
Wharton	\$ 522	H-GAC Regional
Total	\$ 100,814,060	

Note: *County allocations include all cities therein and un-incorporated areas of the county, with the exceptions of City of Galveston and City of Houston.

3.3 Allocation Between Housing and Non-Housing Activities

The distribution of funding between housing and non-housing activities pertains to the **\$258,000,000** available for allocation under the partial Method of Distribution. The recommendation is based upon the allocation processes outlined above. Minimum thresholds of \$500,000 for non-housing allocations and a minimum of one project per county are designed to provide reasonable access to non-housing funds while meeting the conditions outlined in the State's Amended Action Plan. This process also provides for the majority of the partial MOD allocation to be directed to housing, which will assist the State in meeting conditions of the conciliation agreement.

Recommended funding apportionment by housing and non-housing for the H-GAC Partial Method of Distribution:

<u>Category</u>	<u>Percentage</u>	<u>Dollar Amount</u>
Housing	66%	\$170,814,060
Non-Housing	34%	\$ 87,185,940

A specific amount for economic development has not been identified at this time. Economic development projects would come from the non-housing portion of the region's allocation and be addressed via amendment of the Method of Distribution by the H-GAC Board of Directors.

TABLE 3 – Combined Recommended Allocations
H-GAC- PARTIAL ALLOCATION - COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY - ROUND 2

Entity	Regional Housing Share (%)	Housing PRELIMINARY ALLOCATION	Housing PRELIMINARY ALLOCATION (Aug 2010 MOD)	Public Housing & Subsidized Housing ALLOCATION (Aug 2010 MOD)	Non-Housing PRELIMINARY ALLOCATION (\$)	Non-Housing PRELIMINARY ALLOCATION (Aug 2010 MOD)	Combined PRELIMINARY ALLOCATION	Combined PRELIMINARY ALLOCATION (Aug 2010 MOD)
Austin County	0.02%	\$ 65,832	\$ 17,407		\$ 750,000	\$ 89,566	\$ 815,832	\$ 106,973
Brazoria County	3.63%	\$ 13,834,118	\$ 3,658,049		\$ 17,507,239	\$ 2,678,153	\$ 31,341,357	\$ 6,336,202
Chambers County	4.23%	\$ 16,111,483	\$ 4,260,235		\$ 9,203,397	\$ 1,788,382	\$ 25,314,880	\$ 6,048,616
Fort Bend County	1.04%	\$ 3,967,382	\$ 1,049,064		\$ 4,864,768	\$ 473,290	\$ 8,832,150	\$ 1,522,354
Galveston County	23.85%	\$ 90,921,490	\$ 24,041,666		\$ 101,146,352	\$ 24,258,071	\$ 192,067,842	\$ 48,299,737
City of Galveston	25.27%	\$ 96,332,826	\$ 25,472,544	\$ 70,000,000	\$ 105,274,943	\$ 26,318,736	\$ 201,607,770	\$ 121,791,280
Harris County	10.00%	\$ 38,107,873	\$ 10,076,570		\$ 100,787,841	\$ 22,340,178	\$ 138,895,714	\$ 32,416,748
City of Houston	25.12%	\$ 95,790,968	\$ 25,329,264		\$ 26,148,986	\$ 6,537,247	\$ 121,939,954	\$ 31,866,511
Liberty County	3.95%	\$ 15,048,536	\$ 3,979,168		\$ 9,752,720	\$ 1,361,208	\$ 24,801,256	\$ 5,340,376
Matagorda County	0.06%	\$ 215,909	\$ 57,091		\$ 5,000,000	\$ 651,315	\$ 5,215,909	\$ 708,407
Montgomery County	2.52%	\$ 9,593,147	\$ 2,536,642		\$ 2,284,521	\$ 415,314	\$ 11,877,668	\$ 2,951,955
Walker County	0.26%	\$ 992,136	\$ 262,343		\$ 750,000	\$ 111,071	\$ 1,742,136	\$ 373,414
Waller County	0.07%	\$ 277,947	\$ 73,495		\$ 750,000	\$ 83,952	\$ 1,027,947	\$ 157,447
Wharton County	0.00%	\$ 1,974	\$ 522		\$ 750,000	\$ 79,459	\$ 751,974	\$ 79,981
<i>Total</i>	100.00%	\$ 381,261,621	\$ 100,814,060	\$ 70,000,000	\$ 384,970,768	\$ 87,185,940	\$ 766,232,389	\$ 258,000,000

4.0 REVIEW OF EXISTING ANALYSIS OF IMPEDIMENTS

H-GAC reviewed ten (10) HUD-approved and adopted Analysis of Impediments (AI) documents from a range of sources representative of the council's regional area. Included in the review were large metropolitan cities, counties, small entitlement cities. The reviews focused on several recurring issues.

Consistent issues with each AI included: Lack of Affordable and Accessible Housing, Lack of Available ADA units, and the Lack of Public Transportation to/from affordable housing. Each plan identified these specific impediments as they related to their defined jurisdictions. Once identified, measures and actions to be taken to address the impediments were implemented by the respective entity to the best extent possible.

Other impediments continue to be issues with each AI such as: Discrimination based on Race and National Origin, Discrimination against the Disabled and against Families with children. The next most addressed issue was the Lack of Section 8 Housing Choice Voucher availability. All AI plans described affects these impediments imposed on their respective populations, and their written, corrective actions to overcome them. Only one AI (City of Houston) identified demographic patterns that reflect the geographic concentration of racial and ethnic minorities in certain areas that reinforce segregated housing patterns, all or primarily of one ethnic or racial type. AI's reviewed did not identify impediments resulting from non-housing projects such as infrastructure or public facilities in historically-underserved areas.

Only one entity (City of Houston) addressed the HUD Section 3 program which encourages local economic development. H-GAC reminds recipients and subrecipients to incorporate Section 3 requirements when designing their programs and projects.

All reviewed AI's were approved by HUD Field Offices. H-GAC reviewed the following AI Plans: Cities of Baytown, Conroe, Galveston, Houston, and Pasadena; Counties of Brazoria, Fort Bend, and Harris; the Houston Housing Authority and the State of Texas AI. Houston and Fort Bend County adopted their AIs during 2010. The remaining Analysis of Impediments plans are currently being updated for FY 2010 by each City and County.

The H-GAC Analysis of Impediments Review summary is included in Table 4.

TABLE 4 – Summary of Analyses of Impediments Review

Entity	Review Status	AI Document Date	Identified Impediments										
			Lack of Affordable Housing	Lack of Accessible Housing	Predatory Lending Practices	Discrimination against Disabled	Discrimination based on Race	Discrimination based on National Origin	Discrimination against families with children	Lack of Public Transportation	Section 8 Housing Choice Vouchers	Lack of available ADA Units	
City of Baytown	Complete	2006	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	X
City of Pasadena	Complete	2007	X	X	N/A	N/A	N/A	N/A	N/A	N/A	X	X	X
City of Galveston	Complete	2006	X	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X
City of Houston	Complete	2010	X	X	X	X	X	X	X	X	X	X	X
Houston Housing Authority	Complete	2006	X	X	X	X	X	X	X	X	X	X	X
Conroe	Complete	2000	X	X	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A	X
Brazoria County	Complete	2006	X	X	N/A	X	N/A	N/A	N/A	N/A	X	X	X
Harris County	Complete	2008	X	X	X	X	X	X	X	X	X	X	X
Fort Bend County	Complete	2010	X	X	N/A	X	X	X	X	X	X	X	N/A
State of Texas	Complete	2004	X	X	X	X	X	X	N/A	X	N/A	N/A	N/A

N/A = Not Addressed

* All above AI documents are currently being updated for FY 2010, except City of Houston and Fort Bend County.

5.0 FURTHERING LONG-TERM PLANNING AND RECOVERY

The method of distribution for the H-GAC region fosters long-term community recovery by allocating funds through existing disaster recovery housing programs and not restricting the categories of eligible projects available to local governments. Local communities are often best suited to understand their needs following natural disasters and targeting funding to meet local priorities will result in focused recovery efforts backed by broad support, producing stability for local citizens via restored housing, recovery of local communities by improved infrastructure and revitalization of the local economy via increase tax revenues (sales and property), restored businesses and jobs.

In addition to allowing local communities to determine project priorities, development of the method of distribution included a detailed analysis of housing damage, low to moderate income demographics, and infrastructure damage. The resulting distribution is weighted towards communities most damaged by the storm surge and places a substantial amount of funding on housing services in highly impacted and vulnerable areas. As a result, repaired and replaced housing will be constructed to current codes and better able to weather future storms. Moving quickly to restore housing stock within impacted communities will help stabilize local economies and restore property tax revenues heavily diminished in the wake of Hurricane Ike. Infrastructure projects in areas most impacted by the storm will be quickly funded while an appreciation for preparing for future storms and hardening community infrastructure is fresh within the collective memory of citizens and community leaders. These factors will affirmatively further fair housing within the region's impacted communities.

H-GAC encourages each housing program to revisit their priorities based upon the results of outreach efforts conducted to date and determine if current priorities address the pool of eligible households. H-GAC also recommends that serious consideration be given to increasing the amount of funds spent on affordable rental housing, that at least 90% of the total housing funds benefit low to moderate income households, and that housing specifications take into consideration the long term financial and maintenance needs of the housing applicants (i.e., use of energy efficient appliances and materials, durable fixtures, and considerations for future accessibility needs). H-GAC also specifies housing program conditions and considerations that increase opportunities for applicants to relocate

6.0 COMMENTS AND QUESTIONS

Written and oral comments regarding the Method of Distribution were taken at **three public hearings** at the following dates, times and locations:

- Public Hearing 1: **Date** – July 28, 2010, 10:00 a.m. – noon. **Location** - Houston Airport Marriott, 9100 Gulf Freeway, Houston, TX 77017.
- Public Hearing 2: **Date** – July 28, 2010, 5:00 p.m. – 7:00 p.m. **Location** - Galveston County Courthouse (in Commissioners Courtroom), located at 722 21st Street, Galveston, TX 77550-2317.
- Public Hearing 3: **Date** - July 29, 2010, 10:00 a.m. – noon. **Location** - Greenspoint Marriott, 255 N. Sam Houston Parkway East, Houston, TX 77060.

A fourth public hearing is scheduled for:

- **Public Hearing 4: Date – August 16, 2010, 10:00 a.m.- noon. Location – H-GAC Conference Room A, 3555 Timmons lane, Houston TX 77027**

Additional written comments must be received by the Houston-Galveston Area Council by **4:00 p.m. on Monday, August 16, 2010**. Written comments can be sent via email to ikecdbg@h-gac.com, mailed to H-GAC Attn: Jessica Poole, Economic Development Planner, Houston-Galveston Area Council, P. O. Box 22777, Houston, Texas 77227, or hand delivered to H-GAC, 3555 Timmons Lane, Suite 100, Houston, Texas 77027. H-GAC encourages the public to email or hand-deliver comments to ensure delivery of said comments to the State. Comments can also be received via email at ikecdbg@h-gac.com or facsimile at 713-993-4503

The Draft Method of Distribution was posted on Thursday, July 22, 2010 by 6:00 p.m. on the Internet website www.h-gac.com and was available at H-GAC, located at 3555 Timmons Lane, Suite 120, Houston, Texas 77027. The **Updated Draft Method of Distribution** will be posted on **Wednesday, August 11, 2010 by 6:00 p.m.** on the Internet website www.h-gac.com and will be available at H-GAC, located at 3555 Timmons Lane, Suite 120, Houston, Texas 77027.

H-GAC will provide for reasonable accommodations for persons attending H-GAC functions. Requests from persons needing special accommodations should be received by H-GAC staff 24-hours prior to the function.

Additional information can be found on the H-GAC website at www.h-gac.com under IN THE NEWS and at www.h-gac.com/ike.

APPENDIX A

Summary of Changes and Revisions to Draft Partial MOD

Summary of Changes to H-GAC August 2010 Partial Method of Distribution

Background

H-GAC held three public hearings on its draft partial method of distribution for allocating second round disaster recovery funds. At those hearings H-GAC heard from about seventy-five commenters. H-GAC has also received additional written comment.

In response to public comment H-GAC is recommending revisions to the draft MOD, is holding an additional public hearing at 10 a.m. August 16, 2010 and is extending the public comment period through 4 p.m. on the 16th. H-GAC is **not** proposing changes to allocations. A summary of comment issues with proposed revised or added language is presented below.

Non-housing projects

Consider limiting types of projects. Because partial MOD funds may be used only for projects with a compelling need, H-GAC proposes limiting eligible projects to: water facilities, sewer facilities, other public utilities, street improvements, flood and drainage improvements, economic development and fire protection facilities and equipment.

Activities **not** eligible for partial MOD funding are: debris removal, community centers and emergency shelters, senior centers, parks and recreational facilities, specifically authorized public facilities and improvements, public services, clearance and demolition activities, code enforcement and planning and urban environmental design.

Projects should address compelling need and affirmatively further fair housing. H-GAC is adding language clarifying that partial MOD projects address priority, compelling disaster recovery needs. H-GAC is also adding language that projects must affirmatively further fair housing, including a requirement that projects document how they will do that in accordance with TDRA training.

Project details and beneficiaries. H-GAC is providing additional language describing the minimum and maximum grant amounts. To provide additional opportunity for public comment on specific project activities, H-GAC is proposing that every non-housing applicant hold a public hearing on its proposed grant application. H-GAC will further clarify that partial mod non-housing projects are limited to projects meeting HUD low and moderate income beneficiary requirements, addressing compelling need and affirmatively furthering fair housing.

Housing

Project details and beneficiaries. H-GAC will add language urging that housing recipients target outreach in LMI neighborhoods and areas exhibiting the greatest documented FEMA damage. The MOD will also define the minimum benefit to be minor home repair and maximum benefit to be new construction or housing relocation. To provide additional opportunity for public comment on specific housing services, recipients must define the housing services they provide and hold a public hearing on housing program guidelines and their housing application to the State.

Impacted area buy-out and relocation program. In accordance with the State and housing advocate conciliation agreement each housing recipient must devote a portion of its housing program to counseling and relocation supportive services for persons who choose to relocate rather than repair or reconstruct their home. The program will focus on areas particularly vulnerable to flooding and other natural disasters.

Housing services in flood plain. Recipients must define in their housing program guidelines services to be offered to individuals with eligible properties located in the flood plain and must comply with local ordinances and regulations and other applicable state and federal law and regulations.

Housing Guidelines. The MOD will be amended when state housing guidelines are completed by the State Housing Guidelines Task Force. Housing recipients will hold public hearings on their local housing guidelines.

Affirmatively further fair housing. Recipient housing applications must document how projects affirmatively further fair housing in accordance with TDHCA training.

Galveston Public Housing. The Galveston Housing Authority will be added as an eligible housing recipient for public housing restoration.

General

Reallocation process. In accordance with State comment that reallocation of funds will not likely be authorized for the partial MOD, H-GAC proposes to reduce or remove reallocation process language included in the draft MOD. This action does not affect the Board adopted policy when the opportunity to reallocate funds becomes available.

The MOD will make clear that a city may pass along its non-housing allocation to its County.

Promote local economic development.

H-GAC is adding a statement to the MOD reminding recipients to comply with applicable HUD policies including HUD's section 3 program which encourages hiring of local firms and residents.

APPENDIX B

Citizen Participation Plan



State of Texas Plan for Disaster Recovery

Council of Governments **PARTIAL Method of Distribution Citizen Participation Plan for Round Two Disaster Recovery Supplemental Allocation**

Summary Information

Contact Information

Council of Governments: **Houston-Galveston Area Council**

Principle Contact Name, Title: **Chuck Wemple, Economic Development Program Manager**

Principle Contact Telephone: **713-993-4514**

Principle Contact Email: **cwemple@h-gac.com**

Principle Contact Address: **3555 Timmons, Suite 100**

City, State, Zip: **Houston, TX 77027**

Citizen and Non-Governmental Organization Outreach

The Council of Government will encourage citizens, with particular emphasis on persons of low-to-moderate income who are residents of slum or blighted areas, to submit their views regarding community development and housing needs resulting from the disaster in the following ways:

H-GAC plans to conduct citizen and non-governmental organization outreach via: a) broad announcement of public hearings and opportunities for public comment; b) direct communication to civic clubs, faith-based organizations, housing advocacy groups, community development organizations, other non-profits, County Commissioners Courts, and City Administration offices; and, c) conducting an input session with regional and local housing advocacy groups and an input session with organizations representing protected classes of individuals.

- a) H-GAC will implement a media campaign using local English and non-English speaking newspapers, local radio stations, and local access and college television stations to inform the public of **three formal public hearings**. H-GAC will post notices of these meetings in the Houston Chronicle, Brazoria County Facts, Galveston County Daily News and identified non-English newspapers as well as on the H-GAC, Texas Department of Rural Affairs/Texas Department of Housing and Community Affairs, and the Secretary of State's websites. H-GAC will encourage the public to attend these meetings and to provide comments regarding the development of our region's Method of Distribution (MOD) process. H-GAC will accept written comments beginning **Thursday, July 22, 2010 through 4:00p.m Friday, August 6, 2010**. A hard copy of the MOD will be made available for public inspection and comment at the H-GAC reception area at 3555 Timmons, Suite 120, Houston, TX 77027 throughout the comment period. **Public Hearings: Date** – July 28, 2010, 10:00 a.m. – noon. **Location** - Houston Airport Marriott, 9100 Gulf Freeway, Houston, TX 77017; **Date** – July 28, 2010, 5 p.m. – 7:00 p.m. **Location** - Galveston County Courthouse (in Commissioners' Courtroom), located at 722 21st Street, Galveston, TX 77550-2317. **Date**- July 29, 2010, **Location** - Greenspoint Marriott, 255 N. Sam Houston Pkwy East, Houston, TX 77060
- b) H-GAC will directly communicate with civic clubs, faith-based organizations, housing advocacy groups, community development organizations and other non-profits via a contact database developed during previous CDBG and SSBG Disaster recovery public hearings and meetings. Direct contact methods will include distributing summary documents explaining the method of distribution process, notices of public hearings, and processes for providing public comments. These documents will also be provided in Spanish and Vietnamese. H-GAC will encourage the above-referenced entities to broadly disseminate the information via announcements at gatherings and meetings, newsletters, email lists and bulletin board postings.
- c) H-GAC will conduct an input session with regional and local housing advocacy groups to obtain feedback on the storm's impact to housing and protected classes of individuals and to gain additional perspective on fair housing and civil rights issues in the region. H-GAC will also seek input regarding the partial Method of Distribution. H-GAC will hold a similar input session with organizations representing protected classes of individuals to obtain feedback on the storm's impact to housing and protected classes of individuals and to gain additional perspective on fair housing and civil rights issues in the region. H-GAC will also seek input regarding the partial Method of Distribution.
- d) All required documentation will be submitted to verify the activities outlined in this plan were carried out.

The following local organizations that provide services or housing for low-to-moderate income persons, including but not limited to, the local Public Housing Authorities, the local Health and Human Services offices, the local Mental Health and Mental Retardation offices, Community Development Corporations and Community Housing Development Organizations, will receive written notification concerning the date, time, location and topics to be covered at the method of distribution public hearings:

As mentioned in item b above, H-GAC will utilize a contact list of previous attendees of public meetings from previous public hearings, public comment, and meetings associated with Ike-related CDBG and SDBG programs. The database will also include elected officials, city administrators, community development departments and housing authorities, and representatives from the Local Union of Latin American Citizens (LULAC), Mexican American Legal Defense and Education Fund (MALDEF) the National Association for the Advancement of Colored People (NAACP), Houston Hispanic Chamber of Commerce, African American Chamber of Commerce, and the Asian Chamber of Commerce and Disability Policy Consortium. The database will also include over 100 non-governmental entities (i.e., civic groups, housing advocates, faith-based groups, etc.). A detailed spreadsheet labeled "Public Participation Plan Database" is attached. H-GAC plans to expand the database to incorporate input from the regions housing authorities and community development programs.

The following organizations interested in fair housing issues and representing protected classes of individuals will be contacted to gain additional perspective on fair housing and civil rights issues in the region, and how the people they represent were affected by Hurricanes Dolly and/or Ike. Approaches beyond simple written notification of public hearings are required and detailed below:

- a) H-GAC plans to conduct an input session with regional and local housing advocacy groups to obtain feedback on the storm's impact to housing and protected classes of individuals and to gain additional perspective on fair housing and civil rights issues in the region. H-GAC will also seek input regarding the partial Method of Distribution. A detailed spreadsheet labeled "Public Participation Plan Database" is attached. H-GAC plans to expand the database to incorporate input from the regions housing authorities and community development programs.

- b) H-GAC plans to conduct an input session with organizations interested in fair housing and representing protected classes of individuals to obtain feedback on the storm's impact to housing and protected classes of individuals and to gain additional perspective on fair housing and civil rights issues in the region. H-GAC will also seek input regarding the partial Method of Distribution. A detailed spreadsheet labeled "Public Participation Plan Database" is attached. H-GAC plans to expand the database to incorporate input from the regions housing authorities and community development programs.

The Council of Government acknowledges that language differences may play a role in effectively reaching non-English speaking residents. The Council of Government will address these potential barriers by providing notification efforts as follows:

H-GAC will purchase public notice ads in English, Spanish, and Vietnamese in regionally-focused newspapers, including the Houston Chronicle, Brazoria County Facts and Galveston County Daily News. Meeting announcements will be forwarded to regional publications, including foreign language and multi-cultural publications, radio broadcast stations and television broadcast stations. H-GAC will also forward meeting notices, in English, Spanish and Vietnamese, to counties and cities within the region for bulletin board posting, publication on their web sites or in their newsletter or shared with residents through automatic information sharing or through broadcast on municipal television stations. H-GAC will employ sign language translators and Spanish and Vietnamese interpreters at public hearings.

Public Hearing Content

The public hearings will include a discussion of the following topics:

- The development of housing and community development needs resulting from the storm
- The amount of funding available
- All eligible activities under the Texas Community Development Block Grant Supplemental Disaster Recovery program, including linking activities to the storm through direct damage or failure to function
- The Council of Government's past distribution of TxCDBG Supplemental Disaster Recovery funds
- The Council of Government's draft Method of Distribution

Required Meeting and Public Hearing Information

To the extent possible, the Council of Government will adhere to the following schedule of hearings and notifications:

Posting of Draft Method of Distribution for Public Review

Date/Time: **July 22, 2010 6:00 PM** Website Address: **www.h-gac.com**

First Public Hearing Scheduling Information

Date/Time: **July 28, 2010 10AM - Noon** Location: **Houston Airport Marriott, 9100 Gulf Freeway, Houston, TX 77017**

Notification consistent with TDRA requirements will be provided on or before the following dates:

Date Personal Notice of Hearing will be sent to entities: **July 19, 2010**

Date Notice of Hearing will be published on COG Website: **July 19, 2010**

Date Notice of Hearing will be published on Secretary of State Website:

July 19, 2010

Date Notice of Hearing will be published in regional newspaper(s):

July 19, 2010

Second Public Hearing Scheduling Information

Date/Time: **July 28, 2010 5PM-7PM**

Location:

Galveston County Courthouse, 722 21st Street,
Galveston, TX 77550-2317

Notification consistent with TDRA requirements will be provided on or before the following dates:

Date Personal Notice of Hearing will be sent to entities:

July 19, 2010

Date Notice of Hearing will be published on COG Website :

July 19, 2010

Date Notice of Hearing will be published on Secretary of State Website:

July 19, 2010

Date Notice of Hearing will be published in regional newspaper(s):

July 19, 2010

Third Public Hearing Scheduling Information

Date/Time: **July 29, 2010 10AM-Noon**

Location:

a) Greenspoint Marriott, 255 N. Sam Houston Pkwy East, Houston, TX 77060

Notification consistent with TDRA requirements will be provided on or before the following dates:

Date Personal Notice of Hearing will be sent to entities:

July 19, 2010

Date Notice of Hearing will be published on COG Website:

July 19, 2010

Date Notice of Hearing will be published on Secretary of State Website:

July 19, 2010

Date Notice of Hearing will be published in regional newspaper(s):

July 19, 2010

The COG understands public hearings shall be held at a time and location compliant with the Americans with Disabilities Act, and convenient to potential or actual beneficiaries. The hearing must include accommodations for persons with disabilities, including provision of auxiliary aids. The COG will accommodate these needs in the following ways:

In compliance with the Americans with Disabilities Act, H-GAC will provide for reasonable accommodations for persons with disabilities attending H-GAC functions, including handicap-accessible parking and meeting venues. Handouts and online copies of the presentations will be available for review following the meetings. H-GAC staff can assist residents needing help completing questionnaires and forms during the meetings. Public hearing locations will be accessible to the public and ADA compliant. H-GAC will employ sign language interpreters at public hearings.

The COG understands its responsibility to provide interpretive services when a significant number of non-English speaking residents can be reasonably expected to participate in the public hearing. If these services are determined to be necessary, the COG will address this need as follows:

H-GAC will purchase public notice ads in English, Spanish, and Vietnamese in regionally-focused newspapers, including the Houston Chronicle, Brazoria County Facts and Galveston County Daily News. Meeting announcements will be forwarded to regional publications, including foreign language and multi-cultural publications, radio broadcast stations and television broadcast stations. H-GAC will also forward meeting notices, in English, Spanish and Vietnamese, to counties and cities within the region for bulletin board posting, publication on their web sites or in their newsletter or shared with residents through automatic information sharing or through broadcast on municipal television stations. H-GAC will employ sign language interpreters and translators for Spanish and Vietnamese at public hearings.

Efforts Exceeding Minimum Participation Requirements

TDRA and TDHCA have encouraged Councils of Governments to aggressively seek public participation when developing the method of distribution. In pursuit of this goal, the Council of Governments held additional meetings and took other additional actions as follows:

H-GAC will conduct an input session with regional and local housing advocacy groups and an input session with organizations with an interest in fair housing that represent protected classes of individuals in early July, 2010. H-GAC will discuss the method of distribution at monthly H-GAC Board of Directors meetings and provide for public comment.

APPENDIX B

Data Sources

- Housing: FEMA Bracketed Damage Data – August, 2009.
 - Values used for categories are as follows
 - \$2,500 (minor)
 - \$15,000 (moderate damage)
 - \$25,000 (rehabilitation)
 - \$65,000 (heavily damaged)
 - \$100,000 (destroyed)
 - \$35,000 (replacement per rental unit)

- Non-Housing: FEMA Infrastructure Damage Data Categories C through G from <http://www.fema.gov/hazard/hurricane/2008/ike/portal.shtml>

- HUD LMI % Per County from Housing and Urban Development Website

- Governor’s Texas Rebounds Report (see below)

Texas Rebounds - Critical Infrastructure Data

County	\$ Infrastructure
Austin County	\$ -
Brazoria County	\$ 7,700,000
Chambers County	\$ 210,000,000
City of Galveston	\$ 550,000,000
City of Houston	\$ 104,500,000
Fort Bend County	\$ -
Liberty County	\$ 13,000,000
Matagorda County	\$ 25,500,000
Montgomery County	\$ -
Rest of Galveston County	\$ 120,200,000
Rest of Harris County	\$ 411,600,000
Walker County	\$ 2,500,000
Waller County	\$ -
Wharton County	\$ -
Grand Total	\$ 1,445,000,000

