



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

JUN 27 2013

Mr. Larry L. Laine
Deputy Land Commissioner
Texas General Land Office
1700 North Congress, Suite 935
Austin, TX 78701

Dear Mr. Laine:

I am pleased to inform you that HUD is accepting Texas' Modification # 4 to the State of Texas Plan for disaster recovery for Rita Round I funds through Community Development Block Grant (CDBG) supplemental funding. The purpose of Modification # 4 is to allow the State to use funds remaining from Rita Round 1 in conjunction with the Homeowner's Assistance Program (HAP) under Public Law 109-234 (known as Rita Round 2) to assist un-served homeowners with remaining unmet needs.

This modification allocates \$1,151,021 that remains unused in the initial budget. There is no impact to the completion of other projects under this grant. The new project South East Texas Homeowners Assistance Program (SETHAP) remains as housing assistance for low- and moderate-income persons. The table below summarizes the reallocation of CDBG-DR funds under Modification # 4 for Rita Round 1:

RITA ROUND I- REVISED GENERAL USE OF FUNDS AND FUNDING ALLOCATION

DRGR Project: Action Plan Title	Current Action Plan Budget (6/6/13)	Unutilized Funds*	Allocation Change**	Revised Allocation
Housing	\$40,259,276.00	\$1,125,823.22	-\$1,125,823.22	\$39,133,452.78
Non-housing	\$30,537,574.00	\$5,809.58	-\$5,809.58	\$30,531,764.42
South East Texas Homeowner Assistance Program (SETRPC-HAP)	\$0.00	\$0.00	+\$1,131,632.80	\$1,131,632.80
Administration	\$3,726,150.00	\$19,388.24	\$0.00	\$3,726,150.00
Total	\$74,523,000.00	\$1,151,021.04	\$0.00	\$74,523,000.00

*Unutilized funds from the Current Action Plan Budget are the basis for the Allocation Change amounts. **Funds may be transferred between budget lines as needed for program purposes.

In addition, the Department also accepts Modification # 1 to Rita Round 2 funds. This modification will use \$1,613,546 of unused funds remaining under Public Law 109-234 (known as Rita Round 2). These funds will be used in conjunction with funds under Rita Round 1 to provide assistance to un-served homeowners.

The table below summarizes the reallocation of CDBG-DR funds under Modification #1 for Rita Round 2 funds:

Rita Round 2 - Revised GENERAL USE OF FUNDS AND FUNDING ALLOCATION

DRGR Project: Action Plan Title	Current Action Plan Budget (6/6/13)	Unutilized Funds *	Allocation Changes*	Revised Allocation
Homeowner 1: Homeowner Assistance Program (HAP)	\$216,959,983.06	\$193,688.57	-\$193,688.57	\$216,766,294.49
Homeowner 2: Sabine Pass Restoration Program (SPRP)	\$10,964,279.00	\$120,151.98	-\$120,151.98	10,844,127.02
Rental (TDHCA Activities): Rental Housing Stock Restoration Program	\$82,779,332.97	\$0.00	\$0.00	\$82,779,332.97
Public Service and Rental (Harris Co/Houston Activities): City of Houston and Harris County Public Service and Community Development Program	\$58,688,727.14	\$0.08	-\$0.08	\$58,688,727.06
Infrastructure: Restoration of Critical Infrastructure Program	\$43,299,999.63	\$455,485.51	-\$455,485.51	\$42,844,514.12
Administration: State Administration Funds	\$15,979,527.20	\$844,220.20	-\$844,220.20	\$15,135,307.00
Homeowner 3: South East Texas Homeowner Assistance Program (SETRPCHAP)	\$0.00	\$0.00	+\$1,613,546.34	\$1,613,546.34
Total Funding	\$428,671,849.00	\$1,613,546.34	\$0.00	\$428,671,849.00

*Funds may be transferred between budget lines as needed for program purposes.

Neither of the modifications constitutes a substantial amendment to the Action Plan. The funds will be used to serve the unmet housing needs of Hurricane Rita impacted homeowners of Hardin, Jefferson, and Orange Counties. These three counties sustained the most storm damage and have the most un-served applicants remaining with unmet needs.

The Department remains committed to assisting the recovery of the State of Texas from the effects of Rita I and Rita II. If you or any members of your staff have any questions, please contact Ms. Yolanda Chávez, Deputy Assistant Secretary for Grant Programs, at (202) 708-2111.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Johnston". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Johnston".

Mark Johnston
Deputy Assistant Secretary
for Special Needs Program

State of Texas

Modification No. 1 for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding

**to Assist with the Recovery of Distressed Areas
Related to the Consequences of**

**Hurricanes Katrina, Rita, and Wilma
in the Gulf of Mexico in 2005**



Prepared by: Texas General Land Office
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**Modification No. 1 to the Texas Action Plan for Disaster Recovery to Use
Community Development Block Grant (CDBG) Funding to Assist with the
Recovery of Distressed Areas Related to the Consequences of Hurricane
Katrina, Rita and Wilma in the Gulf of Mexico in 2005**

Executive Summary

This document constitutes the First Modification to the State of Texas Action Plan for Community Development Block Grant (CDBG) Disaster Recovery Grantees under Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Action Plan) dated April 13, 2007. The Action Plan governs the use of \$428,671,849 in CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricanes Rita and Katrina.

This modification outlines the eligible use of \$1,724,723.77 of unutilized funds remaining under Public Law 109-234 (known as Rita Round 2). The unutilized funds remaining from Public Law 109-148 (known as Rita Round 1) shall be used in conjunction with the Homeowner’s Assistance Program (HAP) under Rita Round 2 to assist un-served homeowners.

The unutilized funds shall be used to serve the unmet housing needs of Hurricane Rita impacted un-served homeowners of Hardin, Jefferson, and Orange Counties. These three counties sustained the most storm damage from Hurricane Rita and have the most un-served applicants remaining for housing recovery. Approximately twelve (12) households shall be served using the unutilized funds.

The revisions in Action Plan Modification No. 1 are highlighted. All other information and requirements contained in the Rita Round 2 Action Plan and subsequent amendments and modifications remain in force unless the information or requirements conflicts with current rules and regulations. The following revisions to HAP shall apply the use of unutilized funds from Rita Round 1 and Round 2 to assist un-served homeowners.

Revised GENERAL USE OF FUNDS AND FUNDING ALLOCATION

DRGR Project: Action Plan Title	Current Action Plan Budget (6/6/13)	Allocation Changes*	Revised Allocation
Homeowner 1: Homeowner Assistance Program (HAP)	\$216,959,983.06	-\$193,688.57	\$216,766,294.49
Homeowner 2: Sabine Pass Restoration Program (SPRP)	\$10,964,279.00	-\$120,151.98	10,844,127.02
Rental (TDHCA Activities): Rental Housing Stock Restoration Program	\$82,779,332.97	\$0.00	\$82,779,332.97

DRGR Project: Action Plan Title	Current Action Plan Budget (6/6/13)	Allocation Changes*	Revised Allocation
Public Service and Rental (Harris Co/Houston Activities): City of Houston and Harris County Public Service and Community Development Program	\$58,688,727.14	-\$0.08	\$58,688,727.06
Infrastructure: Restoration of Critical Infrastructure Program	\$43,299,999.63	-\$455,485.51	\$42,844,514.12
Administration: State Administration Funds	\$15,979,527.20	-\$844,220.20	\$15,135,307.00
Homeowner 3: South East Texas Homeowner Assistance Program (SETRPC- HAP)	\$0.00	\$1,613,546.34	\$1,613,546.34
Total Funding	\$428,671,849.00	\$0.00	\$428,671,849.00

*Funds may be transferred between budget lines as needed for program purposes.

Homeowner Assistance Program (HAP)

The Governor has identified destruction done to an individual's home as one of the most persistent and difficult issues to address in the aftermath of Hurricane Rita. To deal with this real need of Texans who have no other place to turn, the largest share of the funding priorities is provided for the HAP. Funding in the amount of approximately \$210 million shall be made available in the form of a grant to homeowners of LMI income whose homes were damaged by Hurricane Rita. Assistance provided in a special flood hazard area (defined as zone "A", "V", "M", and "E" series (44 CFR 64.3) as shown on a current Flood Insurance Rate Map (FIRM), as amended by Letters of Map Amendment (LOMA) or Letters of Map Revision (LOMR)) will be in the form of a deferred forgivable loan. All other assistance will be in the form of a grant. This assistance will be made available for both homeowners who had insurance in an insufficient amount to cover the storm damage as well as those who did not have homeowner's insurance. All grant amounts will be based on damage to the dwelling, plus the funds necessary for the rehabilitation or reconstruction and/or new construction to meet applicable local, state and/or federal building codes, and funds necessary for mitigation efforts to reduce the impact of future storms, but do not include its contents or other personal property.

Part of this funding priority, approximately \$42 million (20 percent of the Homeowner Assistance Program funds) will be targeted specifically for persons with special needs. According to HUD, in addition to the homeless, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. The targeted amount is based on the percentage of elderly households in the 22 counties eligible for this funding. If after 120 days, there are not sufficient applications received for the special needs target, then these funds will be rolled back into the general HAP funding priority.

Eligibility Requirements

- The pool of homeowner applicants from Round 1 and 2 shall be used to determine the un-served homeowners. Un-served homeowners' applications shall be selected based on a first-come first-serve basis in the order of the date the initial applications were completed with priority given to persons with special needs. The homeowner shall have to re-qualify for HAP.

Maximum Benefit

The Maximum Benefit for rehabilitation under the HAP is \$65,000 per household for costs associated with the rehabilitation of a qualified home. This limit is based on the average cost to repair homes with major or severe damage for a subset of FEMA registrants with real property damage who applied to the Small Business Administration for a loan to assist with repairing their property. The rehabilitation of a manufactured housing unit is not an eligible activity. If a feasibility analysis indicates that rehabilitation costs would exceed the \$65,000 applicable limit, replacement reconstruction will be determined to be the preferable method of assistance. The homeowner will be notified and the options available will be explained.

The maximum benefit for the HAP for reconstruction, replacement, and/or new construction of a qualified home, including manufactured housing units, is the following:

	Homeowner Assistance	
	Reconstruction/ New Construction	Rehabilitation
Base Unit	\$135,000	\$65,000
Vacant Land		
Non-Coastal Elevation	\$35,000	\$35,000
Coastal Elevation	\$60,000	\$60,000
Water Well	\$ 30,000	\$30,000
Septic System	\$ 25,000	\$25,000
Accessibility	\$20,000	\$20,000
Abatement	\$20,000	\$20,000
Services		
Totals:	\$290,000 Max	\$220,000 Max