



SERVICE RELEASE ORDER

Vendor Address Vendor Address Number 107204 HARRIS COUNTY TREASURER 1001 PRESTON, STE #652 HOUSTON TX 77002	Information SRO Number/Date 4500379416-0 / 10/11/2022 CoH Vendor Number 107204 Page 1 of 2 Buyer's Name Teresa Moore 461 Buyer's Telephone Number 832.394.6272 Buyer's Fax Number Buyer's E-mail Address Teresa.moore@houstontx.gov
Mail Invoice to COH HOUSING & COMMUNITY DEV FINANCIAL SERVICES SEC, ACCT PAY PO Box 1562 HOUSTON TX 77251-1562	CONFIRM RECEIPT AND ACCEPTANCE OF PURCHASE ORDER TO BUYER'S E-MAIL ADDRESS

Shipping Address	HOUSING & COMMUNITY DEVELOPMENT PROCUREMENT SERVICES 2100 TRAVIS, 9TH FLOOR HOUSTON TX 77002 USA
Terms of payment :	Pay net 30 w/o deduction Currency USD
Shipping Terms	FOB(Free on board) /DESTINATION
Our reference:	2023-0081
Your reference:	2023-0081
The Housing and Community Development (HCD) Department recommends Council approval of an Ordinance authorizing a \$5,000,000.00 CDBG-DR17 award to Harris County, Texas to finance a portion of construction costs for a 50-unit affordable housing community for young adults aging out of foster care. Located at 3131 Gulf Freeway, this proposal includes a mix of efficiency and one bedroom apartments.	

Item	Quantity	UM	Material # / Description	Unit Cost	Extended Cost
10	1.00	AU	99884 REAL ESTATE (INCL. B Hay Center DR-17 Release Order against contract 4600017467 Item 00010 10/11/2022 TAM AMOUNT \$5,000,000.00 The Housing and Community Development Department recommends Council approval of an Ordinance authorizing a \$5,000,000.00 CDBG-DR7 award to Harris County, Texas to finance a portion of construction costs for a 50-unit affordable housing communit for young adults aging out of foster care.	5,000,000.00 / AU	5,000,000.00
Gross Price			USD	1 AU	1.000 5,000,000.00
5,000,000.00			Expected value of unplanned services: 5,000,000.00		
Delivery Date: 04/30/2023					



CITY OF HOUSTON
HCD Purchasing Unit 3200

SRO NUMBER MUST APPEAR ON ALL PAYMENT AND
DELIVERY CORRESPONDENCE

SERVICE RELEASE ORDER

PO number/date 4500379416 -0 / 10/11/2022 Page 2 of 2

Total ****	USD	5,000,000.00
2023-0081 EXECUTED BY MAYOR 2/10/23 CS 2/14/23		

NOTICE -- This is a contract release order against the contract referenced herein. The terms and conditions in the referenced contract are hereby incorporated into this contract release order as if set forth in full text. All work performed pursuant to this contract release order shall be performed in strict accordance with the referenced contract's statement of work/scope of services.

I hereby certify a certificate of the necessity of this expenditure is on file in this department.

I hereby certify that the expenditure for the above goods has been duly authorized and appropriated and that sufficient funds are available to liquidate same.

Mayor

Chief Procurement Officer

Controller

4600017467
2023-0081

CONSTRUCTION CONTRIBUTION AGREEMENT

Dated ____, 2023

By and between

CITY OF HOUSTON, TEXAS,
a home-rule city organized under the laws of the State of Texas

and

HARRIS COUNTY, TEXAS,
a political subdivision of the State of Texas

TABLE OF CONTENTS

	Page
SECTION ONE BACKGROUND	1
SECTION TWO REPRESENTATIONS AND WARRANTIES.....	10
2.1. Ownership and Use of Land	10
2.2. Information Submitted True and Correct	10
2.3. Taxes and Assessments	10
2.4. Financial Capacity	11
2.5. Authorization.....	11
2.6. Liens	11
2.7. Preliminary Project Budget Contents	11
2.8. Expertise	11
2.9. Legal Existence	12
2.10. Insurance Claims	12
2.11. Access.....	12
2.12. Conflict of Interest.....	12
SECTION THREE CONDITIONS PRECEDENT FOR CLOSING THE CITY CONTRIBUTION.....	13
3.1. Execution and Approval of Property Management Agreement	13
3.2. Execution and Approval of Architect's Contract	13
3.3. Approval of Plans, Specifications, and Drawings	14
3.4. Approval of Construction Schedule and Drawdown Schedule	14
3.5. Funding Commitments	14
3.6. Approval of Financing Documents	15
3.7. Priority of City's Restrictive Covenants	15
3.8. Intercreditor Agreement	15
3.9. Final Budgets.....	15
3.10. Construction Contract and Related Matters	17
3.11. Lobbying	19
3.12. Appraisal	19
3.13. Survey.....	19
3.14. Title Commitments; Insured Closing Service Letters	19
3.15. Environmental	20
3.16. Reserved	22
3.17. Reserved	22
3.18. Cost Reasonableness Analysis; Property Condition Assessment.....	22
3.19. Tenant Selection Policy.....	22
3.20. Affirmative Marketing Plan	22
3.21. UCC Search.....	22
3.22. Reserved	22
3.23. Entity Documentation.....	23
3.24. Utility Letters	23
3.25. Contracts.....	23

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
3.26. Execution and Approval of Construction Project Management Agreement.....	23
SECTION FOUR CLOSING.....	24
4.1. Delivery and Execution of Documents	24
4.2. Waiver of Conditions; Additional Conditions.....	27
4.3. Escrow at Title Company	28
4.4. Closing of City's Contribution At Title Company	28
4.5. Closing Deadline	28
4.6. City Expenses	28
SECTION FIVE CITY AND FEDERAL FUNDING LIMITATIONS	29
5.1. Dependency Upon Federal Funding.....	29
5.2. No Liability for Interruption of Funding	29
5.3. Original Allocation.....	29
5.4. Environmental Clearance and Release of Funds.....	30
5.5. City Council Approval Required.....	30
SECTION SIX COVENANTS OF COUNTY	30
6.1. Use of Proceeds; Order of Funding and Disbursement; Reimbursement of Funds	30
6.2. Construction Matters	31
6.3. Reserved	34
6.4. Reserved	34
6.5. Reserved	34
6.6. Inspections; Corrective Action.....	34
6.7. Resiliency Design Requirements.....	35
6.8. Designated Units; Compliance with Affordability Requirements	36
6.9. Annual Reevaluation of Rents.....	38
6.10. Compliance With Property Standards	38
6.11. Tenant Lease Requirements	39
6.12. Reserved	39
6.13. Tenant Selection Policy; Marketing	39
6.14. Use of Project	39
6.15. Maintenance of Records; Financial and Operating Reports; Monitoring	40
6.16. Notice of Claims or Suits	41
6.17. Minority, Women and Small Business Enterprises.....	41
6.18. Transactions with Affiliates	42
6.19. Taxes and Insurance	42
6.20. HUD Section 3 Requirements	42
6.21. Public Relations and Signage	43
6.22. Expertise	43
6.23. Compliance with Applicable Law.....	43
6.24. Replacement Reserve and Operating Reserve.....	45

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
6.25. Compliance with City Insurance Requirements	46
6.26. Reserved	46
6.27. Consulting and Developer's Fees	46
6.28. Distributions Covenant.....	46
6.29. Modification Fees.....	47
SECTION SEVEN RESERVED	47
SECTION EIGHT RESERVED	47
SECTION NINE DISBURSEMENT PROCEDURES	47
9.1. Disbursement Limitations	47
9.2. Retainage	47
9.3. Reallocation of Contribution Proceeds.....	48
9.4. Reallocation of Savings and Contingencies	48
9.5. Drawdown Procedure	48
SECTION TEN DEFAULT AND REMEDIES	49
10.1. Default	49
10.2. Temporary Non-Compliance Not a Default	53
10.3. Reserved	54
10.4. Reserved	54
10.5. City's Remedies	54
10.6. Purchase Option	54
SECTION ELEVEN ALLOCATION OF COST SAVINGS AND RECOVERY OF DAMAGES FROM CONTRACTOR	55
SECTION TWELVE RESERVED.....	56
SECTION THIRTEEN RESERVED	56
SECTION FOURTEEN RELEASE AND HOLD HARMLESS	56
14.1. RELEASE	56
14.2. HOLD HARMLESS AGREEMENT	56
SECTION FIFTEEN NOTICE	57
SECTION SIXTEEN RESERVED	58
SECTION SEVENTEEN RESERVED	58
SECTION EIGHTEEN MISCELLANEOUS.....	58
18.1. Relationship of Parties.....	58

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
18.2. Parties in Interest	58
18.3. Exculpation.....	59
18.4. Non-waiver	59
18.5. Modification	59
18.6. Severability	59
18.7. Choice of Law	59
18.8. Integration	59
18.9. Assignability.....	60
18.10. Survival	60
18.11. Captions.....	60
18.12. Applicable Law	60
18.13. Multiple Counterparts; Effective Date	60
18.14. Approval by the City or the Director.....	60
18.15. Flood Insurance Requirements and Transfer of Property: Flood Insurance	61
18.16. Consents and Approvals.....	61
18.17. Choice of Venue	62
18.18. Mediation of Contractor Disputes	62
18.19. Force Majeure or COVID-19	63
18.20. Anti-Boycott of Israel.....	63
18.21. Zero Tolerance Policy for Human Trafficking and Related Activities	63
SECTION NINETEEN AUTHORITY OF THE DIRECTOR AND MAYOR	63
19.1. Authority of the Director to Extend Time of Performance	63
19.2. Authority of the Director to Execute Certain Amendments.....	64
19.3. Authority of the Mayor to Execute Other Documents	64
19.4. Schedules, Attachments, Appendices and Exhibits.....	65
19.5. Other Amendments; Council Approval Required	65
19.6. Reserved	65

CONSTRUCTION CONTRIBUTION AGREEMENT (CDBG-DR 17 Transaction)

This Construction Contribution Agreement (this “Agreement”) is by and between the **CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas (“City”), and **HARRIS COUNTY**, a political subdivision of the State of Texas (“County”), collectively referred to herein as the “Parties”.

Unless the context otherwise requires, the initial capitalized words shall have the meanings ascribed to them in Schedule A attached to this Agreement if they are not otherwise defined in the main body of this Agreement.

County and City hereby agree as follows:

SECTION ONE **BACKGROUND**

- A. City and County have agreed that County shall construct a 50 unit supportive affordable housing development. The unit design includes a mix of studio and one bedroom units that will be affordable to tenants at 30%, 50%, and 80% of area median income (“AMI”) (such development called the “Hay Center”) on certain real property owned by Harris County, as such real property is more particularly described in ***Exhibit “A”***, attached hereto, and that is located at 3131 Gulf Freeway, Houston, Texas (“Property”).
- B. This Agreement outlines the details, terms, and conditions of City’s contribution to County in the total amount of \$5,000,000.00 (“City Contribution” or the “City’s Contribution”).
- C. The City Contribution will provide for the acquisition and/or construction of replacement affordable housing that was damaged or destroyed by Hurricane Harvey, and will serve a Low and Moderate Income Benefit (“LMI”) by providing or improving residential structures to be occupied by households qualifying as LMI (“LMI Persons” or “City’s LMI Persons”).

A. Funding for the City Contribution is being provided to the City pursuant to 2017 Community Development Block Grant (“CDBG”) Disaster Recovery program funds (“CDBG-DR17 Program”) awarded by the United States Department of Housing and Urban Development (“HUD”) through the Texas General Land Office (“GLO”) under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56) and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-23), and the requirements published by HUD under 83 Fed. Reg. 5844 and 83 Fed. Reg. 40314, and is subject to the terms and conditions of that certain Contract Numbered 21-134-000-C788 (“2021 Subrecipient Agreement”), as may be amended from time to time (“GLO Contract”) between GLO and the City. Pursuant to the GLO Contract, the provisions of that certain City of Houston Local Action Plan – Hurricane Harvey Housing Recovery passed and approved by City Council of the City of Houston (“City Council”) by Ordinance No. 2018-518 on June 27, 2018, as amended by that certain State of Texas Plan for Disaster Recovery: Hurricane Harvey Round 1, as amended from time to time (as so amended, the “Action Plan”), Federal regulations, as published in 24 C.F.R. Part 570 (“CDBG Regulations”), the State of Texas CDBG Housing Rules, as published in 10 TAC Chapter 60; the City’s Harvey Multifamily Program Guidelines, as amended from time to time, and other related administrative rules and regulations issued by the Federal Government or State of Texas that are applicable to rental activities funded under the CDBG-DR17 Program (“Other Requirements”) are hereby included or incorporated in this Agreement and sub-agreements, as applicable. Furthermore, County has been notified that the information related to the development, its operations and its residents are covered under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code.

B. The term of this Agreement shall commence on the Closing Date and shall end on the last day of the Affordability Period (the "Maturity Date"). The City Contribution shall not be repayable except as described in this Agreement.

C. No repayment of the City Contribution shall be required except (and subject to the next sentence) (i) upon the sale of Project during the Proceeds Sharing Period by County in which event the City shall receive 50% of the Proceeds of Sale until the City Contribution has been repaid; (ii) upon a refinancing of the Project during the Proceeds Sharing Period, in which event the City shall receive 50% of the Proceeds of Financing from each refinancing until the City Contribution has been repaid; or (iii) in the event of County's Default of its obligations or representations and warranties under (a) this Agreement or (b) the City's Restrictive Covenants, provided, however, the Director, in his or her sole discretion, may waive in full or in part any requirement of this sentence. Upon the Maturity Date, if no Default has occurred which remains uncured, all amount of the City's Contribution shall be deemed paid, subject to the obligation to pay the City certain Proceeds of Sale and Proceeds of Financing, as described herein. The purchase option for the benefit of the City, as described in Section 10.6 of this Agreement, and as dated of even date herewith ("Purchase Option") shall remain in place during the Proceeds Sharing Period and continue to secure the County's obligation with respect to the Proceeds of Sale and the Proceeds of Financing. In the event the Director elects to declare that all sums under the City Contribution are immediately due and payable upon the declaration by the Director of a Default under (a) this Agreement or (b) the City's Restrictive Covenants, the balance of the City Contribution shall become immediately due and payable at the Director's option. If upon receipt of notice from the City of the Director's election to accelerate the repayment of the City Contribution, Grantor repays all sums paid to date under this Agreement within ten (10) days, this

Agreement shall terminate with no further obligation of City to contribute, and the City will not exercise its option.

D. County's obligations to the City under this Agreement, including, but not limited to repayment of the City's Contribution will be secured by, among other things, the Purchase Option on the Project.

E. County shall use the proceeds of the City Contribution for the payment of the costs to construct or replace rental housing to be known as the Hay Center located in Houston, Harris County, Texas. The Land on which the Project is located is described in Exhibit A attached to this Agreement. The purpose of the Project is to house the City's AMI Persons in compliance with the affordability agreements set forth in this Agreement and in the Restrictive Covenants.

F. Reserved.

G. Reserved.

H. The City is obligated to comply with certain requirements with respect to reporting to GLO about the use of the Contribution Proceeds and the operations and maintenance of the Project, among other matters, and this Agreement contains provisions for the County to submit information to the Director on various aspects of the Project. County shall submit this information to the Director on the forms from time to time provided and required by the Director to be used by the County ("Monitoring Forms"), the initial form of which is attached as **APPENDIX 5** hereto.

I. The City Contribution is issued subject to the conditions and terms of this Agreement.

J. County shall comply and shall cause its contractors to comply with the City's Minority, Women and Small Business Enterprise ("MWSBE") programs as set out in Chapter 15, Article V of the City's Code of Ordinances. County shall make good faith efforts as described by

the City's Office of Business Opportunity ("OBO") policy attached hereto as **APPENDIX 9**, to award subcontracts or supply agreements in at least 34% of the Contribution Amount to MWSBEs. County acknowledges that it has reviewed the requirements for good faith efforts on file with the OBO and shall comply with them.

County shall ensure and shall cause its contractors to ensure that all subcontracts with MWSBE subcontractors and suppliers contain the following terms:

1. "[MWSBE subcontractor] shall not delegate or subcontract more than 50% of the work under this Subcontract to any other subcontractor or supplier without the express written consent of the City of Houston's OBO Director.

2. [MWSBE subcontractor] shall permit representatives of the City of Houston (including without limitation the Director and City Controller), at all reasonable times, to perform (a) inspections of all places where work has been undertaken in connection with this Subcontract, and (b) audits of the books and records of [MWSBE subcontractor]. [MWSBE subcontractor] shall keep such books and records available for such purpose for at least four (4) years after the completion of its performance under this Subcontract. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.

3. Within five (5) business days of execution of this Subcontract, the prime contractor and [MWSBE Subcontractor] shall designate in writing to the Director an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the City's Code of Ordinances, together with the mailing address and telephone number of such agent.

4. Any controversy between the parties involving the construction or application of any terms, covenants, or conditions of this Subcontract may be submitted to the

OBO Director. The OBO Director may prescribe procedures to provide dispute resolution by neutrals, in accordance with the requirements of Chapter 15 of the City's Code of Ordinances.

K. County hereby agrees to comply with the following and any other subsequent GLO requirements for the Project:

1. Install site perimeter fencing along with secure public entries and security cameras where feasible from a budgetary and design perspective

2. Comply with mitigation actions required by the Part 58 environmental review, including any mitigation arising from findings of the Phase I Environmental Site Assessment (ESA) or the HUD Noise Study.

3. Confirm the data used in county's Affirmative Fair Housing Marketing Plan (AFHMP). Preliminary review of demographic data indicates persons identifying as American Indian/Alaska Native, Hispanic/Latino/Latina, and families with children under 18 should be targeted for outreach. Persons with disabilities are presumed to benefit from enhanced outreach regardless of the demographic data and should also be targeted.

L. County agrees to abide by the conflict of interest provisions at 24 C.F.R. § 570.611, 2 C.F.R. § 200.317 and 2 C.F.R. § 200.318 and furnish conflict of interest disclosure forms if so required by the Director.

M. If the Contribution Proceeds do not cover all of the costs of the Project, County shall have obtained at the time of Closing a firm commitment for the funding of the remaining acquisition costs (if applicable) and the construction costs to repair, renovate, construct and/or reconstruct the Project (collectively, the "Other Financings"), all of which combined with the Contribution Proceeds, total at least the amount required by the Approved Final Project Budget ("Final Project Budget") in form and content approved by the Director and attached hereto as

Exhibit C-1. In any case, County shall be responsible for funding or obtaining funding for any costs or expenses of the Work, other Project cost under the Final Project Budget or otherwise payable under this Agreement to the extent not covered by the Contribution Proceeds.

N. It is the policy of the City to ensure that construction work it finances protects workers on those projects by making sure they are safe, are compensated in accordance with Applicable Law, and have access to pathways for sustainable careers in the construction industry. All contractors who work on the Project are required to implement the workforce protection measures at **APPENDIX 15**.

O. The replacement reserve ("Replacement Reserve") shall be no less than \$300.00 per unit annually, increasing by 3% annually, or, to the extent not so required, pursuant to Section 6.24 of this Agreement.

P. Any property management fee, asset management fee or other similar fee ("Property Management Fee") is limited to no more than five percent (5.0%) in the aggregate of the Project's gross annual income.

Q. County has submitted to the Director a signed Certificate regarding lobbying ("Lobbying Certificate") in the form set forth in the Appendices to this Agreement (or in the form in effect at the time the Lobbying Certificate was submitted to the Director).

R. In addition to the provisions of the main text of this Agreement, this Agreement consists of "Schedules", "Appendices", "Exhibits" and "Attachments", as follows

1. Schedule ("Schedule") setting forth definitions.
2. Appendices ("Appendices"), setting forth the specifics of requirements described in this Agreement or other City standard forms, policies and requirements, which

specifics and forms may be modified by the City from time to time or which may change as a result of change in or to Applicable Law, relating to:

- (a) the City's MWSBE programs to which the County's contractors and subcontractors are subject;
- (b) insurance to be maintained by the County and also to be contained in the Approved Construction Contract and other Construction and Supply Contracts
- (c) Release and Indemnity provisions to be contained in the Approved Construction Contract and other Construction and Supply Contracts;
- (d) Construction Contract Requirements including bidding requirements (if applicable);
- (e) the Monitoring Forms to be used by County ;
- (f) Applicable Law;
- (g) the Lobbying Certificate;
- (h) the Debarment Form;
- (i) the Survey Requirements;
- (j) Property Condition Assessment requirements, if applicable;
- (k) Multifamily Relocation Requirements, including related forms;
- (l) Appraisal Requirements including sample Agreement for Appraisal Services;
- (m) GLO Lien Waiver;
- (n) Minimum Property Standards; and
- (o) City of Houston Workforce Protection Requirements.

3. Exhibits ("Exhibits"), setting forth:

- (a) the metes and bounds or legal description of the Land;
- (b) commitments evidencing "Other Financings", if any; and
- (c) the Preliminary Project Budget.
- (d) Scope of Work; and
- (e) Construction Schedule.

4. Attachments ("Attachments"), as per the list of Attachments on the Attachments title page, describing and setting forth the information and the various specific documents and contents of specific documents particular to the City's Contribution to be provided by or on behalf of the County as conditions precedent to the Closing of the City's Contribution or to be executed by County and the City at the Closing of the City's Contribution.

5. Notwithstanding the above, notice of any changes to any of the above documents or policies which become effective after Closing will be provided to County, and if County reasonably objects to same, the change will not be effective regarding the Project except in the case of changes required by HUD and/or GLO or changes in law that are retroactive.

S. The City Contribution is a community development activity undertaken by the City and authorized under Chapter 373 or Chapter 374 of the Texas Local Government Code.

T. The recitals and statements contained in this Section One shall be incorporated into this Agreement, and County confirms, agrees and acknowledges that the information contained in this Section One is true and correct in all material respects and, to the extent that any of the subsections contained in this Section One contain covenants or agreements of County, County hereby covenants and agrees to comply with the terms therewith. County further agrees to comply with all laws and other requirements contained in the Appendices.

SECTION TWO
REPRESENTATIONS AND WARRANTIES

County hereby represents and warrants, and such representations and warranties shall be deemed to be continuing representations and warranties during the entire Term of this Agreement, and so long as the City shall have any commitment or obligation to make any disbursements of the Contribution Proceeds hereunder, and so long as all of or any part of the City's Contribution remains outstanding under any Contribution Document (but only to the extent the City Contribution has not been deemed repaid pursuant to the terms of this Agreement), as follows:

2.1. Ownership and Use of Land. County holds or will hold either at the time of Closing or as a result thereof fee simple title in and to the Land located in Houston, Harris County, Texas, having an address of 3131 Gulf Freeway, Houston, Harris County, Texas, and more particularly described on EXHIBIT "A", subject however, to the Permitted Encumbrances at EXHIBIT "F". County shall promptly disclose to the Director if County has acquired the Land from any officer, director, employee, partner, company or individual of, related to or affiliated with County.

2.2. Information Submitted True and Correct. The information contained in or submitted in connection with County's application to the City for the City Contribution, as amended by further information provided and disclosed to the City, is true and correct.

2.3. Taxes and Assessments. There are no delinquent taxes, assessments, or other impositions on the Land or Project, or if there are any delinquent taxes, assessments, or other impositions on the Land or Project, same will be paid prior to or simultaneously with Closing of the City Contribution. The Land or Project has not been subject to any special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes in the five (5) years preceding the Effective Date of this Agreement, unless County has an effective agreement providing that another party is liable for all liability, accruing prior to County's acquisition of the Land or Project,

for ad valorem taxes owing as a result of an change or revocation of such special (reduced) real estate appraisal, or abatement, exemption or deferral of ad valorem taxes.

2.4. Financial Capacity. The financial representations made to the City by County concerning County's financial condition are true and correct and, upon the Closing of the City's Contribution, County has the financial capacity to carry out its obligations hereunder. If any material negative change in County's financial condition occurs, County shall report such change to the City within five (5) business days.

2.5. Authorization. All action on the part of County necessary to authorize the transactions contemplated by this Agreement have been taken, and upon execution of this Agreement, this Agreement shall constitute the binding and enforceable obligation of County.

2.6. Liens. As of the Closing Date, there are no existing or threatened liens against the Project, and the County does not know of any reason such liens may be filed or threatened against the Project. As of the Closing Date, all payables and liabilities to parties providing goods or services to County have been paid and no payables or liabilities exist that are more than thirty (30) days outstanding.

2.7. Preliminary Project Budget Contents. The Preliminary Project Budget specifies (a) a listing of all costs necessary to (i) acquire the Land (if applicable); (ii) complete the Project; and (iii) cover the leasing of all units, and (b) the sources of funding which will be used to complete the Work which will be enumerated on AIA documents if required by the City and shall indicate those items to be funded with County's equity.

2.8. Expertise. County has engaged or will engage prior to Closing competent persons and firms for the purpose of constructing, leasing and managing the Project.

2.9. Legal Existence. County is a political subdivision of the State of Texas, duly created and validly existing and in good standing under the laws of the State of Texas.

2.10. Insurance Claims. County has provided the Director with true and correct copies of all insurance claims made or which County plans to make (together with all supporting documentation) with respect to any damage to the Project within the last six (6) years including, without limitation, damage to the Project resulting from Hurricane Harvey. None of the Contribution Proceeds will be used to pay for damages covered by any insurance claim or any insurance policy including delayed or future payments anticipated under insurance policies. No portion of the Contribution Proceeds shall be utilized to satisfy any deductible under such insurance policies.

2.11. Access. Access by vehicles to the Land for the full utilization of the improvements for their intended purposes either (a) exists over paved roadways that have been completed, dedicated to the public use and accepted by the appropriate Governmental Authority, or (b) the necessary rights of way for such roadways have been acquired by the appropriate Governmental Authority and all necessary steps have been taken by County, and such Governmental Authority to assure the complete construction and installation of such roadways.

2.12. Conflict of Interest. County does not have a conflict of interest as prohibited by 24 C.F.R. § 570.611, 2 C.F.R. § 200.317 and 2 C.F.R. § 200.318. If required by the Director, County shall furnish to the Director a conflict of interest disclosure form (in effect at the time the form is required to be submitted to the Director), on or before the execution of this Agreement.

SECTION THREE
CONDITIONS PRECEDENT FOR CLOSING THE CITY CONTRIBUTION

All of the conditions listed in this Section must be satisfied by the date of Closing of the City's Contribution and the satisfaction of each of such conditions shall be a condition precedent to Closing of the City Contribution:

3.1. Execution and Approval of Property Management Agreement. The County and the Property Manager shall have executed the Property Management Agreement which shall have been approved by the Director. The Property Management Agreement will be collaterally assigned to the City as additional security for the repayment and performance of the City Contribution pursuant to an "Assignment of Property Management Agreement" instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney. The Property Management Agreement may be amended from time to time with the Director's consent, and shall provide that the Property Manager may be terminated by County if required by the Director. Notwithstanding the foregoing, the Director may only require the termination of the Property Manager for cause associated with failure to comply with this Agreement or HUD and/or GLO requirements.

3.2. Execution and Approval of Architect's Contract. The County and the Architect (if any) shall have executed the Architect's Contract which shall have been approved by the Director; the Architect's Contract will be collaterally assigned to the City as additional security for the repayment and performance of the City Contribution pursuant to an "Assignment of Architect's Contract, Plans and Specifications, and Consent" instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney ("Assignment of Architect's Contract, Plans and Specifications, and Consent").

3.3. Approval of Plans, Specifications, and Drawings. The Director shall have approved the scope of the Work, any site plans, floor plans, any Environmental Mitigation plans, wall sections, architectural, structural, civil, HVAC, mechanical, electrical, plumbing, and landscaping plans, and any other applicable drawings (collectively, the “Approved Plans, Specifications, and Drawings”) required for the construction of the Project according to the Approved Construction Contract, which Approved Plans, Specifications, and Drawings will also be collaterally assigned to the City as additional security for the repayment and performance of the City Contribution pursuant to the Assignment of Architect’s Contract, Plans, Specifications, and Consent. The County shall pay the City \$5,000.00 for review of the Approved Plans, Specifications and Drawings and cost review.

3.4. Approval of Construction Schedule and Drawdown Schedule. The Director shall have approved the construction schedule and drawdown schedule for the Project (collectively referred to as the “Approved Construction Schedule”).

3.5. Funding Commitments. The sum of the City Contribution, commitments for the Other Financings (if any), deferred developer fee, Net Operating Income, and any equity contributions for the Project shall be in at least the amount required to acquire the Land (if applicable), complete construction of the Project and allow operation of the Project in accordance with the Approved Final Operating Budget and the Approved Final Project Budget, according to the Approved Final Plans, Specifications and Drawings and the Approved Construction Contract. County shall disclose any changes in the commitments for Other Financings and/or any changes in any equity contributions to the Project to the City as soon as practical, but in any event no later than five (5) business days after knowledge of such changes. The City’s funding shall be subject

to funding of all Other Financing in the order specified in the Approved Construction Schedule or in the Intercreditor Agreement.

3.6. Approval of Financing Documents. The Director shall have approved the documents evidencing the Other Financings.

3.7. Priority of City's Restrictive Covenants. The City's Restrictive Covenants, once recorded in the Official Public Records of Real Property of Harris County, Texas shall have priority over any and all liens proposed to evidence or secure any Other Financings (including without limitation, any refinancings or refundings thereof subsequent to the Closing Date). Such priority shall be evidenced and filed for record in the Official Public Records of Real Property, Harris County, Texas, on the Closing Date.

3.8. Intercreditor Agreement. The lenders under any Other Financings (if any) and the County and the City shall have executed an intercreditor, subordination and funding agreement (the "Intercreditor Agreement") in the form set forth in the Attachments, or in a form otherwise approved by the City Attorney, and any lenders, as applicable, which agreement shall provide for reasonable notice of default of County to be provided to the City with a reasonable cure period unless the requirements are waived by the Director and the City Attorney, in their sole discretion.

3.9. Final Budgets.

3.9.1. Approved Final Operating Budget. The Director shall have approved a detailed operating budget ("Approved Final Operating Budget") for the Project. The Approved Final Operating Budget shall include a cash flow projection of all Project related income, expenses, debt service on all debt encumbering the Project, reserves for replacements of capital items, and any other costs associated with the operation of the Project for the period commencing with the initial leasing of the units within the Project and on an annual basis thereafter through the entire

Affordability Period in a form as the Director may require. A proforma projection (and rent roll for existing, operational properties) specifying the unit type (e.g., 1 bedroom/1 bath, 2 bedroom/2 bath), the square footage of the units, and projected monthly rental rate shall also be provided to the Director prior to Closing.

3.9.2. Approved Final Project Budget and Approved Final Construction Budget.

The Director shall have approved a detailed budget (“Approved Final Project Budget”) for the Project which shall not vary from the Preliminary Project Budget unless such variance is approved in writing by the Director. The Approved Final Project Budget shall include the acquisition costs (if applicable), the architectural and design costs, the approved final Construction Budget which shall include all costs to construct the Work and any other construction costs for the Project (“Approved Final Construction Budget”) and all other costs necessary to complete the Project per the Approved Plans, Specifications, and Drawings and Approved Construction Contract. The Approved Final Project Budget and the Approved Final Construction Budget shall be in such forms as the Director may require, and shall be in sufficient detail to permit the City to effectively and adequately monitor the use of the Contribution Proceeds for the payment of costs pursuant to the Approved Construction Schedule to ensure that Contribution Proceeds are expended only for costs eligible under applicable GLO, CDBG and other applicable federal regulations. A hard cost contingency of 5% and a soft cost contingency of 5% of soft costs are required in the Approved Final Construction Budget, and the City reserves the right to require additional contingencies. Subsequent to the Closing, any changes to the Approved Final Project Budget or the Approved Final Construction Budget must be approved in writing by the Director, such approval not to be unreasonably withheld. If required by the City, the County, at the County’s expense, shall engage appropriate third party inspectors acceptable to the Director, in his or her sole discretion, or

alternatively, the City, may utilize its own internal or external inspectors (collectively, “Approved Inspectors”) to verify the budgets submitted to the Director for approval under this Section, to report to the Director on the adequacy and reasonableness of the amounts set forth in such budgets to complete the Project and the Work according to the Plans, Specifications and Drawings and to verify that all draws under the Approved Final Construction Budget conform with such budget, that all labor and material for which disbursement is requested have gone into the Project in accordance with the Plans, Specifications and Drawings and that the remaining undisbursed portion of the City Contribution and Other Financings (if any) are adequate to complete the Work and the Project. The County’s agreement with any Approved Inspectors engaged by County shall provide that the City is entitled to rely on the Approved Inspector’s Reports and that the reports shall be addressed to the City. The City may charge and County shall pay \$1,000.00 a month for construction inspections or review throughout the construction period.

3.10. Construction Contract and Related Matters.

3.10.1. Approved Construction Contract. County and Contractor (and Contractor and its prime subcontractor, if any) shall have executed the Construction Contract approved by the Director (“Approved Construction Contract”), which Approved Construction Contract will be collaterally assigned to the City as additional security for the City Contribution pursuant to an “Assignment of Construction Contract” instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney (“Assignment of Construction Contract”). The Approved Construction Contract shall be a fixed price/stipulated sum or guaranteed maximum price contract which shall be consistent with the Approved Final Construction Budget. Fees, overhead and general conditions of the Contractor shall be indicated as a fixed dollar amount which

shall be determined in a manner that does not exceed amounts that are commercially customary and reasonable for similar affordable multifamily development projects.

3.10.2. Bonds. County or Contractor shall furnish (a) a performance bond, with dual obligee rider naming the City as an additional beneficiary, for the full amount of the construction or rehabilitation price ("Performance Bond"); (b) a maintenance bond to secure the Defects Warranty ("Maintenance Bond"); and (c) a statutory payment bond ("Payment Bond"). The surety upon any required bond must be on the current list, published by the United States Treasury Department, of acceptable sureties for federal bonds and must have an AM best rating of "A" or better. The form of the Performance Bond, Maintenance Bond, and Payment Bond shall be as set forth in the Attachments or in other forms approved by the City Attorney. The Performance Bond, Maintenance Bonds and Payment Bond must be approved by the City attorney in its sole discretion.

3.10.3. "Defects Warranty". County will cause Contractor to expressly and unconditionally agree to warrant and guarantee ("Defects Warranty") for a period of one (1) year any and all work performed or materials supplied to be free of defects, omissions, unsoundness or flaws, by executing the Maintenance Bond in the form set forth in the Attachments or in other form approved by the Director. The one (1) year period shall commence on the date of issuance of the Certificate of Completion. The Defects Warranty shall include any condition which may impair or tend to impair the safe and normal use, functioning or enjoyment of the Project and which results in any manner from any and all labor and/or materials used or supplied under the Approved Construction Contract whether or not the materials or equipment are guaranteed by the manufacturer or supplier. The Defects Warranty shall not be construed to limit or in any way modify any warranties or guarantees placed upon any materials, appliances, fixtures or devices by

their manufacturers, or any components for which a longer period of warranty is required in the Approved Construction Contract. The Maintenance Bond shall provide that the County, or Contractor for the benefit of County, shall obtain all manufacturers' and suppliers' written guarantees, warranties and operating instructions covering materials and equipment furnished under the Approved Construction Contract together with any documentation required for validation of such guarantees and warranties.

3.11. Lobbying. On or before the Closing of the City's Contribution, County and Contractor shall each submit to the Director a signed Certificate Regarding Lobbying in the form set forth in the Attachments (or in the form in effect at the time the Certificate is required to be submitted to the Director).

3.12. Appraisal. The City is in receipt of and has accepted the appraisal of the value of the County's fee interest in the Project.

3.13. Survey. The Director shall have approved a current survey ("Survey") of the Land complying with the "Survey Requirements" ("Survey Requirements") in the Appendices and showing, among other things detailed in the Survey Requirements, that none of the improvements located within the Project are within an identified (shaded) special flood hazard area (including without limitation, the 100-year flood hazard area). The Director may waive any of the Survey Requirements in the Appendices in the Director's sole discretion.

3.14. Title Commitments; Insured Closing Service Letters.

3.14.1. City's Owner's Title Policy. Except as waived by the Director in writing in accordance with Section 4.2 herein, the Title Company shall issue at County's expense, in substance approved by the City Attorney, a Commitment to issue to the City an Owner's Policy of Title Insurance ("City's Owner's Title Policy") naming the City as Insured, which will provide in

Schedule A of the City's Owner's Title Policy that the estate or interest that is to be insured under the Owner's Policy is "the Restrictive Covenants dated _____, 20__ and recorded under County Clerk's File No. # _____" with the only Schedule B Exceptions of the City's Owner's Title Policy, which will be allowed to be shown in the City's Owner's Title Policy being those which are acceptable to the Director, in his or her sole discretion.

3.14.2. City's Contribution Title Policy. The Title Company shall issue at County's expense, in substance approved by the Director, a Commitment to issue to the City a Policy of Title Insurance ("City's Contribution Title Policy") in the amount of the City's Contribution naming the City as Insured and insuring the City's Contribution, subject only to:

- (1) the City's Restrictive Covenants;
- (2) the Purchase Option; and
- (3) Schedule B Exceptions approved by the Director, in his or her sole discretion.

3.14.3. Deletion of the Arbitration Provisions. The arbitration provisions of the City's Contribution Title Policy and the City's Owner's Title Policy (if applicable) shall be endorsed as deleted.

3.14.4. Insured Closing Service Letter. The Title Insurer (as defined in Section 4.4) shall have issued the City an "insured closing service letter" relating to the closing of the City's Contribution and such insured closing service letter shall be in effect as of the time of the closing of the City's Contribution.

3.15. Environmental.

3.15.1. Director's Approval. The Director shall have approved a "Phase I" (or "Phase II", if the Director has required) environmental site assessment (and any updates thereto)

(the “Environmental Site Assessment”) and the Environmental Review (as defined herein). The Environmental Site Assessment shall be performed by a qualified environmental services firm, furnished to the Director by the County, at the County’s expense, in compliance with and prepared in accordance with standards adopted and promulgated by the American Society of Testing and Materials (ASTM), accompanied by a reliance letter submitted by the issuer of such Environmental Site Assessment for the benefit of the City. The required Environmental Site Assessment must show, among other things that the Project is not in a “Coastal Barrier Resource System unit,” as such term is defined in the Coastal Barrier Resources Act (CBRA) of 1982, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. § 3501), as amended, or in a runway clear zone, any lead-based paint and asbestos containing materials within the Project and if applicable, identify any “Special Flood Hazard Area”, as such term is defined and designated by the Federal Emergency Management Agency (“FEMA”). The Environmental Assessment must be dated within six (6) months of Closing or if this timeframe is exceeded, an assessment which is less than twelve (12) months old may be updated by the original issuer if the update report is issued within six (6) months prior to Closing and an update is acceptable to the City’s in-house environmental risk manager.

3.15.2. Environmental Covenant. County shall have executed and delivered an “Environmental Covenant” in favor of the City (the “Environmental Covenant”) in the form set forth in the Attachments or on another form approved by the City Attorney.

3.15.3. Flood Plains. The Project may not be located in a Special Flood Hazard Area (including, without limitation, the 100 year flood hazard area) unless such location is approved by HUD, which approval may be obtained through and included in the written “release of funds” authorization from HUD, as further described in Section Five, Paragraph 5.4.

3.16. Reserved.

3.17. Reserved.

3.18. Cost Reasonableness Analysis; Property Condition Assessment. County shall have provided the Director with a Cost Reasonableness Analysis, and if rehabilitation or reconstruction of the Project is contemplated, a Property Condition Assessment, which shall both (if applicable) be in form and content acceptable to the Director, prepared by an architect or engineer acceptable to the Director at County's expense, in compliance with and prepared in accordance with standards set forth in **APPENDIX 10** and those other standards which may be required by the Director.

3.19. Tenant Selection Policy. With respect to the Designated Units, County shall adopt written tenant selection policies and criteria reasonably acceptable to the Director ("Tenant Selection Policy"). County's written tenant selection policy must be submitted and approved by the Director prior to Closing.

3.20. Affirmative Marketing Plan. The City will use affirmative marketing efforts, which will include development of an "Affirmative Marketing and Outreach Plan" based on HUD regulations to ensure the Project is affirmatively marketed to the public at large. The Affirmative Marketing and Outreach Plan shall ensure that outreach and communication efforts reach eligible AMI Persons from all racial, ethnic, national origin, religious, familial status, disability, and gender groups.

3.21. UCC Search. County shall provide the City with a UCC search dated no sooner than thirty (30) days prior to Closing indicating that the Project is free and clear from any security interests and other liens (or will be at Closing).

3.22. Reserved.

3.23. Entity Documentation. To the extent County uses a separate entity to develop, own, and/or operate the Project, County shall provide City with copies of (i) the single purpose entity's executed formation documents, together with all notes, guarantees and other instruments and agreements issued pursuant thereto; (ii) all corporate and company documents for County, County's general partner or managing member, as applicable; and (iii) evidence of County's general partner or managing member's due formation, organization, good standing, existence and authorization to enter into this Agreement and the related Contribution Documents (collectively, the "Entity Documentation").

3.24. Utility Letters. County shall provide the City with utility letters ("Utility Letters") from the appropriate utility providers evidencing that the Project has access to public water, sanitary and storm sewer, electricity, gas and other required utilities in quantities sufficient for the successful operation of the Project and which utilities shall enter the Project through adjoining streets or in accordance with recorded easements across private lands.

3.25. Contracts. County shall provide the City with all operating agreements, franchise agreements, or other contractual arrangements affecting the operation of the Project which the City, at its discretion, may require be collaterally assigned to the City together with an acknowledgement of the assignment by the counterparties thereto.

3.26. Execution and Approval of Construction Project Management Agreement. If the Director requires the County to retain the services of a Construction Project Manager, the County and the Construction Project Manager shall have executed the Construction Project Management Agreement which shall have been approved by the Director; the Construction Project Management Agreement will be collaterally assigned to the City as additional security for the repayment and performance of the City Contribution pursuant to an "Assignment of Construction Project

Manager's Agreement" instrument in the form set forth in the Attachments or in a form otherwise approved by the City Attorney ("Assignment of Construction Project Management Agreement").

SECTION FOUR **CLOSING**

In addition to all of the conditions listed in Section Three being satisfied as conditions precedent to closing of the City Contribution, the City shall not be obligated to close the City Contribution unless the following requirements are satisfied or waived in writing by the City:

4.1. Delivery and Execution of Documents. County must concurrently with closing of the City's Contribution execute, or cause to be executed as applicable, and deliver to the City, together with any other documents, certificates, affidavits, policies and other deliverables required hereunder or under any of the Appendices hereto or otherwise reasonably required by the City including, but not limited to, the following:

1. the Purchase Option;
2. Reserved;
3. Reserved;
4. Reserved;
5. the City's Restrictive Covenants;
6. Reserved;
7. the Assignment of Construction Contract;
8. the Assignment of Architect's Contract, Plans and Specifications, and Consent;
9. the Assignment of Construction Project Management Agreement if required;
10. the Assignment of Property Management Agreement
11. this Agreement;
12. Reserved;

13. the Environmental Covenant;
14. Reserved;
15. the Intercreditor Agreement;
16. Reserved;
17. the Certification regarding Lobbying;
18. the Affidavit of Use of Funds on the form required by the Director stating that the Contribution Proceeds will be used by County only for the purposes set forth in the Construction Contribution Agreement;
19. the Affidavit of No Commissions on the form required by the Director stating that as of Closing no commissions, fees or other payments of any kind have been made to County, any general or limited partner of County, or employee of County, or any company or individual related to or affiliated with County, except as described in the Affidavit of No Commissions or as may be shown in the Approved Final Project Budget;
20. the Certification Regarding Debarment, Suspension and Other Responsibility Matters;
21. a copy of the fully executed Approved Construction Contract;
22. a copy of the fully executed Architect's Contract;
23. a copy of the fully executed Property Management Agreement;
24. a copy of the fully executed documents evidencing, guaranteeing, securing or otherwise pertaining to any of the Other Financings;
25. Reserved;
26. a copy of the fully executed Construction Project Management Agreement (if any);
27. a copy of the Approved Plans, Specifications and Drawings for the Project;
28. a copy of the Approved Construction Schedule;
29. a copy of the Approved Final Operating Budget including a rent roll or proforma projection;
30. a copy of the Approved Final Project Budget (including the Approved Final Construction Budget)
31. an Appraisal of the Project meeting the Appraisal Requirements;

32. a Survey of the Land meeting the Survey Requirements;
33. certificates or policies of the County's insurance required by this Agreement, including flood insurance when required pursuant to all applicable federal, state, and local laws, rules, regulations and ordinances including, without limitation the National Flood Insurance Act of 1968, as amended, the Flood Disaster Protection Act of 1973, as amended, and the National Flood Insurance Reform Act of 1994, as amended, Chapter 19 (Floodplain) of the City of Houston, Texas, Code of Ordinances or as otherwise required by HUD, City ordinance or the Director;
34. the (i) Payment, (ii) Performance, and (iii) Maintenance Bonds;
35. the City's Contribution Title Policy, a Proforma City's Contribution Title Policy, or a Commitment to issue the same, dated as of the Closing Date, in conformity with the requirements of this Agreement and the Insured Closing Letter together with UCC Search;
36. the City's Owner's Title Policy, a Proforma Owner's Title Policy, or a Commitment to issue the same, dated as of the Closing Date, in conformity with the requirements of this Agreement and the Insured Closing Letter;
37. evidence that all premiums in respect of such Title Insurance Policies have been paid;
38. Proof of compliance with Multifamily Relocation requirements, if applicable;
39. Cost Reasonableness Analysis;
40. Property Condition Assessment (if applicable);
41. Resolutions of County authorizing the City Contribution or other evidence satisfactory to the Director that County has authority to enter into the transactions contemplated by this Agreement in a form acceptable to the City Attorney ("County's Resolutions");
42. Reserved;
43. Reserved;
44. legal opinion(s) of counsel for County addressing, without limitation the authority of the parties signing this agreement and the closing documents on behalf of the County and as to the enforceability of such documents in a form acceptable to the City Attorney ("County's Counsel's Opinion");
45. the County's Affirmative Fair Housing Marketing Plan;

46. the Tenant Selection Policy;
47. the Entity Documentation;
48. Utility Letters;
49. all other financing and recordable documents required by other lenders and the City's Housing and Community Development Department, as applicable; and
50. such other information and documentation which may be required by the Director to evidence County's satisfaction of the conditions required by the City to close the City Contribution.

Items 1-20, 25, 34-36, 44 and 46-49 listed above must be in form and substance acceptable to the Director and the City Attorney, in their sole discretion. Items 21-23, 26-33, 37-41 and 45-48 must be in form and substance acceptable to the Director, in his or her sole discretion. All Items must be in form and substance acceptable to County. In addition, as a condition of Closing, the City must have obtained environmental clearance and authorization to release funds as further described in Section Five, Paragraph 5.4 herein. City has the right to also require the collateral assignment of any contracts with respect to the operation of the Project and the acknowledgement of such assignment by the counterparties thereto.

4.2. Waiver of Conditions; Additional Conditions. The Director may, by written instrument, waive any of the conditions or requirements set forth in this Agreement as a condition precedent to or a requirement of closing of the City's Contribution. provided that waiver of any condition or requirement shall not operate as a waiver of the City's right to enforce any other condition or requirement set forth in this Agreement. In addition, the written consent of the City Attorney shall be required for the waiver of any legal requirement of the Contribution Documents. The Director may impose such additional conditions to, or requirements of, Closing of the City Contribution as are necessary under the circumstances or are otherwise customary in connection with the CDBG-DR17 Program or other Federal guidelines or regulations.

4.3. Escrow at Title Company. All or any part of the sums to be funded by the City pursuant to this Agreement may be disbursed to a title company or mortgage servicer approved by the Director, to be held in escrow for subsequent disbursement to County and other authorized payees or for return to the City pursuant to the terms and conditions of this Agreement. Upon receipt of a payment or disbursement request from the City's Housing and Community Development Department, the Controller of the City is authorized to issue a check or warrant made payable to the order of the designated title company or mortgage servicer pursuant to this paragraph and to fund the obligations of the City under this Agreement.

4.4. Closing of City's Contribution At Title Company. The closing of the City's Contribution shall occur at a title company approved by the Director ("Title Company"). In no event will the City's Contribution be closed by a "fee attorney" or escrow officer who is not a full-time employee of the Title Company or Title Insurer who will "close the transaction".

4.5. Closing Deadline. Notwithstanding anything contained in this Agreement to the contrary, County shall cause all conditions precedent to Closing to be satisfied thirty (30) days after the Effective Date of this Agreement (the "Outside Closing Date"). Unless Closing occurs on or before the Outside Closing Date (unless the Director, in his sole and absolute discretion, consents to an extension of the Outside Closing Date), the Director may terminate this agreement by written notice to County, in which event the City's obligations hereunder shall automatically cease and be of no further effect.

4.6. City Expenses. County shall pay all third party expenses incurred by the City whether or whether not the City Contribution closes including, without limitation, any expenses incurred by the City for outside counsel (up to a maximum of \$49,000.00).

SECTION FIVE
CITY AND FEDERAL FUNDING LIMITATIONS

5.1. Dependency Upon Federal Funding. County understands that the availability of the Contribution Proceeds is dependent upon federal and state funding. Unless and until the City receives adequate funds from GLO, the City shall have no obligation to County under this Agreement. In the event that the funds received by the City under the CDBG-DR17 Program are insufficient to meet the City's prior commitments, the Director may reallocate all or a portion of the funds that are budgeted for this Agreement.

5.2. No Liability for Interruption of Funding. In the event that GLO or other applicable governmental agency (for whatever reason) instructs the City to cease funding of the City Contribution, the City may do so without obligation to County and without being liable to County for any damages County may incur as a result of such cessation in funding, unless the instruction to cease funding is based on the gross negligence or intentional misconduct of the City. The City shall give County written notice of such instructions promptly upon receiving such instruction, at which time, any and all of the City's obligations under this Agreement or any of the Contribution Documents shall cease. In furtherance of the foregoing, in the event that the City provides County with notice of interruption as contemplated in this Section Five, County shall execute any releases or other documents or agreements that the City determines necessary to enable the City to reallocate all or a portion of funds that are available pursuant to this Agreement that have not been funded to County.

5.3. Original Allocation. In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has (in addition to prior appropriations and allocations) appropriated and allocated the Contribution Amount to be used, in part or in whole, to discharge its duties, if any, to provide money under this Agreement.

5.4. Environmental Clearance and Release of Funds. Notwithstanding any provision of this Agreement, the parties hereto agree and acknowledge that this Agreement does not constitute the City's commitment of funds or site approval, and that such commitment of funds and site approval may occur only upon satisfactory completion of the Environmental Review, receipt by the City of a written "release of funds" authorization from HUD (Authority to Use Grant Funds, form HUD-7015.16 or successor form) in accordance with 24 C.F.R. Part 58 and Executive Order 11988 and any Environmental Mitigation required therein. The parties further agree that if the City is to provide any funds to County in connection with the Project, such disbursement is conditioned on the City's determination to proceed with, modify, or cancel the City's Contribution based on the results of a subsequent environmental review of the Land and the improvements thereon.

5.5. City Council Approval Required. This Agreement is subject to the approval of the City Council.

SECTION SIX **COVENANTS OF COUNTY**

County agrees as follows:

6.1. Use of Proceeds; Order of Funding and Disbursement; Reimbursement of Funds.

6.1.1. Use of Proceeds. County shall use the proceeds of the City Contribution and the Other Financing only for items included in the Approved Final Project Budget. Further, proceeds of the City Contribution shall only be used for hard construction or other allowable costs, acquisition costs, relocation expenses and work performed that is eligible for payment under the regulations applicable to the City Contribution. No portion of the City Contribution will be used to pay for damages to the extent covered and paid for by any FEMA reimbursement, SBA

assistance, or any insurance policy including delayed or future payments anticipated under any insurance policy. County covenants that the City Contribution does not constitute a duplication of benefits to County within the meaning of Section 312 of the Stafford Act and the requirements of 76 Fed. Reg. 71060 as updated by 84 Fed. Reg. 28836 and 84 Fed. Reg. 28848.

6.1.2. Order of Funding and Disbursement. The proceeds of the City Contribution, and Other Financings (if any), shall be disbursed as set forth in the Intercreditor Agreement among City and County, in the form attached hereto in the Attachments.

6.1.3. Reimbursement to City. County agrees that it will reimburse the City in a sum equivalent to the amount of disallowed expenditures in the event that GLO or other applicable state or federal agency, through audit exception or other action, determines that County's expenditure of funds provided to it under this Agreement for the Project was not made in compliance with this Agreement (including without limitation, for the purposes set forth in Section Six, Paragraph 6.1.1 hereof) or Applicable Law. Notwithstanding anything to the contrary, this provision shall survive the end of the term of this Agreement.

6.2. Construction Matters.

6.2.1. Commencement and Completion of Work; Change Orders. No Work shall commence on the Project prior to the Closing of the City's Contribution. County shall begin the Work within two (2) months after the Closing of the City's Contribution, but the City shall have no obligation to fund any portion of the Contribution Proceeds until the issuance of all City authorizations and required permits, including without limitation the Notice to Proceed to be issued by the City. County shall complete the Work in accordance with the Approved Construction Schedule but in no case later than the earlier of (i) twenty-four (24) months after the Closing of the City's Contribution or (ii) the expiration date of the GLO Contract, time being of the essence

(the “Approved Construction Period”). Any changes to the Approved Construction Schedule, Approved Construction Contract, Approved Construction Period, or the Approved Plans, Specifications, and Drawings must be submitted and approved in writing by the Director. Subject to waiver by the Director, County shall not be entitled to receive any disbursements of the City Contribution after the expiration of the Approved Construction Period.

6.2.2. Good and Workmanlike Manner; Engagement of Experts. County shall perform or cause to be performed, the Work in a good and workmanlike manner and in accordance with the Approved Plans, Specifications and Drawings, the Approved Construction Schedule (subject to delays caused by Force Majeure not to exceed sixty (60) days), the Approved Final Construction Budget and the Approved Construction Contract. County shall engage competent persons and firms for the purpose of constructing, leasing and managing the Project.

6.2.3. Compliance with Approved Construction Contract and Approved Construction Project Management Agreement. If applicable, County shall fully and timely perform County’s obligations under the Approved Construction Contract and/or the Approved Construction Project Management Agreement.

6.2.4. Written Agreements With Subcontractors. County shall .cause Contractor to enter into written agreements with each Subcontractor who does work on or delivers materials to the Project. These subcontracts shall be subject to review and approval by the Director; to the extent that the Director requires, subcontractors shall be required to execute assignment and subordination of liens in favor of the City.

6.2.5. Construction Contract Requirements. The Approved Construction Contract and any other written agreements with contractors, subcontractors, or suppliers (collectively, for “Construction Contracts”) shall contain the requirements set forth in the

Appendices attached hereto under the title “Construction Contract Requirements” (collectively, the “Construction Contract Requirements”) and County (if the County acts as the “contractor” of the Work) shall comply with the Construction and Supply Contract Requirements. Each Construction and Supply Contract must comply with the federal labor standards provisions of the Davis-Bacon Act, as amended (40 U.S.C. §§ 276a, et seq.); compliance with the Davis-Bacon Act may be verified through on-site inspections by representatives of the City or at the City’s option, the Approved Inspectors. In addition, each Construction Contract must require compliance with labor standards under CDBG Regulations at 24 C.F.R. § 570.603 and Department of Labor regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

6.2.6. County’s Insurance Requirements. County shall cause its contractors to maintain insurance with waiver of subrogation against the City, its predecessors, successors, assigns, legal representatives, and its former, present and future agents, employees and officers (the foregoing are collectively referred to herein as “City”) and, except with respect to workmen’s compensation, shall name the City as an additional insured party. The amounts, types, and other specifications of such insurance are described in the “Insurance Requirements” pages of the Appendices (although the Appendices contain the Insurance Requirements as of the Effective Date of this Agreement, the version of Insurance Requirements in effect for the City’s General Conditions of Construction Contract at the date of Closing of the City’s Contribution shall supersede the requirements set forth in the Appendices during the Approved Construction Period). Notwithstanding the foregoing, during any period of time when construction is ongoing, County shall cause builder’s risk insurance to be maintained by Contractor for those buildings at the Project undergoing construction in coverage amounts not less than the total respective amount of City provided funds that will be allocated to Work on those buildings.

6.2.7. Debarment, etc. No contractor or subcontractor shall be employed who is debarred or suspended by the City's Housing and Community Development Department, GLO, HUD, or any other federal, state or local governmental agency or program. The Debarment form included in the Appendices (or the Debarment form in effect at the time the form is required to be submitted to the Director) shall be furnished to the Director on or before the execution of this Agreement

6.3. Reserved

6.4. Reserved

6.5. Reserved

6.6. Inspections; Corrective Action.

6.6.1. During construction, the Work shall be subject to inspection by the City, GLO or at the City's option, any Approved Inspectors. Until Project Completion, in connection with every requested draw on the City Contribution, County shall provide the Director with an inspection report in form and substance acceptable to Director from the Approved Inspectors meeting the requirements of Section Three, Paragraph 3.9.2.

6.6.2. County agrees to promptly make any corrections or modifications to the Work as requested by the Director to cause the Work to comply with the terms of this Agreement, the inspection reports from the Approved Inspectors, the Approved Plans, Specifications and Drawings, the Approved Construction Schedule, and any applicable GLO requirements.

6.6.3. After the Certificate of Completion is issued and throughout the entirety of the Affordability Period, the City and/or GLO shall have the right to inspect or have the Project inspected by Approved Inspectors to ensure compliance with Applicable Law, this Agreement, the Restrictive Covenants and the other Contribution Documents.

6.6.4. With respect to all of the City's and GLO's inspection rights (1) the City, GLO, Approved Inspectors and the City's authorized agents and independent contractors, and others acting on its behalf, shall have access to the Project at reasonable times for purpose of monthly inspections; (2) each new or renewal lease of a unit within the Project shall include a clause that permits the City's Approved Inspectors and GLO access to inspect units at reasonable times (except in an emergency, when the inspection may be at any time); (3) neither the City nor GLO shall incur any liability to County or any tenants as a result of such inspections; (4) the City does not guarantee the Work of the Contractor or any Subcontractor and the City shall not be liable in the event of the Contractor's or any Subcontractors' default, or for any damages caused by the Contractor, any Subcontractors, or their employees or agents.

6.6.5. Reserved.

6.7. Resiliency Design Requirements.

The Project design must incorporate the following resilient building measures:

- (1) Protection (minimum of two):
 - Wet Floodproofing
 - Dry Floodproofing
 - Site Perimeter Floodproofing
 - Resilient Elevator modifications
 - Blackwater Valves
- (2) Adaptation: (minimum of 3)
 - Envelope Efficiency
 - Elevated Equipment
 - Elevated Living Space
 - Surface Stormwater Management
 - Window Shading
 - Site Orientation
 - Cool Roofs
 - Distributed Heating and Cooling
- (3) Back-Up Measures (minimum of 1):

- Maintaining Backup Power to Critical Systems
 - Emergency Lighting
 - Access to Potable Water
- (4) Community (minimum of 2):
- Building Community Ties
 - Creating Community Resilience Spaces
 - Develop an Emergency Management Manual
 - Organizing for Community Resilience
- (5) Green Building Standard: LEED
- (6) Solar: Solar Ready Design and Construction
- (7) Electric Vehicles: Electrical Vehicle ready
- (8) Green Infrastructure (minimum of 1):
- Bioretention
 - Permeable pavement
 - Rainwater harvesting
 - Soil Amendments
 - Urban forestry
 - Vegetated filter strips

At the completion of construction of the Project and as a condition to the release of the retainage, County shall provide the necessary documentation for the Director to verify compliance with this Section.

6.8. Designated Units; Compliance with Affordability Requirements.

6.8.1. The Director has determined that the number of Designated Units for the Project covered by this Agreement shall consist of twenty-six (26) units, being at least fifty-one percent (51.0%) of the fifty (50) total residential units in the Project, the location of which may float during the Affordability Period.

6.8.2. Reserved.

6.8.3. With respect to the Designated Units, County shall comply with the following rent and income requirements determined in accordance with the Restrictive Covenants (collectively, the “Affordability Requirements”):

(a) Each of the Designated Units shall be rented or be available for rent only to the City’s AMI Persons, being those households whose gross income does not exceed eighty percent (80%) of the Area Median Income (“AMI”), as determined by HUD.

(b) Designated Units shall be rent restricted based upon the following criteria:

(1) eighteen percent (18%) or 9 of the Designated Units shall be restricted to households at rents that do not exceed thirty percent (30%) of AMI.

(2) twelve percent (12%) or 6 of the Designated Units shall be restricted to households at rents that do not exceed fifty percent (50%) of AMI.

(3) twenty-two percent (22%) or 11 of the Designated Units shall be restricted to households at rents that do not exceed sixty percent (60%) of AMI.

(c) The rental amount for each Designated Unit shall not exceed the applicable maximum rental limitations published annually by HUD for the low-income housing tax credit program, adjusted for household and unit size and applicable to the City, as such rental limitation is further described at 26 U.S.C. §§ 42(g)(2)(A) and (B).

6.8.4. The location of the Designated Units shall “float” within the Project. No later than ninety (90) days prior to the initiation of rental activities at the Project, County shall contact the Director to establish a procedure for identifying the initial Designated Units to be occupied by qualified tenants and a procedure for identifying the floating Designated Units on a

periodic basis thereafter. Floating Designated Units shall conform with the requirements of this Section and the Restrictive Covenants.

6.8.5. Reserved.

6.8.6. If the income of the tenant family occupying a Designated Unit increases above the threshold eligible AMI level as provided for in this Agreement and in the Restrictive Covenants, then the next available non-Designated Unit at the Project must be set aside for an eligible family, and that new unit then becomes a Designated Unit.

6.9. Annual Reevaluation of Rents. For purposes of monitoring compliance with the Affordability Requirements, County shall, prior to the occupancy of any tenant in a Designated Unit and thereafter annually, submit to the Director for his approval, the rents proposed to be charged by County for the coming year for Designated Units and the monthly allowances proposed by County for the coming year for utilities and services to be paid by the tenant. In connection with County's annual submission of proposed rents, County shall reexamine the income of each tenant family living in a Designated Unit. County shall calculate the maximum monthly rent in accordance with the Affordability Requirements, and such maximum monthly rent shall be reviewed and approved by the Director prior to the date that such rent becomes effective ("Approved Rents"). Any increase in the Approved Rents for Designated Units is subject to the provisions of the leases, in any event, and County shall provide tenants not less than thirty (30) days prior written notice before implementing any increase in Approved Rents.

6.10. Compliance With Property Standards. County shall, throughout the Affordability Period, maintain the Project in good condition and repair, ordinary wear and tear excepted, in accordance with the Minimum Property Standards. City shall have the right to inspect the Project from time to time to ensure compliance with such requirements, and may require County to make

any necessary repairs to comply with such requirements in a reasonable period of time; provided, however, any repairs to correct a dangerous condition or imminent hazard shall be commenced immediately upon notice of such dangerous condition or imminent hazard and prosecuted diligently to completion.

6.11. Tenant Lease Requirements. Prior to the date that County enters into any new or renewal leases for Designated Units, the Director shall approve a form lease that shall be used for occupancy of the Designated Units. County shall not make any modifications to such form lease without the Director's prior written approval. County shall enter into leases in such approved form with each tenant of a Designated Unit. The term of each lease of a Designated Unit shall not be less than one year unless County and the tenant mutually agree otherwise.

6.12. Reserved

6.13. Tenant Selection Policy; Marketing. County shall comply at all times with the approved Tenant Selection Policy and shall not amend the Tenant Selection Policy without the prior written approval of the Director.

6.13.1. County shall not refuse to lease a Designated Unit to a prospective tenant because of the status of the prospective tenant as a holder of a certificate of family participation, rental voucher, or comparable tenant-based assistance document under any federal or state assistance program (unless such rental is in conflict with other applicable federal or state requirements).

6.14. Use of Project. During the term of the Affordability Period, the Designated Units shall be used solely for the purpose of providing housing for the City's AMI Persons in accordance with the provisions of this Agreement, and for no other purpose. County shall list the Project on the Houston Housing Authority's ("HHA") or Harris County Housing Authority ("HCHA")

(whichever housing authority has jurisdiction over the Project) landlords list and shall notify HHA or HCHA, as applicable, that the Designated Units are available for affordable housing.

6.15. Maintenance of Records; Financial and Operating Reports; Monitoring.

6.15.1. County shall follow the recordkeeping requirements set forth in this Agreement or required by the City or the Director, including to establish and maintain such records as may be necessary to facilitate review and audit by City representatives (including without limitation the Director and City Controller) (collectively, the “City Representatives”) or GLO or HUD of the City Contribution and any documentation required in connection with the CDBG Regulations under 24 C.F.R. § 570.492 and 24 C.F.R. § 570.493. The City Representatives, GLO and/or HUD or any of their authorized representatives shall have the right to audit County’s books and record and compliance with this Agreement upon reasonable notice to County. If such books and records are located outside of Harris County, Texas, County agree to make them available in Harris County, Texas.

6.15.2. County shall provide to the Director: (a) quarterly balance sheets and operating statements for the Project not later than the 30th day of the month following the calendar quarter to which the statements relate; (b) monthly rent rolls for the Project not later than the 15th day of the following month which contain at a minimum the following information (or other information as the Director may from time to time require) which correctly reflects, as of the first of each month, for each Designated Unit: the unit number, the number of bedrooms, the tenant name, the effective lease date, the monthly rent and the unit status (i.e., AMI). If the Director or City Controller requires, County shall provide such reports at different intervals.

6.15.3. Using the Monitoring Forms or other forms from time to time established for use by the Director for monitoring purposes of the Contribution Proceeds or to document

County's compliance with the requirements of this Agreement, County shall provide the Director with all monthly, quarterly or annual compliance reports as the Director requests.

6.15.4. The City shall have ownership of all information, including reports and data, prepared or assembled by County for purposes of meeting CDBG-DR17 Program requirements and the contractual requirements of this Agreement; provided, however, County may provide copies of such information to third parties.

6.15.5. County shall, upon the request of the Director, make available to the City at the location of the Project (or at another location in Houston, Texas) all records, reports and other information and data maintained by County relating to the Project, and shall cooperate with the City in connection with the City's review of such records and monitoring of the Project.

6.15.6. County shall maintain all records and other information relating to the Project for a period of not less than five (5) years following the expiration of the Affordability Period.

6.15.7. County shall pay an annual monitoring compliance fee to the City in the amount of \$30.00 per Designated Unit.

6.16. Notice of Claims or Suits. County shall, give the Director prompt written notice of any causes of action, suits, or other proceedings filed or any claims made against the Project or County to the extent that it would have a material adverse effect on the Project, and County has notice thereof, any other persons involved in the implementation or administration of the transactions contemplated by this Agreement.

6.17. Minority, Women and Small Business Enterprises. For purposes of this Paragraph 6.17, the term "County" shall mean and include, collectively, County, its Construction Project Manager(s) and its general contractor(s). In order to monitor County's good faith efforts to adhere

to the City's MWSBE's programs, County shall maintain or cause its contractors to maintain records and submit periodic reports of its good faith efforts to the Director in the form and at the times prescribed by the City's designated OBO official and the **APPENDIX 9** requirements.

6.18. Transactions with Affiliates. Except as otherwise provided in this Agreement and/or in any of the other Contribution Documents, during the Term of this Agreement or any of the Contribution Documents, County shall not enter into any transaction in connection with this Agreement with any director, officer, employee, partner, or affiliate of County without the prior written approval of the Director. If the Land for the Project was acquired by County from any director, officer, employee, partner, or affiliate of County, the sales price for the Land may not have been any greater than most recent assessed value for ad valorem tax purposes, or the value set out in an independent appraisal report.

6.19. Taxes and Insurance. County shall pay all applicable taxes for the Project before delinquency and all insurance premiums for the Project at least 15 days before the due date to prevent any lapse in coverage. County shall provide the Director with written evidence acceptable to the Director that taxes and insurance premiums are paid prior to the date that such taxes and insurance premiums are due.

6.20. HUD Section 3 Requirements. If applicable, County shall comply at all times with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) as set forth and supplemented in the City's Housing and Community Development Department's Section 3 Plan and associated documents. County shall report Section 3 compliance in accordance with 24 C.F.R. Part 75 and 83 Fed. Reg. 5844. Section 3 requirements are applicable to County if the assistance provided for in this Agreement exceeds \$200,000.00, and to contractors and subcontractors for contracts or subcontracts that exceed \$100,000.00.

6.21. Public Relations and Signage. All news releases and other public relations efforts, including advertising (except for advertisements solely for the purpose of obtaining tenants for the Project) and signage, must be approved in advance by the Director, and must properly refer to the City's Contribution by the City and the City's Housing and Community Development Department.

6.22. Expertise. Upon request by the City, the City shall have the right to approve County's intention to retain any person or firm for the purpose of constructing, leasing and managing the Project and County shall provide evidence of the expertise and competence of such persons and firms that County intends to engage for the purpose of constructing, leasing and managing the Project.

6.23. Compliance with Applicable Law.

6.23.1. County shall acquire, repair/re-construct, lease, maintain and operate the Project, and conduct all activities under this Agreement in accordance with all applicable federal, state, and local laws, rules, regulations and ordinances including, without limitation, the those included in the Appendices and specifically set forth in this Agreement, as they may be from time to time amended (collectively, the "Applicable Law").

6.23.2. County will conduct all activities under this Agreement and the Contribution Documents in accordance with Applicable Law.

6.23.3. County acknowledges and agrees that it is required to comply with all Applicable Law with respect to lead-based paint (42 U.S.C. Sec. 4831(b)) and asbestos containing materials within the Project.

6.23.4. County shall cause the Project and the Work to comply with the requirements of the 2010 ADA Standards (as hereafter defined) under the Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Architectural Barriers Act (42 U.S.C.

§§ 4151-4157), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.) (“Section 504”), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time, the Texas Architectural Barriers Act, Tex. Gov’t. Code Ann. § 469.001 et seq. (1994) and the regulations and guidelines promulgated thereunder, and Chapter 10, subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder (“Chapter 10”) as all of the same may be amended and supplemented from time to time (collectively, “Accessibility Requirements”). Five percent (5%) of the total number of units at the Project (i.e. three (3) units), disbursed throughout the Project, shall be designated accessible in accordance with Section 504 and Chapter 10 using the 2010 ADA Standards for Accessible Design, promulgated by the United States Department of Justice, found at 28 C.F.R. § 35.151 (2013) and 36 C.F.R. Part 1191, App. B and D (2013) (the “2010 ADA Standards”) as modified by HUD. In addition, two percent (2%) of the units at the Project (i.e. one (1) unit) shall meet the standards to accommodate the hearing and visually impaired in accordance with Applicable Laws (as defined herein).

6.23.5. If applicable, County shall comply with CDBG Regulations at 24 C.F.R. Part 570, the Uniform Relocation Assistance and Real Property Policies Act of 1970 (“URA”), as amended, at 49 C.F.R. § 24, and Section 104(d) of the Housing and Community Development Act of 1974, as amended, at 24 C.F.R. § 42. County shall also comply with the tenant protection requirements set forth in the Protecting Tenants at Foreclosure Act of 2009, as amended and extended, (“PTAF”), as well as with any local codes or ordinances with respect to tenants’ rights or tenant protection. If required by Applicable Law, County shall also comply with the Multifamily Relocation Requirements (“Multifamily Relocation Requirements”) in the Appendices and shall submit to the Director copies of all documentation required by the Multifamily Relocation

Requirements or relating to URA, which may include, without limitation, (i) a certification or affidavit, unless waived by the Director, affirming County has performed all appropriate due diligence in order to confirm compliance with the tenant protection requirements set forth herein, (ii) a Notice to Real Property Owner/Seller, (iii) Tenant Status Reports, (iv) all Notices with Tenant Acknowledgements as required by the URA and (v) other related forms described in the Multifamily Requirements. If required by Applicable Law, County shall also submit to Director copies of all tenant notices and the Seller's Occupancy Certification required under PTAF with respect to the tenant protection requirements, to substantiate that such notices, if required by Applicable Law, were provided either by the foreclosing lender or by County.

6.24. Replacement Reserve and Operating Reserve. Not later than the first (1st) anniversary following Project Completion, County shall establish with a financial institution acceptable to the Director in his or her sole and absolute discretion, and fund as an Operating Expense a "replacement reserve escrow account" ("Replacement Reserve Account") for the replacement of furniture, fixtures, and equipment used in connection with those units at the Project for which the Work has been completed and for repair of capitalized improvements, in an amount not less than \$300.00 per unit annually, increased by 3% annually. The reserve shall be deposited in equal monthly installments on an amortized basis. (For example, if the Project had 100 Units, the monthly payment would be calculated as follows: $100 \text{ Units} \times \$300 \div 12 = \$2,500$ monthly escrow payment). Unless a Default exists, County shall be entitled to utilize amounts in the Replacement Reserve Account as necessary, provided that County shall replenish the amount withdrawn by continuing to fund deposits to the Replacement Reserve Account in accordance with the preceding sentence. The Director may require that the Replacement Reserve Account and all amounts held therein be collaterally assigned to the City pursuant to a pledge and account control

agreement in form and substance acceptable to the Director in his or her sole and absolute discretion. On an annual basis, County shall provide the Director with an accounting of the Replacement Reserve Account. The Director may require County to establish an Operating Reserve for the Project at Project Completion on terms and conditions as approved by the Director.

6.25. Compliance with City Insurance Requirements. County represents that it self-insures and cannot meet certain insurance requirements. County represents that it cannot comply with the requirement to name the City as an additional insured or to provide the indemnification at Appendix 2. The Director has agreed to waive the requirement that the City be named as an additional insured on the County's insurance policy, but does not hereby waive the insurance requirements applicable to County contractors at Section 6.2.6. The Director has further agreed to waive the indemnification by the County in Appendix 2 only the extent it is inconsistent with applicable law. The City shall require the general contractor hired by the County to consent to the indemnity in Appendix 2 and to name the City as a third party beneficiary to an indemnity between contractor and County. County covenants that City shall have no liability for any claims or lawsuits related to the Property and that County bears sole responsibility for all such matters whether or not County's self-insurance program covers the same.

6.26. Reserved.

6.27. Consulting and Developer's Fees. During the Term, without the prior written approval of the Director, no consulting or developer's fees shall be paid by County, directly or indirectly out of the proceeds of the City's Contribution or out of the revenue of the Project (except as provided in the Approved Final Construction Budget or the Approved Final Operating Budget).

6.28. Distributions Covenant. County covenants to notify the City in writing at least ten (10) days in advance of any distribution of Project income to County, County's partners,

shareholders or members as applicable. Such distributions shall be subject to reasonable limitations and City may, at its reasonable discretion, require distributions to be reinvested in the Project.

6.29. Modification Fees. In the event that a modification of this Agreement or any change in any City Contribution terms is required after Closing which requires the Director's or City Council's approval, County shall be responsible for all costs in connection therewith together a fee of no less than \$25,000.00 with the amount of the fee to be determined at the time of request.

SECTION SEVEN
RESERVED

SECTION EIGHT
RESERVED

SECTION NINE
DISBURSEMENT PROCEDURES

9.1. Disbursement Limitations. The proceeds of the City Contribution shall be disbursed only for eligible and approved costs of the Work, relocation costs or acquisition costs that (i) are included in the Approved Final Project Budget, (ii) have been approved by the Director, (iii) if for Work, are for Work that has been completed and which Work has been approved by the Director, and (iv) if for materials, are for materials purchased and stored on site and approved by the Director.

9.2. Retainage. Disbursement for the Work or other expenses under the Approved Final Construction Budget shall be subject to a ten percent (10.0%) retainage under Section 53.101, et seq. of the Texas Property Code (as it may be amended from time to time), but notwithstanding the foregoing, in no case shall retainage be released prior to thirty (30) days following completion of the Work as certified by the Architect or other person acceptable to the City. At the time of the release of the retainage, the Project is or will be as a result of the release of retainage free of all liens relating to the Project, other than liens that are bonded around. At the time of the release of

the retainage, County shall provide the City with a down-date endorsement (T-3), final lien waivers and/or such other documentation as may be required by the Director.

9.3. Reallocation of Contribution Proceeds. Any Contribution Proceeds that are allocated for the Project but that are not expended for eligible costs under the Approved Final Project Budget pursuant to the terms of this Agreement shall be returned to the City for reallocation.

9.4. Reallocation of Savings and Contingencies. County may, with the Director's approval, reallocate savings from one category of the Approved Final Construction Budget or from the contingency category of the Approved Final Construction Budget to another category of the Approved Final Construction Budget for the Project.

9.5. Drawdown Procedure. County shall not request a disbursement of the Contribution Proceeds except in accordance with the Approved Construction Schedule and Approved Final Project Budget and in accordance with the provisions of this Paragraph 9.5. When a disbursement of Contribution Proceeds is requested, County shall provide to County for delivery to the Director (but in no event more often than once a month and for an amount of not less than \$5,000) an application for the disbursement (in a form required by the Director) (the "Disbursement Request") together with supporting documentation required by the Director (which shall include but not be limited to invoices and draw requests submitted by Contractor, interim lien waivers using forms provided by the GLO attached hereto as APPENDIX 13, and monthly construction progress reports on a unit by unit basis for verification by a third party inspector or a representative of the City) and evidence of required permits. In addition to the other information required by the Director, the initial disbursement request shall include a copy of all required permits necessary to commence construction. If the Director objects to an item (or portion thereof) included in any

Disbursement Request or if all required information has not been submitted, then the Director shall notify County within 10 business days of receipt of the applicable Disbursement Request of the Director's objection and shall thereupon be relieved of any obligation to make a disbursement for that item (or portion thereof) until such time as County cures the objection(s) to the satisfaction of the Director. If the Disbursement Request is otherwise complete (as determined by the Director) and provided no Default exists or event that with the passage of time or giving of notice would constitute a Default has occurred and is continuing, the City shall, within 30 calendar days following approval of County's request, fund the requested disbursement from the City Contribution less any amounts for items to which the Director has raised an objection and that have not been cured and less any retainage; provided, however, that the City shall not be required to make a disbursement (other than the last disbursement) in an amount less than \$5,000 nor shall the City be required to make more than one disbursement per month. With each draw, the County shall provide a down-date endorsement (T-3) to the City Contribution Title Policy together with partial lien releases from the Contractor and subcontractors for the Work performed through the date of the draw request.

SECTION TEN **DEFAULT AND REMEDIES**

10.1. Default. The Director may declare a default ("Default") under this Agreement or any one or more of the Contribution Documents upon the occurrence of any one or more of the following circumstances:

10.1.1. Reserved.

10.1.2. Breach of Affordability Requirements and/or Restrictive Covenants. If County breaches (i) the Affordability Requirements in this Agreement or the parallel Affordability Requirements set forth in the Restrictive Covenants and such breach continues for thirty (30) days

after written notice thereof from the City to County or (ii) any other covenant, condition, representation or warranty contained in the Restrictive Covenants, provided, however, that if the Restrictive Covenants do not provide a cure period, County shall not have cure rights hereunder.

10.1.3. Breach of Other Covenants or Conditions. Except for the breaches of covenants or conditions covered by Section Ten, Paragraph 10.1.2 above, if County fails, refuses or neglects to perform fully and timely any obligation, or breaches any covenant or condition (including any condition prior to or subsequent to the issuance of the City Contribution) under this Agreement, or under any other Contribution Document, and such failure continues for thirty (30) days after written notice from the City to County, or, if the failure is not susceptible to cure within said 30-day period, such greater period of time (not to exceed sixty (60) days) as is necessary to cure such failure provided County commences to cure such failure within said 30-day period and diligently works to cure such failure; provided, however that in the event that (i) any such cure periods would cause a violation to occur under Applicable Law or (ii) any breach or failure of performance of a life safety requirement, such event shall be deemed a Default hereunder without any notice or opportunity to cure;

10.1.4. Breach of Representations or Warranties. If any representation or warranty made by County in its application(s) for the City Contribution or in any of the Contribution Documents, or this Agreement, or the Restrictive Covenants is false or misleading in any material respect, provided, however, that solely with regard to non-financial misrepresentations or warranties, County shall have thirty (30) days after written notice to the County from the City in which to take such action as may be necessary to cause the matter or thing represented to become true or not misleading; provided, however that in the event that any such

cure periods would cause a violation to occur under Applicable Law, such event shall be deemed a Default hereunder without any notice or opportunity to cure.

10.1.5. Voluntary Actions. If County is voluntarily adjudicated bankrupt, seeks, consents or does not contest the appointment of a receiver or trustee for itself or for all or part of its property, makes a general assignment for the benefit of creditors, does not pay its debts as they become due, or files a petition seeking relief under United States Bankruptcy Law.

10.1.6. Involuntary Actions. If a petition is filed against County under United States Bankruptcy Law or if a court of competent jurisdiction enters an order appointing a receiver or trustee for County for all or any material part of such party's property, and the order or petition is not discharged, dismissed or stayed within a period of ninety (90) days.

10.1.7. Dissolution or Liquidation. If County is a partnership, limited liability company, corporation or other legal entity and dissolves, liquidates, or merges with or is consolidated into any other entity without the written approval of the Director.

10.1.8. Reserved.

10.1.9. Cessation of Work. If Work on the Project ceases for ninety (90) or more consecutive days unless such cessation of Work is caused by cessation of funding under the City Contribution.

10.1.10. Failure to Obtain or Default Under Other Financing. If County fails to obtain any funding of the Other Financing in the order required under the Intercreditor Agreement (if applicable) or if County has been declared in default under any regulatory agreement or document evidencing or related to the Other Financing and such default is not cured within ten (10) business days, or if longer, the cure period set forth in such regulatory agreement or other

document but not to exceed thirty (30) days; provided, however, that any cure of the underlying default shall also constitute acceptable cure of the Default.

10.1.11. Liens and Other Encumbrances. If any mechanics', materialman's or other similar lien or encumbrance is filed against the Project, or the fixtures, materials, machinery and equipment to be used in the Project or other collateral that secures the City Contribution, and the same is not discharged (by payment, bonding, which may include payment bond furnished by contractor, or otherwise) within fifteen (15) business days following written notice thereof from the City to County.

10.1.12. Change of Ownership or Management.

(a) If all or any part of County's interest in the Project is transferred, sold or assigned, voluntarily or involuntarily, or there is a change of management of the Project, at any time within the Affordability Period, such transfer of interest or change of management must first be approved in writing by the Director, which approval may be granted or withheld by the Director. In the case of a transfer of County's interest in the Project, the Director's consent, if any, shall not be effective unless or until the purchaser or transferee assumes in writing all obligations and covenants of County under the Contribution Documents in a form acceptable to the Director and the City Attorney; or

(b) If there is otherwise a change in control of County in violation of this Agreement.

(c) There is a change in the Property Manager without Director's consent.

10.1.13. Failure to Complete. If County fails to complete the Work in accordance with the Approved Plans, Specifications, and Drawings that are approved by the Director within the Approved Construction Period.

10.1.14. GLO, IRS or other Audit Findings or Exceptions. If the GLO, the Internal Revenue Service, or other federal or state agency makes an audit finding or exception that relates to the Project, the funds provided under this Agreement, or the Other Financing, provided, however, that if the audit finding or exception is curable, there shall be no Default unless the audit finding or exception is not cured within thirty (30) days after written notice to County of such finding or exception or for such greater period as shall be necessary to cure such finding or exception so long as County commences to cure such finding or exception within thirty (30) days after written notice thereof to County and satisfactorily completes such cure.

10.1.15. Reserved.

10.1.16. Reserved.

10.2. Temporary Non-Compliance Not a Default. Notwithstanding the foregoing or any other provision of this Agreement or any of the other Contribution Documents to the contrary, County shall not be in Default hereunder or thereunder if such Default occurs solely as a result of temporary noncompliance with Section Six, Paragraphs 6.8.1, 6.8.3 or 6.8.4, or comparable or similar provisions of this Agreement or any of the other Contribution Documents, and such temporary noncompliance is caused by increases in incomes of existing tenants, provided that actions satisfactory to GLO and the City are being taken to ensure that all vacancies are filled with eligible tenants until the noncompliance is corrected. Without limiting the foregoing, existing tenants of Designated Units whose financial status during the term of the lease are found to be such as to no longer qualify such tenants as City AMI Persons, must pay as rent from the date any

such tenant no longer qualifies as a City AMI Person, an amount equal to the lesser of the amount payable by the tenant under state or local law or thirty (30%) percent of the family's adjusted monthly income, as recertified annually, but in no event shall more rent be charged than is allowed under Section 42 of the Internal Revenue Code.

10.3. Reserved.

10.4. Reserved.

10.5. City's Remedies. Upon the declaration of a Default by the Director and the failure by County to cure same within a time period specified herein (if any), the Director may in his or her sole discretion: (i) terminate this Agreement; (ii) declare that all sums paid by City to date under the City Contribution are immediately due and payable; (iii) exercise its rights under the Purchase Option; (iv) cease funding any disbursements under the City Contribution; (v) reserved; and/or (vi) take any other action authorized or available under this Agreement, any of the Contribution Documents or under Applicable Law or in equity. In the event a Default exists, if the Director so chooses this remedy, the outstanding balance of the City Contribution shall be immediately due and payable. Failure of County to adequately perform under this Agreement may result in penalties including the possibility of debarment from future GLO and City projects. In the event that the City elects to stop funding the City Contribution upon the occurrence and continuance of a Default, the County shall be obligated to continue and complete the Work at County's expense.

10.6. Purchase Option. The Purchase Option provides the City with the option to purchase the Property during the Affordability Period. The parties agree that City shall only be allowed to exercise the Purchase Option as a remedy pursuant to Section 10.5 of this Agreement.

SECTION ELEVEN
ALLOCATION OF COST SAVINGS AND RECOVERY
OF DAMAGES FROM CONTRACTOR

In the event that (i) cost savings are achieved in connection with the performance of the Work and not reallocated in accordance with Section Nine, Paragraph 9.4 or (ii) the Contractor or any Subcontractor selected to perform the Work on the Project makes a payment of damages to County for delays, defective workmanship or material, or for other items related to Work on the Project and such sums are not used by County to correct such defective workmanship or otherwise mitigate any damages related to Work on the Project resulting from such default by the Contractor or any Subcontractor, County shall immediately pay to the City a portion of such cost savings or the sum received as payment of damages, to be applied against the amount of the City Contribution. The amount of such savings or damages to be paid to the City and applied to the City Contribution shall be equal to:

(i) (The total amount of the City Contribution disbursed for Work) X (amount of cost savings realized or damages received)

(The total Work cost)

(ii) less any portion of the damages received that the Director determines are attributable to lost income from rent; and

(iii) less any portion of the cost savings realized or damages received that are used to pay Work costs approved by the Director in accordance with the Final Budget.

SECTION TWELVE
RESERVED

SECTION THIRTEEN
RESERVED

SECTION FOURTEEN
RELEASE AND HOLD HARMLESS

14.1. RELEASE. COUNTY, ITS PREDECESSORS, SUCCESSORS AND ASSIGNS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS “COUNTY”) HEREBY RELEASE, RELINQUISH AND DISCHARGE THE CITY, ITS PREDECESSORS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND ITS FORMER, PRESENT AND FUTURE AGENTS, EMPLOYEES AND OFFICERS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS “CITY”) FROM ANY LIABILITY AS A RESULT OF THE JOINT NEGLIGENCE OF THE CITY AS A RESULT OF ANY INJURY, INCLUDING DEATH OR DAMAGE TO PERSONS OR PROPERTY, WHERE SUCH DAMAGE IS SUSTAINED IN CONNECTION WITH THIS AGREEMENT.

14.2. HOLD HARMLESS AGREEMENT. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, COUNTY COVENANTS AND WARRANTS THAT IT WILL PROTECT, DEFEND, AND HOLD THE CITY HARMLESS FROM ANY AND ALL THIRD PARTY CLAIMS, DEMANDS, AND LIABILITY, INCLUDING DEFENSE COSTS, RELATING IN ANY WAY TO DAMAGES, CLAIMS OR FINES ARISING BY REASON OF OR IN CONNECTION WITH COUNTY’S ACTUAL OR ALLEGED NEGLIGENCE OR OTHER ACTIONABLE PERFORMANCE OR OMISSION OF COUNTY IN CONNECTION WITH OR DURING THE PERFORMANCE OF THE DUTIES UNDER THIS AGREEMENT. ALSO, DURING THE PERFORMANCE OF THE WORK AND UP TO A PERIOD OF FIVE

(5) YEARS AFTER THE DATE OF FINAL ACCEPTANCE OF THE WORK, COUNTY FURTHER EXPRESSLY COVENANTS AND AGREES TO PROTECT, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY FROM ALL CLAIMS, ALLEGATIONS, FINES, DEMANDS, AND DAMAGES RELATING IN ANY WAY TO THE ACTUAL OR ALLEGED JOINT AND/OR CONCURRENT NEGLIGENCE OF THE CITY AND COUNTY, WHETHER COUNTY IS IMMUNE FROM LIABILITY OR NOT.

NOTWITHSTANDING ANY PROVISION, EXHIBIT, OR ATTACHMENT TO THIS AGREEMENT TO THE CONTRARY, COUNTY'S OBLIGATION TO INDEMNIFY AND HOLD HARMLESS IS ONLY REQUIRED TO THE EXTENT PERMITTED BY APPLICABLE LAW AND, WHEN PERMITTED BY LAW, SHALL BE IMPLEMENTED TO THE FULLEST EXTENT SO PERMITTED.

SECTION FIFTEEN **NOTICE**

All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, by courier or via overnight delivery, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed delivered on the date delivered, or if mailed, three (3) days after deposit in the U.S. mail. Where an email address is indicated below, notice shall also be sent to the applicable party both by email as well as one of the other designated forms of notice, but notice by email shall not satisfy the notice delivery requirements of this Agreement. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Agreement. Until otherwise so

provided by the respective parties, all notices, certificates and communications sent to each of them shall be addressed as follows:

TO THE CITY: City of Houston
c/o Housing and Community Development Department
2100 Travis, 9th Floor
Houston, TX 77002
Attention: Director

With a copy to: City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: Section Chief, Disaster Recovery

With a copy to: Housing and Community Development Department
2100 Travis, 9th Floor
Houston, TX 77002
Attention: Division Manager, Multifamily Housing

TO COUNTY: **Harris County**
c/o Community Services Department
8401 Lantern Point Drive
Houston, Texas 77054
Attention: Director of Community Services Department

SECTION SIXTEEN
RESERVED

SECTION SEVENTEEN
RESERVED

SECTION EIGHTEEN
MISCELLANEOUS

18.1. Relationship of Parties. The relationship of the City to County pursuant to this Agreement and all other Contribution Documents is that of lender to County. Neither this Agreement nor any of the Contribution Documents creates any partnership, joint venture, or other subrecipient or fiduciary relationship between City and County and/or the City.

18.2. Parties in Interest. Except for the rights of the GLO specifically set forth herein, this Agreement shall not bestow any rights upon any third party, but, rather, shall bind and benefit

the City and County, and benefit GLO. Neither the U.S. Government, HUD, any subcontractor or supplier, nor any other person or entity, is a party to or a third-party beneficiary of this Agreement.

18.3. Exculpation. The City shall not be liable to County or responsible in any manner to any third-party in connection with this Agreement.

18.4. Non-waiver. Failure or forbearance of any party hereto to insist on the strict performance of any obligation under this Agreement or to exercise any rights or remedies accruing upon default shall not be considered a waiver of the right to insist on and to enforce, by any appropriate remedy, strict compliance with any other obligation or to exercise any right or remedy occurring as a result of any future default or failure of performance.

18.5. Modification. Any alterations, additions, or deletions to terms which are required by changes in federal or state laws and regulations shall be automatically incorporated into this Agreement and shall take effect on the effective date of the laws or regulations.

18.6. Severability. In the event that any covenant, condition or provision of this Agreement is held to be invalid by a court of competent jurisdiction, the invalidity of the invalid covenant, condition or provision shall in no way affect any other covenant, condition, or provision, provided that the respective rights and obligations of the parties contained in the valid covenants, conditions and provisions of this Agreement are not materially prejudiced.

18.7. Choice of Law. This Agreement shall be performable and enforced in Harris County, Texas, and shall be construed and interpreted in accordance with the laws of the City, the State of Texas and other Applicable Law. Venue for any disputes relating in any way to this Agreement shall lie exclusively in Harris County, Texas.

18.8. Integration. Except as may be otherwise provided in this Agreement, this Agreement, the Appendices, Attachments, and Exhibits, or the other Contribution Documents and

County's response to the City's request for proposal embody the entire Agreement between the City, and County, and there are no other effective agreements, representations or warranties between the City and County in connection with this Agreement and the other Contribution Documents.

18.9. Assignability. This Agreement shall not be assignable in whole or in part by County without the prior written consent of the City which consent shall be in the form of an ordinance passed by City Council.

18.10. Survival. All the terms of this Agreement (including without limitation, the conditions listed in Section Three) shall survive the execution of the Purchase Option and Restrictive Covenants. The parties hereto expressly agree and acknowledge that the terms of this Agreement and the Restrictive Covenants shall remain in full force and effect until the expiration of the Affordability Period, notwithstanding whether the City Contribution is repaid in accordance with the Contribution Documents.

18.11. Captions. The use of captions in this Agreement is for convenience only and such captions shall not be used to define or limit the terms of this Agreement.

18.12. Applicable Law. The interpretation and application of this Agreement shall be in accordance with the laws of the City, the State of Texas and other Applicable Law.

18.13. Multiple Counterparts; Effective Date. The parties have executed this Agreement in multiple originals, each having full force and effect, as of the Effective Date.

18.14. Approval by the City or the Director. All references to "reasonable" with respect to the granting or denying of the City's or the Director's approval shall be deemed to be "reasonable" if the Director is acting in his or her official capacity in accordance with the City's Charter and related ordinances.

18.15. Flood Insurance Requirements and Transfer of Property: Flood Insurance. If applicable, during the term of this Agreement, County shall maintain flood insurance as required under the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 (42 U.S.C. § 4001 et seq. and 42 U.S.C. § 5154a), as amended, in accordance with **APPENDIX 2** hereto or as otherwise required by HUD, City ordinance or the Director. Provided, however, that if the Property is located within a 100-year or 500-year floodplain or Special Flood Hazard Area designated by FEMA, County must maintain flood insurance on the Property for the life of the Property, in accordance with 42 U.S.C. § 4012a, and this requirement shall survive the expiration or earlier termination of this Agreement. County understands and acknowledges that failure to maintain the required flood insurance shall result in ineligibility for any further federal disaster relief of any kind, including but not limited to CDBG disaster recovery assistance. If the Property is sold or transferred by County or any subsequent transferring owner, the applicable flood insurance requirements under this Section are transferred to the new Property owner. County or any subsequent transferring owner of the Property must notify the new owner in accordance with 42 U.S.C. § 5154a and this requirement shall survive the expiration or earlier termination of this Agreement. County or any subsequent transferring owner of the Property may be subject to liability if it fails to provide the notice required by 42 U.S.C. § 5154a.

18.16. Consents and Approvals. Any approval or consent required of the City or the Director under the Contribution Documents is for the purposes of administering the City Contribution for City's benefit only and does not constitute any type of warranty or guaranty to County that the plans, specifications, contracts or items of a similar nature for which approval or consent is sought is free from error, in compliance with Applicable Law or fit for the County's purpose. County acknowledges that neither the City nor the Director is an engineer or an architect

and that County is required to rely on its own architect, contractors and engineers in performance and monitoring of the Work hereunder. To the extent that any condition or provision of this Agreement or any other Contribution Document is subject to the approval or consent of the City or the Director and such consent is not expressly required to be “reasonable”, such consent or approval may be granted or denied within the sole and absolute discretion of the City or the Director, as applicable. In all cases, any approval or consent required by the City or Director shall not be effective unless such consent or approval is in writing.

18.17. Choice of Venue. County agrees that proper and exclusive venue for any dispute with respect to this Agreement shall be in the United States District Court for the Southern District of Texas or the state circuit court sitting in Harris County, Texas, and County agrees to waive any claim that such court does not have personal jurisdiction over it or is an inconvenient forum.

18.18. Mediation of Contractor Disputes. In the event that a dispute arises between County and any contractor or subcontractor or between any contractor and subcontractor with respect to the Work or the Project, the Director shall have the right to require the disputing parties to conduct non-binding mediation to attempt to resolve such disputes to the extent that such mediation would not conflict with the requirements of the Payment, Performance or Maintenance Bonds. Such mediation shall occur within thirty (30) days of notice by the Director that a mediation is required. The Director may declare a default under the City Contribution if any dispute referred to mediation is not resolved within sixty (60) days after submission to non-binding mediation. Each contract and subcontract for the construction of the Project shall contain mandatory non-binding mediation requirements in case of a dispute if mediation is required by the Director as well as the other requirements of **APPENDIX 3** hereto. Nothing contained in this Agreement is intended to require the City to be a party to or participate in any mediation proceedings.

18.19. Force Majeure or COVID-19. In the event that any party shall be delayed in or prevented from the performance of any act required under this Agreement by reason of an event of Force Majeure or Covid-19, the time for performance shall be extended by the number of days that performance was reasonably delayed by such event provided that such extension shall not be permitted if such extension results in the breach of the GLO Contract. The parties agree that the COVID-19 pandemic may have an impact on the timing of performance under this Agreement due to closures or reductions in staffing of government offices and private businesses, travel and contact restrictions and other issues beyond the control of the parties. The parties will work together in good faith to extend any such period in accordance with this Section.

18.20. Anti-Boycott of Israel. County certifies that County is not currently engaged in and agrees for the duration of this Agreement not to engage in the boycott of Israel as defined by Section 808.001 of the Texas Government Code.

18.21. Zero Tolerance Policy for Human Trafficking and Related Activities. The requirements and terms of the City's Zero Tolerance Policy for Human Trafficking and Related Activities, as set forth in Executive Order 1-56, as revised from time to time, are incorporated into this Agreement for all purposes. County has reviewed Executive Order 1-56, as revised, and shall comply with its terms and conditions as they are set out at the time of this Agreement's effective date. County shall immediately notify the City's Chief Procurement Officer, City Attorney, and the Director of any information regarding possible violation by the County or its subcontractors providing services or goods under this Agreement.

SECTION NINETEEN **AUTHORITY OF THE DIRECTOR AND MAYOR**

19.1. Authority of the Director to Extend Time of Performance. The Director may extend the time of performance for any of County's covenants or conditions set forth in this

Agreement, including all exhibits and attachments, or the other Contribution Documents two (2) times for up to six (6) months each by written notice to County. After these two six (6) months extensions, the next extension must be obtained by formal amendment to this Agreement, approved by City Council. After the extension approved by City Council, the Director may extend this Agreement (as amended) or any applicable time period for up to two (2) additional six (6) month periods by written notice to County, but any additional extensions thereafter must be approved by City Council. Director may not extend the Maturity Date of the City Contribution or otherwise amend or extend any repayment obligations.

19.2. Authority of the Director to Execute Certain Amendments. In the event that change orders, the application of delay damages, or other actions permitted by this Agreement, including all exhibits and attachments, cause the amount of the City Contribution to decrease, the Director shall have the authority to execute the appropriate amendments to the Contribution Documents reflecting such decrease.

19.3. Authority of the Mayor to Execute Other Documents. The Mayor shall have the authority, without further action by City Council, to execute all other documents contemplated by this Agreement, including all exhibits and attachments, or necessary or appropriate to effectuate this Agreement, or to protect the City's interests hereunder, including, without limitation, execution of the Intercreditor Agreement and Subordination Agreement. The Mayor shall have the authority, without further action by City Council and upon the recommendation of the Director and City Attorney, to make changes to clarify, but not materially change, any provisions of this Agreement, including all exhibits and attachments, or other documents contemplated by this Agreement.

19.4. Schedules, Attachments, Appendices and Exhibits. References in this Agreement to various Schedules, Attachments, Appendices, or Exhibits shall refer to substantially the same form as those that are attached to this Agreement or such other form of Schedule, Attachment, Appendix or Exhibit as may be approved by the City Attorney and the other parties hereto.

19.5. Other Amendments; Council Approval Required. Except as otherwise provided in these Sections 19.1, 19.2, 19.3 and 19.4, any amendments to the Contribution Documents must be in writing and authorized by City Council.

19.6. Reserved.

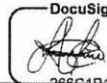
[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties execute this Agreement in multiple counterparts
as of the date of countersignature by the City Controller as set out below.

COUNTY :

HARRIS COUNTY,
a Political Subdivision of the State of Texas

DocuSigned by:

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

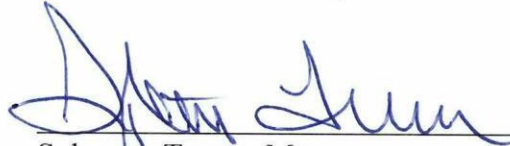
Construction Contribution Agreement Signature Pages

SEAL/ATTEST:



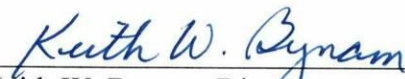
Pat Jefferson Daniel, City Secretary

CITY OF HOUSTON, TEXAS




Sylvester Turner, Mayor

APPROVED:



Keith W. Bynam, Director
Housing and Community Development
Department

COUNTERSIGNED:



Chris B. Brown, City Controller

APPROVED AS TO FORM:



Senior Assistant City Attorney

LD# 0000001009

COUNTERSIGNATURE DATE:

02-14-23

SCHEDULE A

DEFINITIONS

Accessibility Requirements are defined in Section Six, Paragraph 6.23.4.

Affordability Period shall mean the forty (40) year period, which commences upon Project Completion, as defined in the City Contribution Agreement, during which all Designated Units in the Project must remain affordable (in accordance with the provisions of Section 6.8 hereof) without regard to the term of the City Contribution Agreement or transfer of ownership of the Project (the "City Affordability Requirements"). The Affordability Period includes a twenty (20) year HUD required affordability period as set forth in 83 Fed. Reg. 5844 and 83 Fed. Reg. 40314 (the "HUD Affordability Requirements"), in addition to a supplemental twenty (20) year affordability period required by the City. While the County's obligation to comply with the HUD Affordability Requirements and related obligations shall end at the close of the initial twenty (20) year affordability period, the County shall be required to comply with the City Affordability Requirements for the forty (40) years, as maybe extended, in accordance with this Agreement.

Applicable Law is defined in Section Six, Paragraph 6.23.1.

Approved Construction Schedule is defined in Section Three, Paragraph 3.4 hereof.

Approved Construction Contract is defined in Section Three, Paragraph 3.10.1 hereof.

Approved Final Construction Budget is defined in Section Three, Paragraph 3.9.2 of this Agreement.

Approved Final Operating Budget shall mean the portion of the approved Final Budget which relates to the operation and the Operating Expenses of the Project, which shall be updated and approved annually during the term of the City Contribution in accordance with the provisions of Section Three, Paragraph 3.9.1.

Approved Final Project Budget is defined in Section Three, Paragraph 3.9.2 of this Agreement.

Approved Plans, Specifications and Drawings is defined in Section Three, Paragraph 3.3 hereof.

Assignment of Construction Contract shall mean that certain Assignment and Subordination of Construction Contract (with Consent) in form attached hereto as an Attachment or otherwise approved by the City Attorney.

C.F.R. shall mean the Code of Federal Regulations.

Certificate of Completion shall mean the certificate that is executed by the Director that states that Project Completion has occurred in accordance with the requirements of this Agreement.

Certificate of Compliance/Occupancy shall mean the certificate that is issued by the City acknowledging that construction has been completed and/or that the structure is ready for occupancy. Note: for rehabilitation Projects, this certificate may be termed a Certificate of Compliance.

City is defined in the preamble to this Agreement.

City Attorney shall mean the City Attorney of the City of Houston or any Assistant City Attorney that the City Attorney may designate to perform the various functions assigned to the City Attorney under this Agreement.

City Controller shall mean the Controller of the City of Houston or any other person the Controller may designate to perform the various functions assigned to the Controller under this Agreement.

City Contribution or **City's Contribution** shall mean the performance-based grant contemplated by this Agreement, in the maximum amount of \$5,000.00 made by the City to County for the purpose of financing eligible costs to construct the Project.

City Representatives shall have the meaning set forth in Paragraph 6, Section 6.15.1.

Closing or **Closing Date** shall mean the date on which the Contribution Documents are executed and all of the other conditions set forth in Section Four of this Agreement have been satisfied.

Construction Contract shall mean the contract between County and the Contractor to perform the Work (in form approved by the Director).

Construction Project Manager shall mean an individual or corporation which must be an architect or an engineer and must be registered and in good standing in his or her profession under the laws of the State of Texas or must have a duly licensed architect or engineer on its staff or such other person or entity approved by the Director. County may not serve as the Construction Project Manager. The Construction Project Manager will oversee all phases of design, planning, and submission of the plans, specifications, drawings and other construction documents for the Project. The Construction Project Manager shall also be responsible for overseeing the Work and the performance of the Contractor, including without limitation, conducting on-site inspections appropriate to the state of construction so as to become generally familiar with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Document.

Construction Project Management Agreement shall mean the agreement between County and the Construction Project Manager, in form acceptable to the Director, outlining the services to be performed by the Construction Project Manager in relation to the Project which Construction Project Management Agreement shall be collaterally assigned to the City pursuant to that certain Assignment of Construction Project Management Agreement in form attached hereto as an Attachment or other form approved by the City Attorney.

Contractor shall mean a contractor as approved by the Director selected by the County to perform the Work. The Contractor must be registered and in good standing in his or her profession under the laws of the State of Texas and must be acceptable to the Director.

Contribution Documents shall mean all of the documents executed by or on behalf of County that govern, secure and/or evidence the City Contribution, including without limitation, this Agreement, the Assignment, the Assignment of Construction Contract, the Assignment of Property Management Agreement, the Assignment of Architect's Contract, Plans and Specifications, the Environmental Covenant, the Assignment of Construction Project Management Agreement, if any, and the Restrictive Covenants; provided, however, that the Restrictive Covenants shall not be deemed a "**Contribution Document**", and further provided that the obligations of the restrictive covenants shall be secured by the Compliance Contingency.

Contribution Proceeds means amounts disbursed by the City to County pursuant the terms of this Agreement.

Cost Reasonableness Analysis shall mean an evaluation of the separate elements (e.g., labor, materials, etc.) that make up the Approved Final Construction Budget to determine if they are allowable, directed related to the Work and ultimately, reasonable.

Default shall mean the occurrence of any event set forth under **Section Ten** of this Agreement.

Designated Units shall mean those units in the Project which have been designated by County and approved by the Director as subject to all occupancy, rent, and affordability requirements of this Agreement and the Restrictive Covenants. The Designated Units shall remain in compliance with the requirements of this Agreement without regard to the term of any mortgage or the transfer of ownership, pursuant to the Restrictive Covenants.

Director shall mean the Director of the City's Housing and Community Development Department or any other person that the Director may designate to perform the various functions assigned to the Director under this Agreement.

Effective Date shall mean the date this Agreement is countersigned by the City Controller.

Environmental Mitigation shall mean any environmental mitigation measures and conditions.

Environmental Review shall mean the environmental review conducted pursuant to 24 C.F.R. Part 58.

Final Budget shall mean, collectively, the Approved Final Operating Budget and the Approved Final Construction Budget.

Force Majeure. An event of storm, flood, fire, earthquake, hurricane, pandemic or other acts of god, war, terrorism, sabotage, riot, insurrection or other civil disturbance, strikes, lockouts or other labor disturbances, orders of any governmental authority, including without limitation any civil or military authority, declarations of regional, state, or national emergencies or disaster areas,

which renders a party temporarily incapable of performance. The term “Force Majeure” specifically excludes events related to COVID-19 existing as of the date of Closing.

Governmental Authority shall mean the United States, each state, each county, each city, and each other political subdivision in which all or any portion of the Land is located, and each other political subdivision, agency, or instrumentality exercising jurisdiction over the City, County, and/or the Land.

HUD shall mean the United States Department of Housing and Urban Development.

Income and/or Family Income or any similar term, including without limitation, annual income, adjusted income, monthly income, and monthly adjusted income shall have the meanings assigned to such terms in 24 C.F.R. Part 5.

Intercreditor Agreement shall mean the agreement between the City and County described in Section Three, Paragraph 3.8 of this Agreement.

Land shall mean the real property included within the Project, as described in Section Two, Paragraph 2.1 of this Agreement.

LMI Persons shall mean low- or moderate-income households whose annual incomes do not exceed eighty (80%) percent of the AMI, as determined by HUD with adjustments for family size.

Mayor shall mean the Mayor of the City of Houston, or any person that the Mayor may designate to perform the various functions assigned to the Mayor under this Agreement.

Maturity Date the expiration date of the Affordability Period.

Minimum Property Standards shall mean the minimum property standards of the City of Houston as set forth in APPENDIX 14, provided, however, that in the event of a conflict between the minimum property standards of the City of Houston and Section 8 Housing Quality Standards for Existing Housing under 24 C.F.R. § 982.401, the more rigorous requirement shall apply as the Minimum Property Standard hereunder.

Net Operating Income shall mean the Project’s gross operating income less Operating Expenses.

Operating Expenses shall mean all costs and expenses paid or incurred in connection with or relating to the ownership, maintenance or operation of the Project pursuant to the Approved Final Operating Budget and the Approved Final Construction Budget.

Other Financing is defined in Section One, Paragraph M of this Agreement (if applicable).

Permitted Encumbrances shall be those encumbrances at Exhibit F to this Agreement.

Preliminary Project Budget shall mean the budget for the Project attached as an Exhibit to this Agreement, which has been submitted by County and approved by the Director prior to execution of this Agreement.

Proceeds of Financing shall mean the amount of any loan (if any) made on the Closing Date to finance construction of the Project, secured by a lien against the Project, reduced by (i) the amount of indebtedness secured by a lien against the Project that is to be paid from such loan, (ii) costs of closing and other customary expenses funded from the proceeds of the loan, and (iii) capital improvements to be made to the Project that are specified to be funded from the loan in question.

Proceeds of Sale shall mean the fair market value of the Project at the time of sale reduced by (i) the amount of any indebtedness secured by the Project and (ii) costs of closing and other customary expenses funded from the proceeds of the sale.

Proceeds Sharing Period shall mean the period which begins on the Effective Date and which ends upon the expiration of the Affordability Period (as same may be extended).

Project shall mean the Land described in Section Two, Paragraph 2.1 of this Agreement, together with all buildings and other improvements located or to be located on the Land. Project shall also include all real and personal property interests of County located on, incorporated into, or used in connection with the Land and improvements, including without limitation, all leases to County, appliances, air conditioning, heating, ventilation, plumbing and electrical fixtures and equipment.

Project Completion shall mean the date on which all of the following conditions have been satisfied and which:

- (i) fee title to the Land is in County ;
- (ii) the Work has been completed to the satisfaction of the Director, and County has delivered to the City an AIA Affidavit of Completion signed by the County, Contractor and Architect for the Project in form and substance acceptable to the Director;
- (iii) the City or the Approved Inspectors have conducted a Uniform Physical Conditions Standards inspection and all deficiencies have been remedied.
- (iv) the Project in the Director's judgment complies with CDBG-DR17 Program Requirements, the requirements of HUD, including but not limited to those set forth in the written "release of funds" authorization from HUD as further described in Section Five, Paragraph 5.4, and the Minimum Property Standards set forth in Section Six, Paragraph 6.10 of this Agreement);
- (v) the final draw request has been made and the draw on the City Contribution has been disbursed for the Project including retainage;

- (vi) delivery to the City evidence satisfactory to the City, reflecting the full payment of, and executed final, unconditional lien waivers from (or the liens have been bonded around) all contractors, subcontractors and others with respect to the construction of the Project;
- (vii) delivery of Certificates of Occupancy (or their equivalent) issued by all appropriate Governmental Authorities for all portions of the improvements located at the Project;
- (viii) the information necessary for the City to complete the Final Wage Compliance Report has been submitted by County and the City has completed the report and submitted it to GLO; and
- (ix) A letter from the Architect or other qualified professional indicating that the Project is in compliance with all Accessibility Requirements.

Property shall mean all of the property described in Section One of this Agreement.

Property Condition Assessment shall mean a physical inspection of the Project to access any physical deficiencies and defects of the Project and any material deferred maintenance of the Project's systems, components, or equipment as observed during the field observer's walk-through survey.

Property Management Agreement shall mean the agreement between County and the Property Manager, in form acceptable to the Director, outlining the services to be performed by the Property Manager in relation to the Project. The Property Management Agreement shall be collaterally assigned to the City pursuant to the Assignment of Property Management Agreement in form attached hereto as an Attachment or other form approved by the City Attorney.

Property Manager shall mean the person or firm charged with the day to day management of the Project in accordance with the terms of the Property Management Agreement. The initial Property Manager shall be Harris County Housing Authority.

Purchase Option shall mean the City's Option to recover its Contribution in the event of County's noncompliance with the requirements of this Agreement.

Reserve(s) or Replacement Reserve shall mean an escrowed reserve account established for the purpose of funding the replacement of furniture, fixtures and equipment used in connection with the Project and for repair of capitalized improvements, in accordance with Section One, Paragraph O, Section Six, Paragraph 6.24 and the Final Budget.

Restrictive Covenants shall mean the covenants embodied in the Restrictive Covenants to be executed by County, which shall be substantially in the form attached hereto as **ATTACHMENT A** to this Agreement, which covenants require County and its successors and assigns, to comply with certain occupancy and use restrictions for the duration of the Affordability Period, and which shall be superior to any and all other liens and encumbrances.

State shall mean the State of Texas.

Subcontractor shall mean any person, firm, or corporation who has a direct contract with the Contractor to perform any portion of the Work at the Project.

UFAS shall mean the Uniform Federal Accessibility Standards as set forth under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794 et seq.) and the regulations promulgated in connection therewith.

Work as used in this Agreement shall mean all labor necessary to complete the construction, replacement, repair and any Environmental Mitigation on the Project required by this Agreement, the Construction Contract and HUD, and all the materials and equipment incorporated or to be incorporated into the Project during the course of such construction, replacement and repair work.

APPENDICES TO CONSTRUCTION CONTRIBUTION AGREEMENT

APPENDIX 1	Applicable Law
APPENDIX 2	Insurance Requirements and Release and Indemnity Provisions for the Approved Construction Contract and the Other Construction and Supply Contracts
APPENDIX 3	Construction Contract Requirements, including bidding procedures if applicable
APPENDIX 4	Survey Requirements
APPENDIX 5	Monitoring Forms including Compliance Forms for Complying with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. Sec. 1701u)
APPENDIX 6	Lobbying Certificate (to be delivered on or before the execution of this Agreement)
APPENDIX 7	"Debarment Form"-- Certification regarding Debarment, Suspension, and Other Responsibility Matters (to be delivered on or before the execution of this Agreement)
APPENDIX 8	Reserved
APPENDIX 9	City's MWSBE, Section 3 and Labor Standards Requirements
APPENDIX 10	Property Condition Assessment requirements (if any)
APPENDIX 11	Multifamily Relocation Requirements, including related forms
APPENDIX 12	Reserved
APPENDIX 13	GLO Lien Waiver Form
APPENDIX 14	Minimum Property Standards
APPENDIX 15	City Workforce Protection Measures

Appendix 1:
Applicable Law

APPENDIX 1
NONEXCLUSIVE LIST OF APPLICABLE LAWS, RULES, AND REGULATIONS

GENERALLY

The Acts and Regulations specified in the Texas General Land Office (“GLO”) Contract No. 19-147-001-B489 (“2019 Subrecipient Agreement”);

The Acts and Regulations specified in the Texas General Land Office (“GLO”) Contract No. 21-134-000-C788 (“2021 Subrecipient Agreement”) On the date HUD approves Action Plan Amendment 8 (as such plan is described in the 2021 Subrecipient Agreement), the City’s 2019 Subrecipient Agreement shall automatically terminate and the 2021 Subrecipient Agreement will become effective to govern this Agreement from that date forward;

Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56);

The Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-123);

The Housing and Community Development Act of 1974 (12 U.S.C. § 5301 et seq.);

The United States Housing Act of 1937, as amended, 42 U.S.C. § 1437(f)(o)(13) (2016) and related provisions governing Public Housing Authority project-based assistance, and implementing regulations at 24 C.F.R. Part 983 (2016);

Cash Management Improvement Act regulations (31 C.F.R. Part 205);

Community Development Block Grants (24 C.F.R. Part 570);

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

GLO Housing Guidelines;

State of Texas Plan for Disaster Recovery: Hurricane Harvey Round 1, as amended from time to time and posted on the GLO website (<https://recovery.texas.gov/action-plans/hurricane-harvey/index.html>); and

City of Houston, Housing and Community Development Department – City of Houston Build it Forward Housing Recovery Program: Harvey Multifamily Program Guidelines, as may be amended from time to time (available at <https://recovery.houstontx.gov/hud-requirements-reports/#guidelines>).

Guidance Documents: Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200); the Federal Registers; Hurricane Harvey Disaster Recovery Housing Guidelines issued by GLO – Community Development and

Revitalization, as amended (available at <https://recovery.texas.gov/local-government/hud-requirements-reports/housing-guidelines/index.html>); CDBG-DR Project Implementation Manual, as posted on the GLO website (<https://recovery.texas.gov/files/hud-requirements-reports/implementation-manual/ch.-1---introduction.pdf>).

CIVIL RIGHTS

Title VI of the Civil Rights Act of 1964, (42 U.S.C. § 200d et seq.); 24 C.F.R. Part 1, “Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964;”

Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972 (42 U.S.C. § 2000e et seq.);

Title VIII of the Civil Rights Act of 1968, “The Fair Housing Act of 1968” (42 U.S.C. 3601 et seq.), as amended, 24 C.F.R. §§ 100.201 and 100.205;

Executive Order 11063, as amended by Executive Order 12259, and 24 C.F.R. Part 107, “Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063.” (The failure or refusal of Grantee to comply with the requirements of Executive Order 11063 or 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. § 107.60);

The Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.);

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794.) and “Nondiscrimination Based on Handicap in Federally-Assisted Programs and Activities of the Department of Housing and Urban Development”, 24 C.F.R. Part 8; and

The Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.), including the use of a telecommunications device for deaf persons (TDDs) or equally effective communication system.

LABOR STANDARDS

The Davis-Bacon Act, as amended (40 U.S.C. 276a – 276a-5); 29 C.F.R. Part 5; 24 C.F.R. Part 70; 24 C.F.R. § 570.603;

The Copeland “Anti-Kickback” Act (18 U.S.C. 874); 41 C.F.R. Part 3; 24 C.F.R. Part 135;

Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §327A and 330 and re-codified at 40 U.S.C. §§ 3701-3708);

Labor Standards Provisions applicable to Contracts Covering Federally Financed and Assisted Construction (Also Labor Standards Provisions Applicable to Non-Construction Contracts subject to the Contract Work Hours and Safety Standards Act) (29 C.F.R. Part 5);

Federal Executive Order 11246, as amended; and

Department of Labor Regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.

EMPLOYMENT OPPORTUNITIES

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u); 24 C.F.R. §§ 135.3(a)(2) and (a)(3);

The Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. § 4212);

Title IX of the Education Amendments of 1972 (20 U.S.C. §§ 1681-1688); and

Federal Executive Order 11246, as amended.

GRANT AND AUDIT STANDARDS

Single Audit Act Amendments of 1996, 31 U.S.C. § 7501;

Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

Uniform Grant and Contract Management Act (Texas Government Code Chapter 783) and the Uniform Grant Management Standards issued by Governor's Office of Budget and Planning; and

Title 1 Texas Administrative Code § 5.167(c).

LEAD-BASED PAINT

Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831 (b)).

HISTORIC PROPERTIES

The National Historic Preservation Act of 1966 as amended (16 U.S.C. 470 et seq.), particularly sections 106 and 110 (16 U.S.C. 470 and 470h-2), except as provided in §58.17 for Section 17 projects;

Executive Order 11593, Protection and Enhancement of the Cultural Environment, May 13, 1971 (36 Fed. Reg. 8921), 3 C.F.R. 1971-1975 Comp., p. 559, particularly section 2(c);

Federal historic preservation regulations as follows: 36 C.F.R. Part 800 with respect to HUD programs;

The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974 (16 U.S.C. 469 et seq.), particularly section 3 (16 U.S.C. 469a-1).

ENVIRONMENTAL LAW AND AUTHORITIES

Environmental Review Procedures for Recipients assuming HUD Environmental Responsibilities (24 C.F.R. Part 58, as amended);

National Environmental Policy Act of 1969, as amended (42 U.S.C. §§ 4321-4347); and

Council for Environmental Quality Regulations for Implementing NEPA (40 C.F.R. Parts 1500-1508).

FLOODPLAIN MANAGEMENT AND WETLAND PROTECTION

Executive Order 11988, Floodplain Management, May 24, 1977 (42 Fed. Reg. 26951), 3 C.F.R., 1977 Comp., p. 117, as interpreted in HUD regulations at 24 C.F.R. Part 55, particularly Section 2(a) of the Order (For an explanation of the relationship between the decision-making process in 24 C.F.R. Part 55 and this Part, see § 55.10.); and

Executive Order 11990, Protection of Wetlands, May 24, 1977 (42 Fed. Reg. 26961), 3 C.F.R., 1977 Comp., p. 171 particularly Sections 2 and 5.

COASTAL ZONE MANAGEMENT

The Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), as amended, particularly sections 307(c) and (d) (16 U.S.C. 1456(c) and (d)).

SOLE SOURCE AQUIFERS

The Safe Drinking Water Act of 1974 (42 U.S.C. 201, 300(f) et seq., and 21 U.S.C. 349) as amended; particularly section 1424(3)(42 U.S.C. 300h-3(e); and

Sole Source Aquifers (Environmental Protection Agency-40 C.F.R. Part 149.).

ENDANGERED SPECIES

The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) as amended, particularly section 7 (16 U.S.C. 1536).

WILD AND SCENIC RIVERS

The Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) as amended, particularly sections 7(b) and (c) (16 U.S.C. §§ 1278(b) and (c)).

AIR QUALITY

The Clean Air Act (42 U.S.C. § 7401 et seq.) as amended, particularly sections 176(c) and (d) (42 U.S.C. § 7506(c) and (d); and

Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency-40 C.F.R. Parts 6, 51, and 93).

FARMLAND PROTECTION

Farmland Protection Policy Act of 1981 (7 U.S.C. § 4201 et seq.) particularly sections 1540(b) and 1541 (7 U.S.C. 4201(b) and 4202);

Farmland Protection Policy (Department of Agriculture-7 C.F.R. Part 658);

HUD ENVIRONMENTAL STANDARDS

Applicable criteria and standards specified in HUD environmental regulations (24 C.F.R. Parts 50, 51) (other than the runway clear zone and clear zone notification requirement in 24 C.F.R. 51.303(a)(3), as modified by waivers at 83 Fed. Reg. 5844; and

HUD Notice 79-33, Policy Guidance to Address the Problems Posed by Toxic Chemicals and Radioactive Materials, September 10, 1979).

ENVIRONMENTAL JUSTICE

Executive Order 12898 of February 11, 1994 --- Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations, (59 Fed. Reg. 7629), 3 C.F.R., 1994 Comp. p. 859; and

Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

SUSPENSION AND DEBARMENT

Use of debarred, suspended, or ineligible contractors or subrecipients (24 C.F.R. § 570.609);

General HUD Program Requirements; Waivers (24 C.F.R. Part 5);

Suspension and Debarment (2 C.F.R. Parts 180 and 2424); and

Nonprocurement Suspension and Debarment (2 C.F.R. § 200.213).

ACQUISITION/RELOCATION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.), 24 C.F.R. Part 42; 24 C.F.R. § 570.606; 49 C.F.R. § 24 (URA), as modified by waivers at 83 Fed. Reg. 5844;

Housing and Community Development Act of 1974, as amended by 24 C.F.R. § 42 and as modified by waivers at 83 Fed. Reg. 5844; and

The Protecting Tenants at Foreclosure Act of 2009.

City of Houston Housing and Community Development Department's Residential Anti-Displacement Policy, as the same may be amended (available at <https://recovery.texas.gov/files/housing-guidelines-requirements-reports/residential-anti-displacement-and-relocation-assistance-plan.pdf>)

FAITH-BASED ACTIVITIES

Executive Order 13279 of December 12, 2002 – Equal Protection of the Laws for Faith-Based and Community Organizations, (67 Fed. Reg. 77141).

CONSTRUCTION AND INSPECTION

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) and regulations and guidelines promulgated thereunder, including without limitation 24 C.F.R. Part 8;

Fair Housing Act and regulations and guidelines promulgated thereunder, including without limitation 24 C.F.R. Part 100;

24 C.F.R. §§ 982-401 (Section 8 Housing Quality Standards for Existing Housing);

The requirements of 24 C.F.R. § 570.614, which applies the standards of the Architectural Barriers Act (42 U.S.C. §§ 4151-4157) and the Americans with Disabilities Act (42 U.S.C. §§ 155, 201, 218 and 225) to CDBG-funded activities;

Green Building Standards at 83 Fed. Reg. 5844;

Texas Architectural Barriers Act, Article 9102, Tex. Civ. Stat. Ann. (1994) and the regulations and guidelines promulgated thereunder;

Chapter 10, Subsection 60 of the Texas Administrative Code and the regulations and guidelines promulgated thereunder; and

City of Houston's Minimum Property Standards, as amended from time to time.

APPRAISAL

49 C.F.R. § 24.2(a)(3) and 49 C.F.R. § 24.103.

BROADBAND REQUIREMENTS

Any new construction or substantial rehabilitation, as defined by 24 C.F.R. § 5.100, of a building with more than four (4) rental units must include installation of broadband infrastructure. For the purposes of this program, broadband service can either be hardwired or wireless, but it must be provided and 25 Mbps down and 3 Mbps up.

OTHER REQUIREMENTS

Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists, and Chapter 2306 of the Texas Government Code.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Appendix 2:

**Insurance Requirements and Release and Indemnity Provisions for the Approved
Construction Contract and the Other Construction and Supply Contracts**

APPENDIX 2

INSURANCE REQUIREMENTS FOR THE APPROVED CONSTRUCTION CONTRACT AND THE OTHER CONSTRUCTION AND SUPPLY CONTRACT

I. GENERAL INSURANCE REQUIREMENTS

A. COVERAGES. With no intent to limit Owner's liability under the indemnification provisions set forth above, Owner covenants to provide and maintain (or where applicable, ensure its Contractor provides and maintains) in full force and effect for the periods stated below (or if no period is stated for the longer of any statutory period or the construction phase of this project), at least the following insurance and available limits of liability:

REQUIRED COVERAGES

(Coverage)	(Limit of Liability)
1. Workers' Compensation:* Including All States Insurance, United States Longshoremen and Harbor Workers Compensation Act	Statutory Limits for Workers' Compensation
*See Additional Insurance Requirements Below	
2. Employer's Liability	Bodily Injury by Accident \$1,000,000 (each accident) Bodily Injury by Disease \$1,000,000 (policy limit) Bodily Injury by Disease \$1,000,000 (each employee)
3. Commercial General Liability: Including Owner's and Contractor's Protective Liability or Owner's Interest, Broad Form Property Damage, Contractual Liability, Bodily Injury, Personal Injury and Products and Completed Operations (for a period of one-year following completion of the Work under this Agreement)	Combined single limit of \$1,000,000 each occurrence, subject to general aggregate \$2,000,000; Productions and Completed Operations, \$1,000,000 aggregate
4. Owner's and Contractor's Protective Liability or Owner's Interest	100% of Contract Price, including change orders
5. Flood Hazard Insurance **	
**See Additional Insurance Requirements Below	
6. Automobile Liability Insurance	\$1,000,000 combined single limit each occurrence
7. Excess Coverage	\$1,000,000 each occurrence/combined aggregate in excess of the limits specified for Employer's Liability Commercial General Liability and Automobile Liability

8. Property & Casualty Coverage "All Causes of Loss" Builders Risk Form 100% of Contract Price, including change orders

OPTIONAL COVERAGES

- | | |
|---|---|
| 1. Pollution Legal Liability | \$1,000,000 per occurrence/aggregate |
| 2. Coverage for tools, equipment, etc., not included in cost of the Work | Value of items covered |
| 3. Equipment floater policy to cover equipment in transit, at warehouse job site or elsewhere until Work is turned over to the City | Value of Equipment |
| 4. Increased Excess Coverage | In addition to specified coverage, as appropriate for Project |
| 5. Other insurance | As appropriate for Project |

If any of the above insurance is written as "claims made" coverage and the City is required to be carried as an additional insured, then Owner's insurance shall include a two (2)-year extended discovery period after the last date that Owner provides any Work under this Agreement.

"Aggregate" amounts of coverage, for purposes of this Agreement, are agreed to be the amounts of coverage available during a fixed twelve (12)-month policy period.

B. **POLICY REQUIREMENTS**

1. **Form of Policies:** The insurance may be in one or more policies of insurance, the form of which is subject to reasonable approval by the Director. It is agreed, however, that nothing the Director does or fails to do with regard to the insurance policies shall relieve Owner from its duties to provide the required coverage hereunder and Director's actions or inactions will never be construed as waiving City rights hereunder.

2. **Issuers of Policies:** The issuer of any policy must have a Certificate of Authority from the State Department of Insurance to conduct insurance business in Texas or a rating of at least **B+** and a financial size of **Class VI** or better according to the most current Edition Key Rating Guide, Property Casualty United States. Each issuer must be responsible and reputable and must be subject to approval by the Director in his/her sole discretion as to conformance with these requirements.

3. **Insured Parties:** Each policy, except those for Workers' Compensation and Professional Liability, must name the City (and its officers, agents and employees) as additional insured parties on the original policy and all renewals or replacements during the term of this Agreement. The City's status as an additional insured under the Owner's insurance does not extend to instances of sole negligence of the City unmixed with any fault of the Owner or general contractor.

4. **Deductibles:** Owner shall assume and bear any claims or losses to the extent of any deductible amounts and waives any claim it may ever have for the same against the City, its officers, agents and employees.

5. **Cancellation:** Each policy must expressly state that it may not be cancelled, or materially modified, or non-renewed unless thirty (30) days advance notice of cancellation is given in writing to the City by the insurance company.

6. **Subrogation:** Each policy must contain an endorsement to the effect that the issuer waives any claim or right in the nature of subrogation to recover against the City, its officers, agents or employees.

7. **Endorsement of Primary Insurance:** Each policy must contain an endorsement that such policy is primary insurance to any other insurance available to the Additional Insured with respect to claims arising hereunder.

8. **Liability for Premium:** The Owner shall be solely responsible for payment of all insurance premium requirements hereunder and the City shall not be obligated to pay any premiums.

C. **PROOF OF INSURANCE.** Owner shall provide proof of insurance as indicated below.

1. Prior to commencing any Work under this Agreement, Owner shall furnish the Director with Certificates of Insurance, along with an affidavit from the Owner confirming that the Certificate accurately reflects the insurance coverage that will be available during the term of the Agreement. If requested in writing by the Director, the Owner shall furnish the City with certified copies of Owner's actual insurance policies. Failure of Owner to provide certified copies, as requested, may be deemed, in the Director's and/or City Attorney's discretion, to constitute a breach of this Agreement.

2. Notwithstanding the proof of insurance requirements set forth above, it is the intention of the parties hereto that Owner, continuously and without interruption, maintain in force the required insurance coverages set forth above. Failure of the Owner to comply with this requirement shall constitute a default of Owner under this Agreement. Owner agrees that the City shall never be argued to have waived or be estopped to assert its rights to terminate this Agreement because of any acts of omissions by the City regarding its review of insurance documents provided by the Owner, its general contractor, or any agents, employees or assigns.

II. **ADDITIONAL INSURANCE REQUIREMENTS:**

A. **WORKMAN'S COMPENSATION.** Owner agrees to comply with the Worker's Compensation insurance requirements set forth below.

1. **Workers' Compensation Insurance Coverage.** Owner shall, in addition to meeting the obligations set forth in Article I, Required Coverages, maintain throughout the term of the Agreement Workers' Compensation as required by statute and Owner shall specifically comply with all requirements set forth in this Section. The definitions set out below shall apply only for the purposes of this Section:

Definitions:

Certificate of coverage (Certificate): A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission (included in original definition under Rule 110.110 but excluded from this Agreement), or a coverage agreement (TWCC-81, TWCC-82, TWCC-83 or TWCC-84), showing statutory Workers' Compensation insurance coverage for the Owner's, Subcontractor's, or Supplier's employees providing service on a Project, for the duration of the Project.

Duration of the Project: Includes the time from the beginning of the Work on the Project until the Owner's Work on the Project has been completed and accepted by the City.

Persons providing services on the Project (Subcontractor in Texas Labor Code § 406.096): Includes all persons or entities performing all or part of the services the Owner has undertaken to perform on the Project, regardless of whether that person contracted directly with the Owner and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the Project. "Services" include, without limitation, providing, hauling or delivering equipment or materials, or providing labor, transportation, or other service related to a Project. "Services" does not include activities unrelated to the Project, such as food/beverage vendors, office supply deliveries and delivery of portable toilets.

2. The Owner shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011 (44) for all employees of the Owner providing services on the Project, for the duration of the Project.

3. The Owner must provide a certificate of coverage to the City prior to receiving funds under the Agreement.

4. If the coverage period shown on the Owner's current certificate of coverage ends during the duration of the Project, the Owner must file a new certificate of coverage with the City showing that coverage has been extended.

5. The Owner shall obtain from each person providing services on a Project and provide to the City:

- (i) a certificate of coverage, prior to that person beginning Work on the Project, so the City will have on file certificates of coverage showing coverage for all persons providing services on the Project; and
 - (ii) no later than seven (7) days after receipt by the Owner, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the Project.
- 6. The Owner shall retain all required certificates of coverage for the duration of the Project and for one (1) year thereafter.
- 7. The Owner shall notify the City in writing by certified mail or personal delivery, within ten (10) days after the Owner knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Project.
- 8. The Owner shall post on each Project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the Project that they are required to be covered and stating how a person may verify coverage and report lack of coverage.
- 9. The Owner shall contractually require each person with whom it contracts to provide services on a Project to:
 - (i) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the Project, for the duration of the Project;
 - (ii) provide to the Owner, prior to that person beginning Work on the Project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the Project, for the duration of the Project;
 - (iii) provide to the Owner, prior to the end of the coverage period, a new certificate of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the Project;
 - (iv) obtain from each other person with whom it contracts and provide to the Owner: (1) a certificate of coverage, prior to the other person beginning Work on the project; and (2) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the Project;

- (v) retain all required certificates of coverage on file for the duration of the Project and for one (1) year thereafter;
- (vi) notify the City in writing by certified mail or personal delivery, within ten (10) days after the person knew or should have known, of any change that materially affects the provisions of coverage of any person providing services on the Project; and
- (vii) contractually require each person with whom it contracts, to perform as required under this Subparagraph 5.1 A-G, with the certificates of coverage to be provided to the persons for whom they are providing services.

10. By signing this Agreement or providing or causing to be provided a certificate of coverage, the Owner is representing to the City that all employees of the Owner who will provide services on the Project will be covered by Workers' Compensation coverage for the duration of the Project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier. Owner shall not be allowed to self-insure Workers' Compensation. Providing false or misleading information may subject the Owner to administrative penalties, criminal penalties, civil penalties, or other civil actions.

11. The Owner's failure to comply with any of these provisions is a breach of contract by the Owner which entitles the City to declare the Agreement void if the Owner does not remedy the breach within ten (10) days after receipt of notice of breach from the City.

B. FLOOD AND HAZARD INSURANCE REQUIREMENTS. Owner must comply with the flood hazard insurance requirements set forth below.

1. Flood hazard insurance is required for projects located in a Special Flood Area (or 100-year floodplain). The Owner shall apply for flood insurance on all insurable structures built under this Agreement, if applicable. A copy of the completed application must be provided to the City before commencing construction on the Project. The Owner shall obtain flood hazard insurance as soon as possible and submit a copy of the policy to the City, if applicable. The Owner also has a statutory responsibility to inform any transferee who receives or purchases the project of any applicable requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. These requirements are enumerated at <https://www.govinfo.gov/content/pkg/USCODE-2010-title42/pdf/USCODE-2010-title42-chap68-subchapIII-sec5154a.pdf>.

APPENDIX 2 cont'd

RELEASE AND INDEMNITY PROVISIONS IN CONSTRUCTION CONTRACT

I. RELEASE

OWNER, ITS PREDECESSORS, SUCCESSORS AND ASSIGNS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS SECTION AS "OWNER") HEREBY RELEASE, RELINQUISH AND DISCHARGE THE CITY, ITS PREDECESSORS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND ITS FORMER, PRESENT AND FUTURE AGENTS, EMPLOYEES AND OFFICERS (THE FOREGOING ARE COLLECTIVELY REFERRED TO IN THIS ARTICLE AS "CITY") FROM ANY LIABILITY AS A RESULT OF THE SOLE AND/OR CONCURRENT NEGLIGENCE OF THE CITY FOR ANY INJURY, INCLUDING DEATH OR DAMAGE TO PERSONS OR PROPERTY, WHERE SUCH DAMAGE IS SUSTAINED IN CONNECTION WITH THIS AGREEMENT.

II. INDEMNIFICATION

OWNER COVENANTS AND WARRANTS THAT IT WILL PROTECT, DEFEND, AND HOLD THE CITY HARMLESS FROM ANY AND ALL THIRD PARTY CLAIMS, DEMANDS, AND LIABILITY, INCLUDING DEFENSE COSTS, RELATING IN ANY WAY TO DAMAGES, CLAIMS OR FINES ARISING BY REASON OF OR IN CONNECTION WITH OWNER'S ACTUAL OR ALLEGED NEGLIGENCE OR OTHER ACTIONABLE PERFORMANCE OR OMISSION OF THE OWNER IN CONNECTION WITH OR DURING THE PERFORMANCE OF THE DUTIES UNDER THIS AGREEMENT. ALSO, DURING THE PERFORMANCE OF THE WORK AND UP TO A PERIOD OF FIVE (5) YEARS AFTER THE DATE OF FINAL ACCEPTANCE OF THE WORK, OWNER FURTHER EXPRESSLY COVENANTS AND AGREES TO PROTECT, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY FROM ALL CLAIMS, ALLEGATIONS, FINES, DEMANDS, AND DAMAGES RELATING IN ANY WAY TO THE ACTUAL OR ALLEGED JOINT AND/OR CONCURRENT NEGLIGENCE OF THE CITY AND OWNER, WHETHER OWNER IS IMMUNE FROM LIABILITY OR NOT.

IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED HEREIN IS AN AGREEMENT BY THE OWNER TO INDEMNIFY AND PROTECT THE CITY FROM THE CITY'S OWN NEGLIGENCE WHERE SAID NEGLIGENCE IS AN ALLEGED OR ACTUAL CONCURRING PROXIMATE CAUSE OF ANY ALLEGED THIRD-PARTY HARM.

THE INDEMNITY PROVISION PROVIDED HEREIN SHALL HAVE NO APPLICATION TO ANY CLAIM OR DEMAND WHERE BODILY INJURY, DEATH, OR DAMAGE RESULTS ONLY FROM THE SOLE NEGLIGENCE OF THE CITY UNMIXED WITH ANY FAULT OF THE OWNER. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIABILITY OF THE OWNER UNDER THIS INDEMNITY PROVISION SHALL NOT EXCEED \$1,000,000.00 PER OCCURRENCE.

Appendix 3:

Construction Contract Requirements, including bidding procedures if applicable

APPENDIX 3

CONSTRUCTION CONTRACT REQUIREMENTS

1. **Davis-Bacon.** Compliance with the federal labor standards provisions of the Davis-Bacon Act, as amended (40 U.S.C. §§ 276a, et seq.); compliance with the Davis-Bacon Act shall be verified through on-site inspections by representatives of the City or at the City's option, the Approved Inspectors. Each Construction Contract should include as an attachment HUD 4010 Federal Labor Provisions and HUD Handbook 1344 –Davis Bacon Act. In addition, each Construction Contract must require compliance with CDBG Regulations at 24 C.F.R. 570.603 and Department of Labor regulations at 29 C.F.R. Parts 1, 3, 5, 6 and 7.
2. **Release and Indemnity Provisions In Contracts.** Inclusion of a release and indemnity in favor of the City in substantially the same text as set forth in these Appendices (when the terms "Owner"/"Agreement" are used below, they encompass the terms "Contractor"/"Contract" and "Subcontractor"/"Subcontract" "Supplier/Supply Contract" where applicable).
3. **Insurance.** Inclusion of the requirement that the contractor, subcontractor, or supplier maintain insurance described in these Appendices (although the Appendices contain these insurance requirements as of the Effective Date of this Agreement, the version of insurance requirements in effect for the City's General Conditions of Construction Contract at the date of Closing of the City's Loan shall supersede the requirements set forth in the Appendices).
4. **MWSBE Requirements.** Owner shall require written contracts and supply agreements with all MWSBE contractors and suppliers and such contracts and supply agreements shall comply with Section One, Paragraph K of this Agreement.
5. **Disputes.** Subject to the requirements of Section 4 above, all disputes concerning the quantity, quality and completion or sufficiency of work performed or materials supplied pursuant to the Approved Construction Contract shall be submitted to the Director for resolution,

and the Director may order the parties to mediation, at his option, to attempt to resolve the dispute in accordance with Section 18, Paragraph 18.18 of this Agreement. The Director may declare a default under the City Loan if any dispute referred to mediation is not resolved within sixty (60) days after submission to non-binding mediation. The Approved Construction Contract and each subcontract will include a requirement that the Director shall have the authority to require any disputes thereunder be submitted to nonbinding mediation, but nothing shall require the City to participate in such mediation. Neither the decision of the Director nor the issuance of a Certificate of Completion shall be construed to release the Borrower, Owner or any surety from liability under any bond, warranty or guaranty to be provided under this Agreement.

6. **Compliance With Minimum Property And Rehabilitation Standards.** The Approved Construction Contract shall provide that the entire Project be constructed or brought up to the standards required by the City's Minimum Property Standards and (b) all applicable local codes, construction standards, ordinances, and zoning ordinances (including without limitation, the City's Building, Housing and Fire Codes). All newly constructed and reconstructed housing units must meet the current requirements of the Model Energy Code (<http://www.energycodes.gov/implement/pdfs/modelcode.pdf>).

7. **Bidding Requirements (if applicable).**

(a) The Contractor shall send an invitation to bid to construction and repair businesses that are listed in the City's Office of Business Opportunity ("OBO"). The Owner also may solicit invitations to bid from other sources.

(b) The Contractor shall solicit at least 3 bids for all Work.

(c) The Contractor shall provide a bid package to all prospective bidders. The Contractor may charge bidders the cost of copying the bid package. The bid package shall contain

the Approved Final Plans, Specifications, and Drawings and shall contain the Construction Contract Requirements set forth as an exhibit to this Agreement.

(d) The Contractor shall select the lowest responsible bidder for award of the contract.

(e) The Contractor shall give the selected bidder written notice of the award. The notice shall state that the award is conditioned upon the bidder's compliance with this Agreement, including, without limitation, compliance with the MWSBE provisions.

8. **Audit Rights.** Each Construction Contract and subcontract shall contain provisions granting GLO and the City the right to review, audit and monitor any construction contracts and subcontracts.

9. **Cost-Plus Contracts Prohibited.** Neither Borrower nor Owner nor Owner's contractors or any subcontractors will enter into contract types prohibited by the U.S. Department of Housing and Urban Development and the regulations at 2 CFR Part 200. Specifically, as required by the GLO, no party will enter into a cost-plus or cost-plus percentage of cost contract in connection with work at the Development.

10. **Penalties.** Each Construction Contract and subcontract shall include a clause that failure to adequately perform under the contract may result in penalties including the possibility of debarment from future GLO or City work.

APPENDIX 4

SURVEY REQUIREMENTS

- (1) Prepared by a licensed Texas surveyor;
- (2) in form and content satisfactory to the Director;
- (3) in accordance with the Accuracy Standards for ALTA/ACSM Land Title Surveys as adopted by ALTA, American Congress on Surveying & Mapping and National Society of Professional Surveyors, or the Texas Surveyors' Association;
- (4) in form necessary for the title company issuing title insurance to amend the survey exception to read "shortages in area";
- (5) containing a certificate which includes a statement as to whether any portion of the Land is located within a flood plain, flood hazard or flood prone area;
- (6) certified to the title company and the City and their respective successors and assigns;
- (7) containing the same legal description contained in the Senior Loan Documents;
- (8) including, a metes and bounds description of the real property comprising the Land,
- (9) with the surveyor's seal affixed; and
- (10) with a certification for the Survey in the form set forth below or such other form acceptable to the Director:

The undersigned hereby certifies to the City of Houston, _____ (Owner), and _____ (Title Company) that this survey: (i) was made on the ground as per the field notes shown thereon and correctly shows the boundary lines and dimensions and the area of the land indicated thereon and each individual parcel thereof indicated thereon; (ii) correctly shows the location of all buildings, structures, and other improvements and visible items on the subject property; (iii) correctly shows the location and dimension of all alleys, streets, roads, rights-of-way, easements, and other matters of record of which the undersigned has been advised by the title commitment issued by Title Company, Commitment No. _____ affecting the subject property according to the legal description in such recorded easements and other recorded matters; (iv) correctly shows the location of all streets and roads providing access to the subject property, and that such streets and roads that provide such access have been dedicated for public use in Book _____, Page _____, Plat Records of _____ County, _____, and are built and are being maintained by _____; there are no encroachments or overhangs on adjoining premises, streets, or alleys by any of said buildings,

structures, or other improvements, rights of way, party walls, or boundary conflicts and there are no visible encroachments or overhangs on the subject property by buildings, structures, or other improvements situated on adjoining premises; the distance to the nearest intersecting street or road is as shown hereon; there is physical ingress and egress to the subject property by paved, dedicated public streets maintained by the city or county in which the subject property is located; and there is no visible use of ingress-egress across the subject tract by an adjoining property; and (v) was performed in accordance with the standards of a Category 1A survey under the Manual of Practice for Land Surveying in Texas.

SURVEYED BY: _____

SEAL

Date of Survey

Reg. Professional Land Surveyor No. _____

Note: This copy of this plat is not valid unless an original signature through an original seal appears on its face.

FLOOD PLAIN NOTE: This tract is not within an identified (shaded) special flood hazard area (including the 100-year flood), but is within zone X, areas determined to be outside 500 year flood-plain, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____, dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

Appendix 4:
Survey Requirements

property; (iii) correctly shows the location and dimension of all alleys, streets, roads, rights-of-way, easements, and other matters of record of which the undersigned has been advised by the title commitment issued by Title Company, Commitment No. _____ affecting the subject property according to the legal description in such recorded easements and other recorded matters; (iv) correctly shows the location of all streets and roads providing access to the subject property, and that such streets and roads that provide such access have been dedicated for public use in Book _____, Page _____, Plat _____ Records of _____ County, _____, and are built and are being maintained by _____; there are no encroachments or overhangs on adjoining premises, streets, or alleys by any of said buildings, structures, or other improvements, rights of way, party walls, or boundary conflicts and there are no visible encroachments or overhangs on the subject property by buildings, structures, or other improvements situated on adjoining premises; the distance to the nearest intersecting street or road is as shown hereon; there is physical ingress and egress to the subject property by paved, dedicated public streets maintained by the city or county in which the subject property is located; and there is no visible use of ingress-egress across the subject tract by an adjoining property; and (v) was performed in accordance with the standards of a Category 1A survey under the Manual of Practice for Land Surveying in Texas.

SURVEYED BY: _____

SEAL

Date of Survey

Reg. Professional Land Surveyor No. _____

Note: This copy of this plat is not valid unless an original signature through an original seal appears on its face.

APPENDIX 4

SURVEY REQUIREMENTS

- (1) Prepared by a licensed Texas surveyor;
- (2) in form and content satisfactory to the Director;
- (3) in accordance with the Accuracy Standards for ALTA/ACSM Land Title Surveys as adopted by ALTA, American Congress on Surveying & Mapping and National Society of Professional Surveyors, or the Texas Surveyors' Association;
- (4) in form necessary for the title company issuing title insurance to amend the survey exception to read "shortages in area";
- (5) containing a certificate which includes a statement as to whether any portion of the land is located within a flood plain, flood hazard or flood prone area;
- (6) certified to the title company and the City and their respective successors and assigns;
- (7) including, a metes and bounds description of the real property comprising the land,
- (8) with the surveyor's seal affixed; and
- (9) with a certification for the Survey in the form set forth below or such other form acceptable to the Director:

The undersigned hereby certifies to the City of Houston,
_____, (Owner), and
_____, (Title Company) that this survey:
(i) was made on the ground as per the field notes shown thereon and correctly shows the boundary lines and dimensions and the area of the land indicated thereon and each individual parcel thereof indicated thereon; (ii) correctly shows the location of all buildings, structures, and other improvements and visible items on the subject

For projects that are not located in a 100-year or 500-year flood zone:

FLOOD PLAIN NOTE: This tract is not within an identified (shaded) special flood hazard area (including the 100-year flood), but is within zone X, areas determined to be outside 500 year flood-plain, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____ dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

For projects that are located within a flood zone:

FLOOD PLAIN NOTE: This tract is within flood zone _____, as identified by the Federal Emergency Management Agency, National Flood Insurance Program, Flood Insurance Rate Map for _____ County, _____, and incorporated Areas Map No. _____ dated _____.

The above statement is for information only and this surveyor assumes no liability for the correctness of the cited map(s). In addition, the above statement does not represent this surveyor's opinion of the probability of flooding.

Appendix 5:
Compliance Forms





BUILDING A BETTER HOUSTON

2100 Travis Street | 9th floor
Houston, TX 77002 | 832.394.6160

www.houstontx.gov/housing



@HoustonHCDD



CITY OF HOUSTON
HOUSING AND
COMMUNITY
DEVELOPMENT

CONTACT INFORMATION

City of Houston - HCDD 2100 Travis Street, 9th Floor Houston, TX 77002		
CONTRACT COMPLIANCE SECTION MWSBE/Section 3/Community Involvement		
Division Manager	Chrystal Boyce	(832) 394-6130 Chrystal.Boyce@houstontx.gov
Administrative Coordinator	Lakesha Tate	(832) 394-6345 Lakesha.Tates@houstontx.gov
MWSBE Coordinator	Taylisha Clark	(834) 394-6326 Taylisha.Clark@houstontx.gov
MWSBE Contract Administrator	Eva Alcala	(832) 394-6118 Eva.Alcala@houstontx.gov
MWSBE Contract Administrator	Aldwin Foster-Rettig	(832) 394-6202 Aldwin.Foster-Rettig@houstontx.gov
Section 3 Lead Contract Administrator	Tiffany Wyatt	(832) 394-6379 Tiffany.Wyatt@houstontx.gov
Section 3 Contract Administrator	Desmond Calloway	(832) 393-9110 Desmond.Calloway@houstontx.gov
Section 3 Coordinator	Patricia Holcombe	(832) 394-6321 Patricia.Holcombe@houstontx.gov
Community Involvement Coordinator	Karen Franklin	(832) 394-6160 Karen.Franklin@houstontx.gov

COMPLIANCE FORMS

Instructions: All compliance forms must be completed and/or signed by a duly authorized member of the firm. The Prime Contractor, Subcontractor, and Suppliers must upload the following forms in **LCPTracker** by the deadlines provided below. Read each form to verify if it's applicable to your firm and follow the instructions written on each form.

The following form(s) are to be submitted <u>before construction</u> commences.		
Compliance Section(s): MWSBE/Section 3	Form/Documents	Due
All sections	Executed contract agreement, purchase order, and/or invoice	Within 5 business days of executed contract agreement
All sections	Compliance Cover Sheet	Within 5 business days of executed contract agreement
All sections	Request for Contractor/Subcontractor Clearance Form/SAM Verification	Before execution of contract agreement
All sections	Start of Work Notice	Upon commencement of work
All sections	Termination of Work Notice	Upon completion of work
MWSBE/ Section 3	Section 3/MWSBE Utilization Plan	Within 5 business days of executed contract agreement, monthly, and/or when changes occur
Section 3	Contractor's Section 3 Compliance Certification	Within 5 business days of executed contract agreement
Section 3	First Source Hiring Agreement	Within 5 business days of executed contract agreement
Section 3	Permanent Employee List	Within 5 business days of executed contract agreement
Section 3	Workforce Analysis Form	Within 5 business days of executed contract agreement
Section 3	Internal Capacity Affidavit	Within 5 business days of executed contract agreement or when internal capacity is reached
Section 3	Monthly Verification of Internal Capacity Status	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Section 3 Monthly Activity Report	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Section 3 New Hire Form	Between 1 st and 5 th day of the month capturing previous month activity
Section 3	Confirmation of Subcontractor Amount	Within 5 business days of executed contract agreement
Section 3	E-BID Announcement	Submit at least 14 business days from need to contract
Section 3	Employment Opportunity Announcement (EOA)	Submit at least 14 business days prior need to hire
Section 3	Bid Tabulation	Submit no later than 5 business days after final selection is made
Section 3	Template - Section 3 Signage (GC)	Signage must be posted on site prior to start of work

Compliance Cover Sheet

Return with Compliance Documents (Complete all fields)

Project Name:			
Name of Prime Contractor/Sub/Supplier:		I/We have a written contract or purchase order with:	
Services to be provided:		NAICS code [Hint: To look up a code, please visit http://www.census.gov/eos/www/naics/]	
Company Address:		Pre-existing LCP Tracker User ID:	
EIN or SS Number:	DUNS Number: (N/A if not applicable)	Contract Amount: \$	
Compliance Contact Person/Title:		Email:	
Phone Number:		Fax Number:	
*Owner's Ethnicity/Racial Background:		Gender:	
<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> SBE	Section 3

Instructions:

This form must be completed by all Prime contractors, Subcontractors, and Suppliers upon execution of a contract agreement, purchase order and/or invoice.

**For contracts applicable to Section 3, Suppliers that do not perform labor should NOT complete this form.*

The Prime Contractor is responsible for collecting this form from Subcontractors and Suppliers to complete setup and access to LCP Tracker.

**HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Hasidic Jewish.*

***REQUIRED BY ALL SECTIONS**

Request for Prime Contractor/Subcontractor Clearance

No contract can be executed with a Prime Contractor, Subcontractor or Supplier until their eligibility has been verified by HCDD.

Date		
Project Name		
Project Address		
Prime Contractor/Sub/Supplier		
EIN or SS Number		
Address/Zip Code		
Phone Number	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation
Check the applicable entity	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other

List Principal(s) below:

Instructions:

To ensure eligibility, a search must be conducted of the (1) Company Name, (2) Principal Owner(s) and (3) the Employer Identification Number (EIN) through www.sam.gov/SAM.

The Prime Contractor verifies the eligibility of all Subcontractors and Suppliers. Search results and the Request for Clearance form MUST be uploaded in LCP Tracker for each Subcontractor and Supplier.

***REQUIRED BY ALL SECTIONS**



Prime Contractor Information

Project Name	
Project Address	
Prime Contractor Sub Name	
Prime Contractor Sub Address	
Start of Work Date	

Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

Instructions:

This form must be completed by the Prime Contractor/Subcontractor and serves as notice of commencement of work to HCDD.

*REQUIRED BY ALL SECTIONS

Termination of Work Notice

Prime Contractor Information

Project Name	
Project Address	
Prime Contractor/Sub Name	
Prime Contractor/Sub Address	
Termination of Work Date	

Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

Instructions:

This form must be completed by the Prime Contractor/Subcontractor and serves as notice to HCDD that work has been completed.

***REQUIRED BY ALL SECTIONS**

A Prime Contractor must submit an initial Utilization Plan when selected and then once every month and/or when there are changes to utilization and/or contract amounts. All Subcontractors, and Owner/Developer are also required to submit a Utilization Plan once every month and/or when there are changes to utilization and/or contract amounts. Section 3 requires an Owner/Developer(s), Prime Contractor & Subcontractor to award 10% of the construction budget to Section 3 Business Concerns when "NEW" contracting opportunities arise. This requirement by Section 3 excludes Suppliers. The 10% hard cost goal is calculated based on the total contract amount financed with HUD funds for construction related activities. The 3% soft cost goal is applicable when "New" opportunities arise for non-construction related activities. The 3% is calculated based on the soft cost budget, not the total contract amount. This form MUST be completed by ALL Subcontractors working on projects at all tier levels.

[illegible]

Contractor's Section 3 Compliance Certification

The undersigned makes this affidavit with full knowledge that its contents will be used in the expenditure of funds provided by the United States Government. Under penalty of perjury I hereby state:

1. I am the _____ of _____
(owner, partner, officer, representative, agent) (Company Name)
2. My company adheres to Section 3 of the Housing and Urban Development (HUD) Act of 1968, as amended, 12 U.S.C. 1701u which requires, to the greatest extent feasible, that a "good faith effort" given to identifying small businesses located within the boundaries of the Section 3 service area, making them aware of contracting opportunities, encouraging their participation and actually awarding contracts to Section 3 business concerns through the assistance of the City of Houston and their referral system.
3. An attempt will be made to undertake outreach activities intended to encourage participation by Section 3 residents in training and employment opportunities, to include but not be limited to utilizing the referral established by the City of Houston, the Texas Employment Commission, and Houston Works.
4. My company also acknowledges and affirms the required steps stipulated in the Code of Federal regulations 24 CFR Part §135.38 for any "New" services, i.e. employment labor, services materials, or subcontracting. Any violation of this requirement will present a negative impact on the performance rating of the recipient, developer, and contractor subcontractor.

§ 135.38 Section 3 clause

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and new applicants can see. The notice shall describe the section 3 preference, set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the required qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the

A Prime Contractor must submit an initial Utilization Plan when selected and then once every month and/or when there are changes to utilization and/or contract amounts. All Subcontractors, Suppliers and Owner/Developers are also required to submit a Utilization Plan once every month and/or when there are changes to utilization and/or contract amounts. This form MUST be completed by ALL Subcontractors/Suppliers working on MW/SBE projects at all tier levels.

Reminder: THIS FORM MUST BE DATED BETWEEN THE 1ST AND 5TH OF EACH MONTH.

[illegible]

***Note: Actual dollar amounts are assumed if the date is in the past; otherwise numbers reflect projected dollar amounts

subcontractor has been found in violation of the regulations in 24 CFR part 135.

- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts. G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Affiant's Signature: _____ Address: _____

Affiant's Title: _____ Telephone: _____

Affiant's Company _____ Name: _____

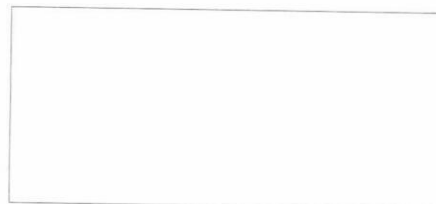
_____ Subscribed and

sworn to under oath before me this _____ day of _____, 20____

Notary Public Signature

My Commission Expires: _____

Notary Stamp



First Source Hiring Agreement

This agreement is entered this _____ day of _____, 20__ by and between the City of Houston and, hereinafter referred to as the "City", and hereinafter referred to as the "Contractor", in connection with work to be performed in relation to the City's HUD-assisted project entitled, hereinafter referred to as the "project".

Whereas, HUD has promulgated certain regulations to implement Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 U.S.C. 1701u) (Section 3), which regulations were published in the Federal Register June 30, 1994 at page 33865, hereinafter referred to as the "Section 3 regulations"; and

Whereas, the purpose of Section 3 regulations is to ensure that employment and other economic opportunities generated by Section 3 covered assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, and to business concerns, which provide economic opportunities to such persons.

Whereas, HUD has set forth numerical employment, and contracting goals to be achieved by all Community Development recipients of Section 3 covered assistance and by other recipients of such assistance in which HUD's share exceeds \$200,000 per project and by those Contractors whose share of such projects exceeds \$100,000; and

Whereas, the numerical goal so established by HUD applicable to the Project is set forth below; and

Whereas, recipients of Section 3-covered assistance and their contractors can demonstrate compliance with the Section 3 regulations by committing to employ Section 3 eligible persons as the applicable percentage of the aggregate number of new hires during the time period involved in the Section 3-covered project; and

Whereas, the City and the Contractor are desirous of being in compliance with the Section 3 regulations as they relate to the Project;

Now Therefore, the City and the Contractor agree as follows:

1. The Contractor and any of its subcontractors shall supply the City with a list of all full-time employees currently employed, indicating which, if any, of said employees were hired within the past three years and were also low or very low-income persons when so hired;
2. The Contractor and any of its subcontractors shall provide a listing of any and all positions for which new hires are expected to be required as a result of the Project;
3. The Contractor and any of its contractors will, to the greatest extent feasible, endeavor to hire 30% percent of the new hires generated by the Project from the following list of Section 3-eligible groups, in the order of priority listed:
 - a. Section 3 residents of service area or neighborhood;
 - b. Youth build participants;
 - c. Homeless projects; Homeless persons; and
 - d. Other Section 3 residents.
4. The Contractor and any of its subcontractors will be encouraged to make new hires from the list of Section 3-eligible groups in Paragraph 3 above for any and all other projects assisted with Federal funding, whether or not such project is subject to the Section 3 regulations;

5. The Contractor and any of its subcontractors shall accept referrals of Section 3-eligible persons from the City.

Provided, however, that nothing in this agreement is to be construed requiring any party hereto, or its subcontractors, to hire any person or persons who are unqualified to or incapable of carrying out the work required of any such new hires.

Witness our hands and seals on the date first written above:

The City of Houston
Department of Housing & Community Development

by _____
Section 3 Coordinator

Contractors Name:

by _____
its Owner/President/Vice President

***SECTION 3 ONLY**

Project Name:

Total Amount of Contract

Name of Contractor:

Address: _____

Name of Contact Person:

Date: _____

[illegible]

Print Name / Title

Signature _____

Date _____

SECTION 3 ONLY

Section 3 Prime Contractor/Subcontractor Workforce Analysis Form

ESTIMATED PROJECT WORK FORCE BREAKDOWN

	Job Category	Estimated Number of Positions Needed for Project	Number of Positions Occupied by Permanent Employees	Number of Positions Not Occupied	Number of Positions to be Filled w/ Section B Residents
Non-Construction	Officer Supervisor				
	Professionals				
	Technical				
	Office Clerical				
	Service Workers				
	Other:				
Construction	Journeyman:				
	Apprentices:				
	Laborers				
	Trainees				
	Other:				

EMPLOYMENT CERTIFICATION (make additional copies of this form if necessary)

The Company hereby certifies that the above table represents the appropriate number of employee's positions required in the execution of project and represents the number of Section 3 service area residents that the company proposes to employ. The Company certifies that it will make a good faith effort to employ the number of lower income employees stated utilizing such community-based organizations and service agencies as the Texas Employment Commission and Houston Works.

Company: _____

Title: _____

By: _____

Date: _____

This Form is to be completed and submitted by the 5th of each month by every Subcontractor claiming Internal Capacity, for the duration of their contract. Always report for the previous month; (E.g., Form due on July 5th, will be reporting activity of June).

Reporting Month:	Project Name
Subcontractor	Contracted With

By signing below, I hereby verify that my company has remained in the qualifying Internal Capacity parameters stated below:

- No Lower-Tier Subcontracts have been awarded, and or
- No New Hires (employees placed on payroll) have been hired to work specifically on the project stated above.

By signing below, I also verify that I understand that in the event my company has the need for lower-tier subcontracts and or new hires, I will immediately alert the General Contractor and will follow the below Section 3 Procurement Processes. I also understand that my company can no longer claim Internal Capacity and will be required to comply with all Section 3 requirements that are now applicable.

Section B Procurement Process for Lower-Tier Subcontractors

1. Subcontractor will submit **Ebid Announcement** that lists scope of work, contact information and a bid due date (minimum is two weeks). Subcontractors should submit Ebid directly to General Contractor.
 - a. Ebid will be forwarded to HCDD and will then be sent to all Section 3 Businesses.
2. Subcontractor will review all bids received and will award contract based on the Section 3 procurement guidelines, depending if bids are construction or non-construction:
 - a. 10% of construction contract must be awarded to Section 3 Business.
 - b. 3% of soft cost (non-construction) budget must be awarded to Section 3 Business.
3. Subcontractor will submit a **Bid Tabulation** after all bids have been received. The bid tabulation should indicate which awarded contracts were to a Section 3 Business.
4. Subcontractor will submit a **Utilization Plan** that lists all Lower-Tier Subcontractors, Professional Services and Suppliers being utilized. The template is provided on page 46 of the Section 3 Contractor Orientation Guide.

Section B Procurement Process for New Hires

1. Subcontractor will submit an Employment Opportunity Announcement (EOA) that lists position details, applicant qualifications, contact information and application deadline. EOA will be submitted directly to the General Contractor.
 - a. EOA will be forwarded to HCDD and will then be sent to all Certified Section 3 Residents.
2. Subcontractor will hold interviews and determine how the 30% New Hire Goal will be met.
 - a. For example, if 10 new hires are needed, at least 3 must be either:
 - i. Currently certified as a Section 3 Resident
 - ii. Qualifies as a Section 3 Resident (required to complete Section 3 Resident Application)
3. Subcontractor will notify the General Contractor of hiring results and will submit the following:
 - a. Statement indicating how the 30% New Hire Goal was met, list of new hire names and Section 3 Resident status.
 - b. Section 3 Resident Applications for new hires that must be certified in order to meet the 30% New Hire Goal.
4. Subcontractor will start submitting monthly reporting and any other additional documents needed for the duration of their contract.

Print Name

Title Company

Signature

Date

***SECTION 3 ONLY**

Section 3 Monthly Activity Report (PART I)

Contractor Name					Project Name					
Contractor Address					Contract Amount					
Contact Person					Reporting Month					
Phone Number / Email					Date of Submission					
Employment and Training										
Job Category	B				C		D			
	New Hires		<input type="checkbox"/> No New Hires		Employees		Trainees		<input type="checkbox"/> No Trainees	
	Section 3 New Hires*		Non-Section 3 New Hires		Section 3 Employees*	Non-Section 3 Employees	Section 3 Trainees* Previously Reported That Worked This Month		New Section 3 Trainees* Reporting for the First Time	
	# of New Hires	Hours Worked	# of New Hires	Hours Worked	Hours Worked	Hours Worked	# of Trainees	Hours Worked	# of Trainees	Hours Worked
Professional										
Technician										
Office Clerical										
Trade:										
Trade:										
Trade:										
Trade:										
Other:										
Other:										
TOTAL										
NOTES: <ol style="list-style-type: none"> 1. This form MUST be submitted by ALL contractors (with a contract in excess of \$100,000) no later than the 5th of each month. 2. Reporting MUST always reflect previous months activity. 3. New Hires are reported under Column "B" for the first month following their date of hire. Thereafter, New Hires are reported under Column "C". 4. All New Hires MUST be listed on the Section 3 and Non-Section 3 New Hire Form. 5. This form is NOT required by Prime and Subcontractors claiming, "Internal Capacity". 										

Form Instructions

A. First name of Section 3 Resident

B. Last name of Section 3 Resident

C. Racial/ethnic code: 1 White American

D. Hire date of Section 3 Resident

E. Hourly rate of Section 3 Resident

F. Indicate Section 3 status by entering

G. Trade work performed by Section

II. Hours worked during reporting month

1. Hours trained during reporting mo-

1. Indicate payroll classification. Full

J, indicate payon classification: Full

Project Name: _____

Subcontractor Name: _____

Executed Contract With: _____

Original Contract Amount: _____

Start of Work Date: _____

Contract Amount at Start of Work: _____

Please complete one (1) of the following that applies:**A.****Contract Amount Has Remained Less Than \$100,000**

If the contract amount is below \$100,000 prior to the start of work date, the Subcontractor is not required to comply with Section 3 due established minimum threshold. Sign below and submit form.

I, hereby, confirm that the above Subcontractor's contract amount has stayed below the \$100,000 threshold by the start of work date stated above.

Print Name_____
Title Company_____
Signature_____
Date**B.****Contract Amount Has Increased to Equal to or Greater Than \$100,000**

If the contract amount is now in excess of \$100,000, the Subcontractor is required to comply with the Section 3 federal regulations and the HCDD's Section 3 policy and procedures set forth in the Section 3 Contractor Orientation Guide.

I, hereby, acknowledge that the above Subcontractor's met the minimum threshold and I understand that the Subcontractor is now required to comply with the Section 3 requirements set forth in the Section 3 Contractor Orientation Guide.

Print Name_____
Title Company_____
Signature_____
Date

Section 3 EBID Announcement

Date:

BID DUE BY:

To: Section 3 Contractors, Labor Force, and Materials Vendors

Project Name: _____

Address, City, State, Zip: _____

From: _____

Summary of Work: _____

This project is *(name of project)* _____. As a General Contractor/Subcontractor, we are hiring Section 3 companies/residents that can perform the following scope of work:

(Description and minimum qualifications) _____

If interested, please contact me as soon as possible to schedule an appointment to look at the scope of services. This project is funded through a federal grant; therefore, we encourage all qualified Section 3 Business Concerns/Residents to respond to this E-Bid for employment and Contracting Opportunities.

Contact Information:

Please email this form to _____. Should you have any questions contact: (Name and Phone Number): _____

Bidder Information:

☐ Yes, I will be bidding on the project ☐ No, I will not be bidding on this project

Contract Name: _____

Company: _____

Phone number: _____

Address: _____

Email: _____

Trade Specialty: _____

HCDD contractors are committed to "ensure employment and economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, state and local laws and regulations, be directed to low and very low-income persons." If your company is interested in certifying as a Section 3 Business Concern complete the application process here: <https://hcdsection3.gob2g.com/>

This form must be completed and submitted to HCDD Section 3 and MW/SBE Compliance Coordinators for all contracting opportunities.

Section 3 Employment Opportunity Announcement (EOA) for procuring Labor for Section 3 Residents

DATE: _____ APPLICATION DEADLINE: _____

TO: _____ *Section 3 Residents* _____

PROJECT: _____

FROM: _____

POSITION NEEDED/DESCRIPTION: _____

CONTACT INFORMATION: _____

Section 3 Residents: Include this cover sheet with your application

☐ Yes, I am interested in this position ☐ No, I am not interested in this position

Contact Name: _____

Address: _____

Phone: _____ Email: _____

Job: _____

Job Skills: _____

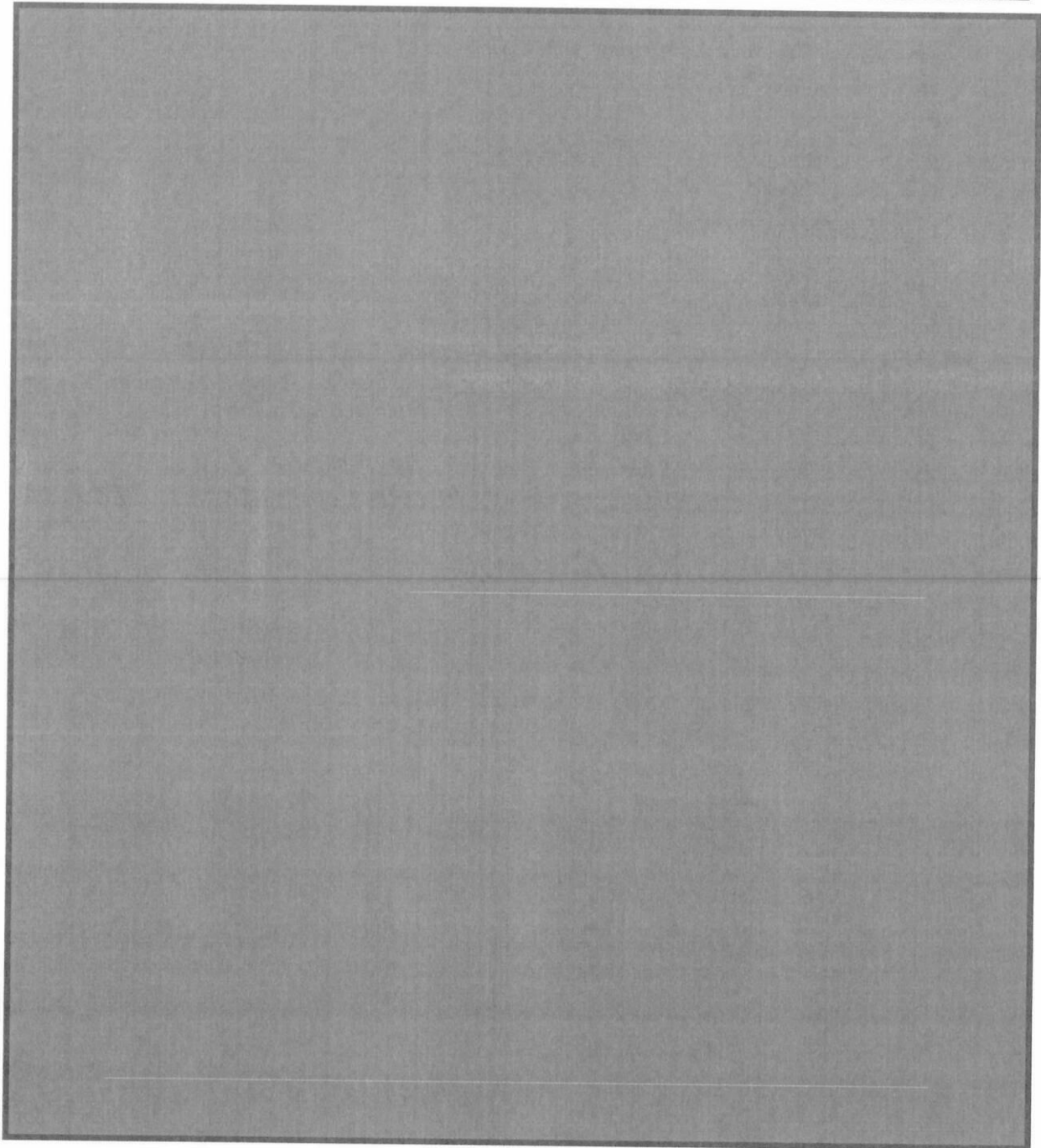
Federal Labor Standard Provisions including the Davis Bacon and Related Act may be applicable to the construction of this project.

If you know someone interested to become a certified Section 3 Resident the guidelines and application are available here: <https://www.houstontx.gov/housing/compliance.html#sec3>

The Housing and Community Development Department (HCDD) Section 3 Program is committed to ensure that employment and economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, state and local laws and regulations, be directed to low- and very low-income persons.

Sample Bid Tabulation			
COST CODE: Date: Projected Budget			
SUBCONTRACTORS	BID AMOUNT	COST BREAKDOWN	
		per unit	
		per square foot	
		per unit	
		per square foot	
		per unit	
		per square foot	
		per unit	
		per square foot	
Labor \$ Material \$ TOTAL: \$		PM: SPM: VP:	
CONTRACT:			
P.O.:			

Signage Template



SUPPLEMENTAL COMPLIANCE FORMS, TEMPLATES AND REFERENCE MATERIAL

In addition to the forms listed on the previous pages, Prime Contractor, Subcontractor and Suppliers are **required** where applicable, to submit supplemental compliance forms during and upon completion of the construction. The supplemental forms, templates and reference material are available for download in LCP Tracker. For your convenience, a **sample** of available forms and documents in LCP Tracker are attached:

Compliance Section: MWSBE/ Section 3	Form	Deadline
All sections	Work on Hold Notice	Refer to instructions
All sections	System for Award Management Instructions	N/A
All sections	Statement of Information for SAM Results	N/A
MWSBE	MWBE Utilization Schedule	Submitted with "Initial" Utilization Plan, and/or when Prime fails to meet MWBE participation goals.
MWSBE	Mediation Arbitration Language	Included in certified firms executed contract agreement and or purchase order(s)

Work on Hold Notice

Prime Contractor Information

Project Name	
Project Address	
Prime/Sub Contractor Name	
Prime/Sub Contractor Address	
Exact or estimated date range that work is scheduled to be on hold	

Prime Contractor Authorization

Name of Authorized Officer	
Signature	
Title	

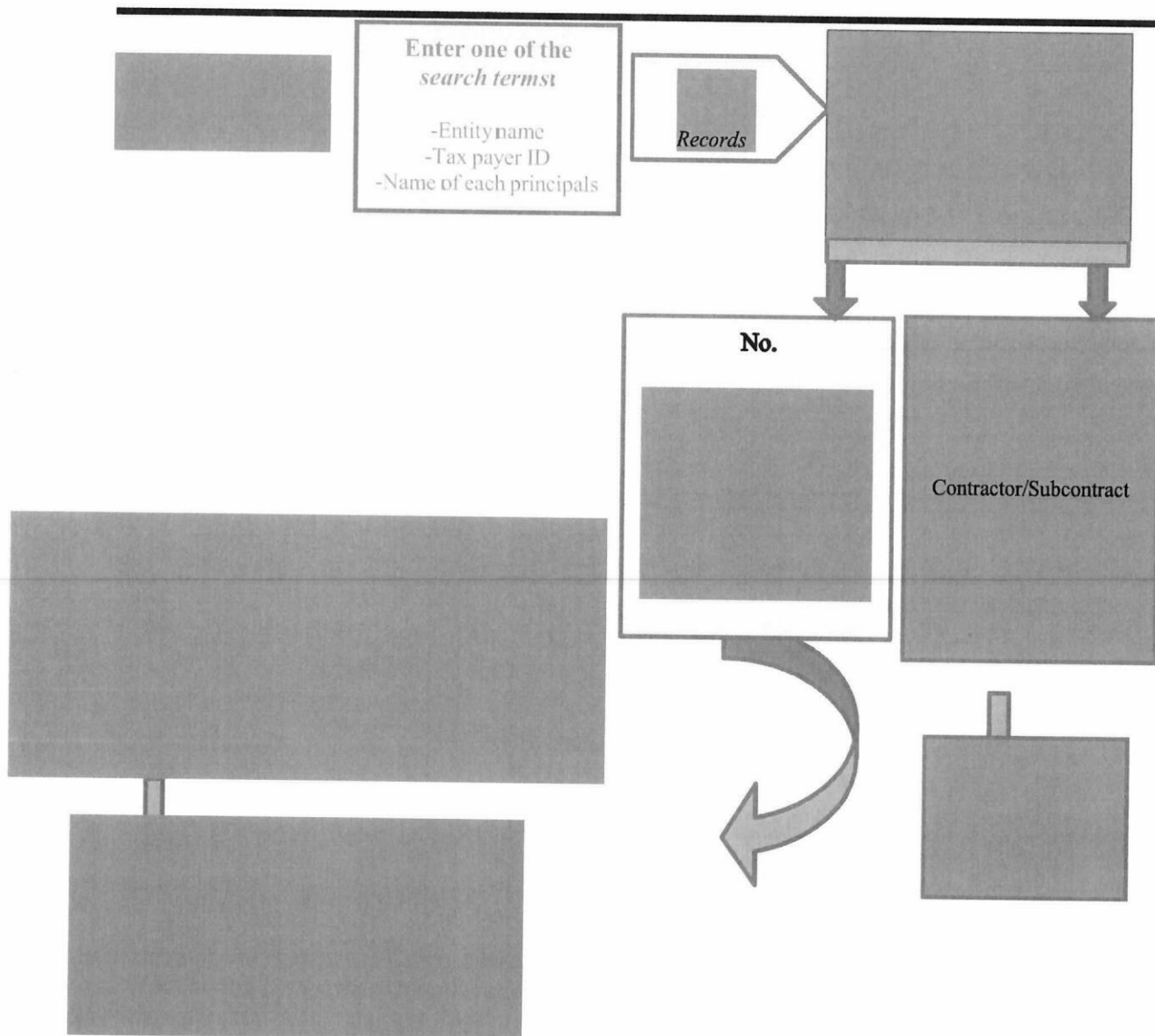
Instructions:

This form MUST be completed by the Prime Contractor and Subcontractor(s) who generate certified payroll reports and will not be working at the project site for more than 4 consecutive weeks. When work resumes, continue to number payrolls in sequential order from the last certified payroll report number. This form must be uploaded into LCP Tracker.

***REQUIRED BY ALL SECTIONS**

System for Award Management's

Instructions how to process a Request for Contractor Clearance



Project Name: _____
(enter project name)

Project Number (enter project number)

Company Name	(enter construction Company name)
---------------------	-----------------------------------

[illegible]

Contract Amount:	\$1,000,000
Goal %	24.00%
Goal \$	\$240,000

****Note: Actual dollar amounts are assumed if the date is in the past, otherwise numbers reflect projected dollar amounts.

CITY OF HOUSTON CERTIFIED MWSBE SUBCONTRACTING AGREEMENT TERMS

Contractor shall ensure that all subcontracting agreements with M/WSBE Subcontractors and suppliers are clearly labeled "**THIS CONTRACT IS SUBJECT TO MEDIATION**" contain the following terms:

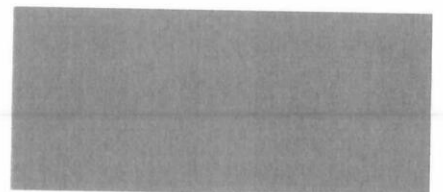
1. _____(M/WSBE Subcontractor/Supplier) shall not delegate or subcontract more than 50% of the work under this subcontracting agreement to any other Subcontractor or supplier without the express written consent of the City of Houston's Office of Business Opportunity.
2. _____(M/WSBE Subcontractor/Supplier) shall permit representatives of the City of Houston, at all reasonable times, to perform 1) audits of the books and records of the Subcontractor, and 2) inspections of all places where work is to be undertaken in connection with this subcontracting agreement. Subcontractor shall keep such books and records available for such purpose for at least four (4) years after the end of its performance under this subcontract. Nothing in this provision shall affect the time for bringing a cause of action or the applicable statute of limitations.
3. Within five (5) business days of execution of this subcontracting agreement, Contractor (prime contractor) and Subcontractor shall designate in writing to the Office of Business Opportunity an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of such agent.

These provisions apply to goal-oriented and regulated contracts as defined in City Code of Ordinances, Chapter 15, Article 5.



2100 Travis Street / 9th floor
Houston, TX 77002 / 832.394.6160

www.houstontx.gov/housing



CONTACT INFORMATION

City of Houston - HCDD 2100 Travis Street, 9th Floor Houston, TX 77002		
LABOR STANDARDS DAVIS- BACON COMPLIANCE SECTION		
Division Manager	Pirooz Farhoomand	(832) 394-6157; pirooz.farhoomand@houstontx.gov
Contract Compliance Supervisor	Maribel Rodriguez	(832) 394-6265; maribel.rodriguez@houstontx.gov
Sr. Contract Compliance Officer	Tiffany Boyce	(832) 394-6347; tiffany.boyce@houstontx.gov
Sr. Contract Compliance Officer	Luther Alaniz	(832) 394-5208; luther.alaniz@houstontx.gov

COMPLIANCE FORMS

Instructions: All compliance forms must be signed by a duly authorized member of the firm. The Prime Contractor and Subcontractors shall submit the following forms by the deadline provided below. Read each form to verify if it's applicable to your firm and follow the instructions written on each form.

The following form(s) are to be submitted before construction commences.

Form	Deadline
Compliance Cover Sheet	Prior to Start of Work date.
SAMs Verification/Request for Contractor/Subcontractor Clearance	Prior to Start of Work date.
Start of Work Notice	Upon commencement of construction work
Termination of Work Notice	Upon completion of work
Certificate of Appointing Officer	Prior to Start of Work date.

SUPPLEMENTAL COMPLIANCE FORMS, TEMPLATES AND REFERENCE MATERIAL

In addition to the forms listed on the previous page, contractor(s)/subcontractor(s) are required, where applicable, to submit supplemental compliance forms during and upon completion of the construction. The supplemental forms, templates and reference material are available for download in LCPTracker. For your convenience, a sample of available forms and documents in LCPTracker are itemized below:

Form	Deadline
Work on Hold Notice	Refer to form for instructions
System for Award Management Instructions	N/A
Statement of Information for SAM Results	N/A
Payroll Deduction Authorization	Refer to form for instructions
Employee Verification of Multiple Job Classifications	Refer to form for instructions
Request for additional Classification & Rate	Refer to form for instructions
Template-Employee Rights Posters (English and Spanish Version)	N/A
Apprentice Information Sheet	N/A

Compliance Cover Sheet

Return with Compliance Documents [**Please complete all fields**]

Project Name	
Name of Contractor/Subcontractor/Supplier	I/We have a written contract or purchase order with:
Services to be provided:	NAICS code [Hint: To look up a code, please visit http://www.census.gov/eos/www/naics/]:
Company Address:	Pre-existing LCP Tracker User ID:
Tax ID Number	Contract Amount
Contact Person/Title	Email:
Phone Number	Fax Number:
*Owner's Ethnicity/Racial Background:	Gender:
<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SBE <input type="checkbox"/> Section 3	

Instructions:

This form must be completed by all contractors and suppliers upon execution of a contract agreement and/or purchase order.

The Prime Contractor is responsible for collecting this form to complete contractor setup and access to LCP Tracker.

*HUD's ethnicity categories are: White American, Black American, Native American, Hispanic American, Asian/Pacific American and Hasidic Jewish.

Request for Contractor/Subcontractor Clearance

No contract can be executed with a Prime Contractor, Subcontractor or Supplier until their eligibility has been verified.

Date			
Project Name			
Project Address			
Contractor/Subcontractor			
Federal ID Number			
Address/Zip Code			
Phone Number			
Check the applicable entity	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation	
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other:	

List Principals below:

Approved by HCDD: Date: _____ Print: _____

Instructions:

The Prime Contractor must submit this form with bid proposals for approval by HCDD.

To ensure eligibility, a search must be conducted of the (1) Company Name, (2) Principal Owner(s) and (3) the Employer Identification Number through www.sams.gov/SAM.

The Prime Contractor verify all subcontractors. Search results and the Request for Clearance form must be uploaded in LCPTracker for each contractor.

Start of Work Notice

Contractor Information

Project Name

Project Address

Sub/Contractor Name

Sub/Contractor Address

Start of Work Date

Contractor Authorization

Name of Authorized Officer

Signature

Title

Instructions:

This form must be completed by the Prime Contractor/ Subcontractor(s) as notice of commencement.

Termination of Work Notice

Contractor Information

Project Name

Project Address

Sub/Contractor Name

Sub/Contractor Address

Termination of Work Date

Contractor Authorization

Name of Authorized Officer

Signature

Title

Instructions:

This form must be completed by the Prime Contractor/Subcontractor(s) as notice that work has been completed.

Certificate of Appointing Officer

or Employee to Supervise Payment of Employees

Project Name: _____

Subcontractor Name: _____

(I/We) hereby certify that **(I am/we are)** **(the prime contractor/a subcontractor)** who will perform _____ *(insert scope of work)*
in connection with construction of the above-mentioned Project, and that **(I/(we))** have appointed

_____ and whose signature appears as _____ and/or
(Identifying Signature of Appointee)

_____ and whose signature appears as _____
(Identifying Signature of Appointee)

to supervise the payment of (my/our) employees beginning _____ *(insert month and year)*; that he/she is/are in a position to have full knowledge of the facts set forth in the payroll documents and in the statement of compliance required by the so-called Kick-Back Statue which he/she is to execute with **(my/our)** full authority and approval until a new certificate appointing another person for the purposes herein above stated.

ATTEST

Print Name _____

Signature: _____

Title: _____

Instructions:

The Certificate of Appointee Officer (CAO) must be executed by an authorized officer of a corporation, by a member of a partnership, or the sole owner. Only a member of the entity can be assigned as an appointee. Submit a new CAO when a new appointee is added.

Complete the CAO before construction starts. Upload the executed CAO(s) in LCPTTracker.

Work on Hold Notice

Contractor Information

Project Name

Project Address

Sub/Contractor Name

Sub/Contractor Address

Exact or estimated date range
that work is scheduled to be on
hold

Contractor Authorization

Name of Authorized Officer

Signature

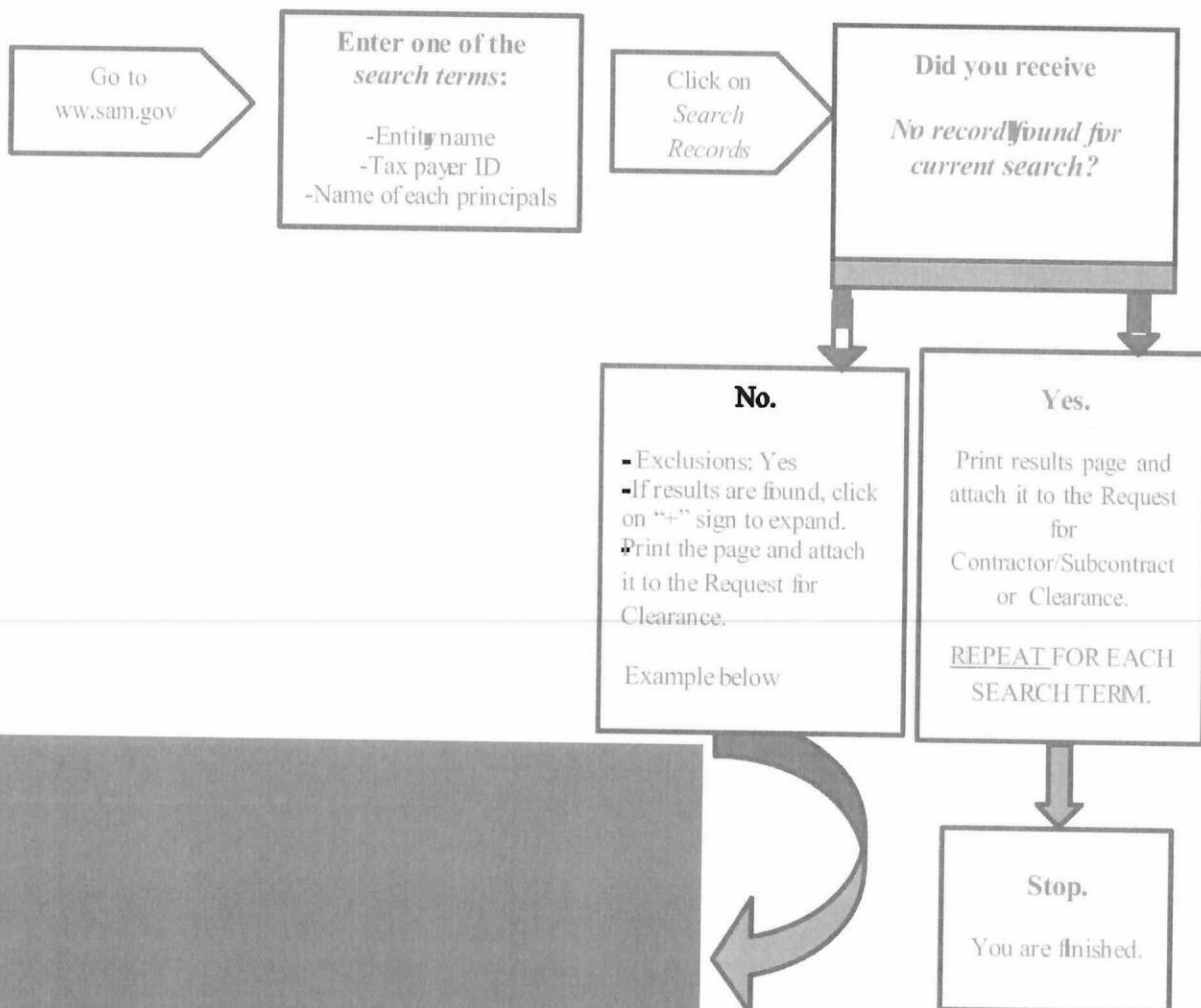
Title

Instructions:

This form must be completed by the Prime Contractor and Subcontractor(s) who generate certified payroll reports and will not be working at the project site for more than 4 consecutive weeks. When work resumes, continue to number payrolls in sequential order from the last certified payroll report number. The form must be uploaded into LCPTracker.

System for Award Management's

Instructions how to process a Request for Contractor Clearance

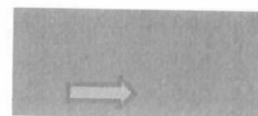


Statement Of Information for SAM.gov Results

This requested information is necessary because of a possible similarity between your name or the name of your firm and that of some other person. The form is used by the Compliance Division to verify a contractor/subcontractor eligibility requirement, when a possible common name appears on the results during search on the SAM.gov database.

INDIVIDUAL INFORMATION (Please Print)		
First Name	Full Middle Name	Last Name
Date of Birth (Month and Year Only)		
<small>HCDD reserves the right to request the complete DOB and SS#, ONLY upon request and if other information collected below is not sufficient.</small>		
RESIDENCES DURING THE PAST 10 YEARS (if more space is needed, add an additional page) (City, State minimum required)		
Street Address	City, State	From (Year) to (Year)
Street Address	City, State	From (Year) to (Year)
ADDRESSES OCCUPATIONS DURING THE PAST 10 YEARS (if more space is needed, add an additional page) (City, State minimum required)		
Street Address	City, State	From (Year) to (Year)
Street Address	City, State	From (Year) to (Year)

ENTITY INFORMATION (Please Print)		
State where entity was originally established/registered		
Year entity was established/registered		
THE PAST 10 YEARS WHERE ENTITY PERFORMED WORK (if more space is needed, add an additional page)		
City, State		
City, State		
City, State		
SIGNATURE REQUIRED		
<div style="display: flex; justify-content: space-between; padding: 5px;"> Print Name Signature Date </div>		
FOR HCDD ONLY		
Individual Information	Does Not Match Results <input type="checkbox"/>	Match <input type="checkbox"/>
Entity Information	Does Not Match Results <input type="checkbox"/>	Match <input type="checkbox"/>
<div style="display: flex; justify-content: space-between; padding: 5px;"> Print Name Signature Date </div>		



Payroll Deduction Authorization

Project Name: _____

Employee Name: _____

Contractor/Subcontractor Name: _____

Effective Date of Deduction(s) _____

(i.e. pay period) _____

I authorize my employer to deduct from my paycheck a total amount of \$ _____ or a fixed percentage of _____ % from my total gross earned the entire week.

Payment of	Deduction Amount	One Time Only	Weekly	Bi-Weekly	Monthly	Other
Loans						
Retirement (401K)						
Uniforms						
Insurance Premiums						
Union Dues						
Child Support (provide court order)						
Other: (insert type of deduction)						

Employee's Signature: _____

Instructions: This form must be completed contractors/subcontractors when a deduction, other than taxes, is deducted from an employee's gross earning. You can enter a fixed percentage or amount to submit the form once. Submit a revised form when there's a change to a deduction or for new deductions. All deductions are subject to verification upon request.

Upload the completed form in LCPTTracker.

Employee Verification of Multiple Job Classifications

Date: _____

Project Name: _____

Employee Name: _____

Contractor/Subcontractor Name: _____

The undersigned hereby certifies that he/she has engaged in the following work classifications, found in the chart below, during:

payroll # _____ week beginning: _____ / _____ / _____ and ending: _____ / _____ / _____
(Date) (Date)

1. WORK CLASSIFICATION	2. 7-day work week							3. TOTAL HOURS	4. RATE OF PAY	5. GROSS PAY
	Instructions: Insert days dates for the given workweek in row below and hours worked in lower rows.									
TOTALS										

Employee's Signature: _____

Instructions: This form is not a time sheet. This form must be submitted by contractors/subcontractors that report an employee on a certified payroll report under two (2) or more job classifications (aka dual classification). Submit a form for each certified payroll report where dual classification is used.

Upload the form in LCPTracker.

Request of Additional Classification & Rate

Date: _____

Project Name: _____

Contractor/Subcontractor Name: _____

Start of Work date: _____

Proposed Trade Job Classification: _____

Proposed Hourly Rate (Specific amount): _____

The undersign hereby certifies that he/she proposes the above classification and hourly rate needed for work not included within the scope of classifications listed in U.S. Department of Labor wage determination.

(Signature)

(Print Name)

(Title)

Attached the following [Notice: The request will not be processed until all supporting documents are received.]:

☐ Explanation of the job function and how it relates to the scope of work

☐ Picture of equipment and/or tools of the trade

Instructions

Submit this form with all supporting documents when a classification is needed that is not on the issued General Wage Determination(s). You may, also, submit when you're seeking DOL to confirm the use of a job classification for a specific scope of work.

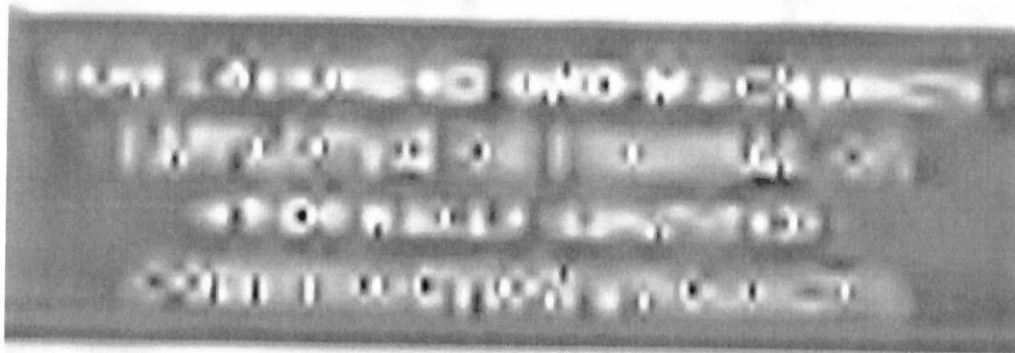
Please allow up to 30-45 days for the request to be processed by the U.S. Department of Labor (DOL). The certified payroll reports are subject to *DOL's approval, conditional approval or denial*. In the meantime, submit certified payroll reports under a laborer classification with the proposed rate(s). All certified payroll reports are subject revision pending DOL decision.

Email the request to your assigned HCDD staff member for processing.

Employee Rights Posters (English Version)

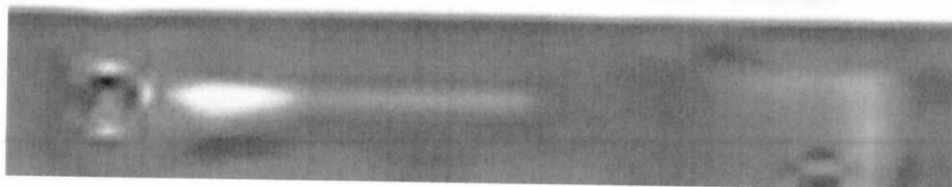
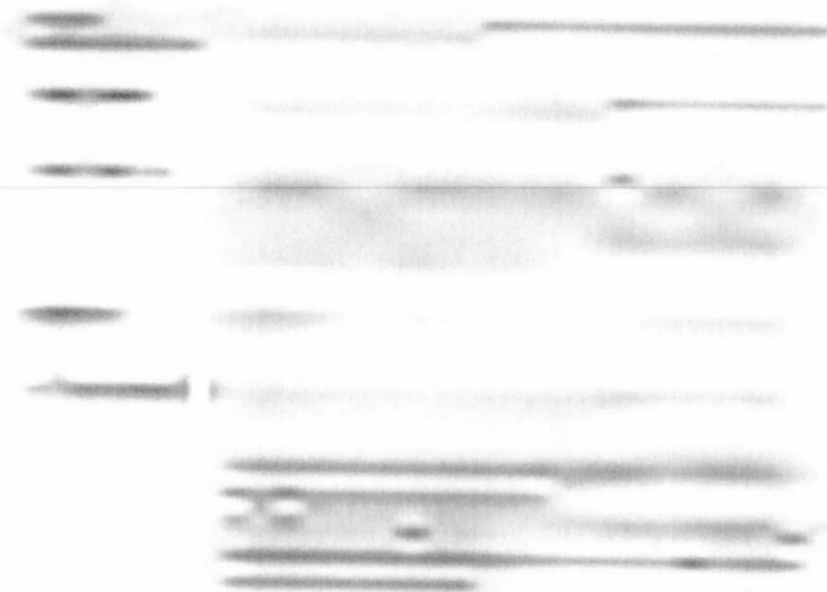
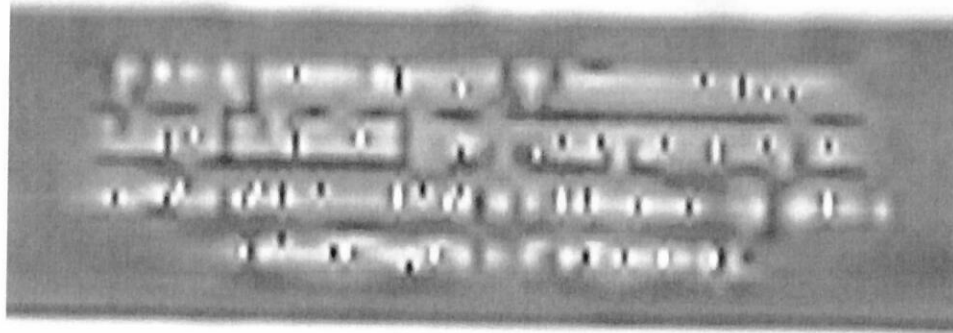
EMPLOYEE RIGHTS

UNDER THE LABOR-CURATOR ACT



Employee Rights Posters (Spanish Version)

DERECHOS DEL EMPLEADO



Apprentice Information

Apprentice Trainee Wage Rate Information	
Name of Trainee: _____	Current Level: _____
Classification: _____	
Ratio: _____ Journeyman to _____ Apprentice	
%Wage Rate: _____ %	Base Rate: \$ _____

Amount of Fringe Benefits Applied (i.e. medical, dental, 401K, etc. per hour)	
Fringe Benefit	\$\$ / Rate Per Hour
Medical	
Dental	
Vacation	
Sick	
Holiday	
Other: (Itemize)	

Supporting Documents			
Document Type	Description	Due Date	Check if attached
ENTIRE Standards of Apprenticeship Policy	By-laws; program guidelines; identifies ratios, scale, fringes; appendix	One time submission to setup apprentice(s)	<input type="checkbox"/>
Apprenticeship Certification issued by DOL	DOL signed 90-day good standing certificate for each apprentice; identifies the date apprentice began program	Every 90 days from the date issued	<input type="checkbox"/>
Timesheet	7-day work week	Only submit if apprentices already began working on the project.	<input type="checkbox"/>

Instructions: Enter the apprenticeship data in the employee's (apprentice) setup tab to expedite approval process. Upload this form in LCPTracker.

Appendix 6:
Lobbying Certificate

APPENDIX 6

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds, other than Federally appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

(3) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certificate is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

Owner or Contractor

Date

By: _____
Name: _____
Title: _____

Appendix 7:

**“Debarment Form”—Certification regarding Debarment, Suspension, and Other
Responsibility Matters**

APPENDIX 7

CERTIFICATION REGARDING

DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

The undersigned certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal, State or local department or agency;
- (b) Have not within a three (3) year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction: violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph (b) of this certification; and
- (d) Have not within a three (3) year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000.00 or imprisonment for up to five (5) years, or both.

Type Name & Title of Authorized Representative

Signature of Authorized Representative

Date

I am unable to certify to the above statements. My explanation is attached.

Appendix 8:

Reserved

Appendix 9:
City's MWSBE, Section 3 and Labor Standards Requirements



FEDERAL LABOR STANDARDS PROVISIONS
MINORITY, WOMEN AND SMALL BUSINESS ENTERPRISES
SECTION 3 REGULATION



www.houstontx.gov/housing



Table of Contents

FEDERAL LABOR STANDARDS PROVISIONS (HUD-4010)	2
CITY OF HOUSTON'S CODE OF ORDINANCE ARTICLE V. MINORITY, WOMEN, AND SMALL BUSINESS ENTERPRISES.....	7
SECTION 3 REGULATION	18

FEDERAL LABOR STANDARDS PROVISIONS (HUD-4010)

Federal Labor Standards Provisions

U.S. Department of Housing
and Urban Development
Office of Labor Relations

Applicability

The Project or Program in which the construction work covered by this contract pertains is being executed by the United States of America and the following Federal Labor Standards Provisions are included in this contract pursuant to the provisions applicable to such Federal assistance.

A. 1. (i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work, will be paid lawfully and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Cleveland Act (29 CFR Part 5), the full amount of wages and bona fide fringe benefits (or cash equivalents instead) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs incurred for such bona fide fringe benefits under Section 101(2) of the Davis-Bacon Act on behalf of laborers or mechanics are included wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1) and any regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under such bona fide programs, which costs the particular weekly period are deemed to be constructively received during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed without regard to skill level as provided in 29 CFR 5.5(a)(1). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein. Provided that the contractor's payroll records accurately reflect the time spent in each classification in which work is performed. The wage determination, including any additional classification and wage rates contained under 29 CFR 5.5(a)(1) and the Davis-Bacon poster (WH-1121) shall be posted at all times by the contractor and its subcontractors at the site of the work, in a prominent and accessible place where it can be easily seen by the workers.

(ii) For any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therein only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is unique in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(iv) If the contractor and the laborers and mechanics to be employed in the classification (if known) or their representatives and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20310. The Administrator or an authorized representative will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee by notifying HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1216-0140.)

(v) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee to the Administrator for determination.

The Administrator or an authorized representative will issue a determination within 10 days of receipt and so advise HUD or its designee or so notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1216-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (iv)(B)(5) or (v) of this paragraph shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(ii) Whenever the minimum wage rate provided in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or a hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part

of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program. Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

2. **Withholding.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work, all or part of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

3. (i) **Payrolls and basic records.** Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1) (iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been

communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(ii) (a) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i) except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/eis/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor or owner, as the case may be, for transmission to HUD or its designee, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this subparagraph for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records without weekly submission to HUD or its designee. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5 (a)(3)(ii); the appropriate information is being maintained under 29 CFR 5.5(a)(3)(i); and that such information is correct and complete.

Previous editions are obsolete.

Page 2 of 5

form HUD-4010 (06/2009)
ref. Handbook 1344.1

(2) That each laborer or mechanic (including each helper, apprentice and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned without deduction either directly or indirectly and that no deductions have been made either directly or indirectly from the full wages earned other than permitted deductions as set forth in 29 CFR Part 2.

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits of cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(4) The weekly certification of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph 8.3 (a)(v).

(5) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1861 of Title 18 and Section 201 of Title 31 of the United States Code.

(6) The contractor or subcontractor shall make the records required under subparagraph 8.2 (ii) available for inspection, copying or transcription by authorized representatives of DOL or its designee in the Department of Labor. And shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available DOL or its designee may after written notice to the contractor, suspend, suspend or deny take such action as may be necessary to cause the suspension of any further payment warrants or payment of bonds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 2.12.

a. Apprentices and Trainees

(i) **Apprentices.** Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program and is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency, where appropriate, to be eligible for probationary employment as an apprentice.

The allowable ratio of apprentices to journeymen on the job site in any job classification shall not be greater than the ratio permitted by the contractor as to the same work site under the registered program. Any worker listed on a payroll as an apprentice wage rate and

is not registered or otherwise employed as stated above shall be paid not less than the applicable wage rate or the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which the program is registered, the ratios and wage rates expressed in percentages of the journeyman's hourly rate specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeyman's hourly rate contained in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable

classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringe shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withholds approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) **Trainees.** Except as provided in 29 CFR 2.10, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program, which has received prior approval, evidenced by trainee certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman's hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the contracting journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by

Previous editions are obsolete.

Page 3 of 5

Form HUD-4010 (02/2005)
with Handbook 1344-1

The Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the work actually performed in addition any fringe performing work on the job site in excess of the rate permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed.

In the event the Employment and Training Administration withholds approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) **Equal employment opportunity.** The utilization of apprentice trainees and journeymen under 29 CFR Part 2 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended and 29 CFR Part 20.

6. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract.

8. Subcontracts. The contractor or subcontractor will insure in any subcontracts the clauses contained in subparagraphs 1 through 11 in this paragraph 8 and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage decision, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the clauses stated in this paragraph.

7. Contract termination, debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract and for debarment. It is a guarantee and a subcontractor as provided in 29 CFR 5.11.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Act contained in 29 CFR Parts 1, 2 and 3 are herein incorporated by reference in this contract.

9. Disputes Concerning Labor Standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general dispute clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6 and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor or the employees or their representatives.

10. In Certification of Eligibility. By entering into this contract the contractor certifies that neither it nor he or she nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 361 of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be

awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 361 of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is described in the U.S. Criminal Code 18 U.S.C. 1001. Additionally, 18 U.S.C. Criminal Code, Section 1011, Title 18, U.S.C. Federal Housing Administration transactions provides in part: "Whoever for the purpose of influencing in any way the action of such Administration makes a false statement any statement knowing the same to be false shall be fined not more than \$5,000 or imprisoned any more than two years, or both."

11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the same wages or other labor standards provisions of this contract are applicable shall be discharged or in any other manner discriminated against by the contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this contract to his employer.

6. Contract Work Hours and Safety Standards Act. The provisions of this paragraph 6 are applicable where the amount of the prime contract exceeds \$100,000. As used in this paragraph, the terms "workers" and "mechanics" include watchmen and guards.

(1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics, shall require or permit any such laborer or mechanic in any workweek in which the individual is employed on such work to work in excess of 40 hours a such workweek, unless such laborer is receiving overtime compensation at a rate not less than one and one-half times the regular rate of pay for all hours worked in excess of 40 hours in such workweek.

(2) **Violation, liability for unpaid wages, liquidated damages.** In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages; in addition, such contractor and subcontractor shall be liable to the United States for the case of work done under contract for the District of Columbia or a territory, to such District or to such territory, for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$50 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) **Withholding for unpaid wages and liquidated damages.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contract, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) **Subcontracts.** The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

C. Health and Safety. The provisions of this paragraph C are applicable where the amount of the prime contract exceeds \$100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1926 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act. (Public Law 91-54 83 Stat 96) 40 USC 3701 et seq.

(3) The contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontractor as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

CITY OF HOUSTON'S CODE OF ORDINANCE ARTICLE V. MINORITY, WOMEN, AND SMALL BUSINESS ENTERPRISES

Sec. 15-81. - Declaration of policy.

- (a) It is the policy of the city to stimulate the growth of local minority, women and small business enterprises by encouraging the full participation of these business enterprises in various phases of city contracting, as set forth in this article. The purposes and objectives of this article are:
 - (1) To promote equal opportunity for participation amongst local minority, women and small business enterprises in all phases of city contracting;
 - (2) To increase the utilization of such local firms in providing certain goods and services;
 - (3) To provide opportunities to broaden and enhance local firms' ranges of capacities; and
 - (4) To increase opportunities for such local firms to serve as contractors, in addition to acting as subcontractors to others, where applicable, in an effort to remedy discriminatory practices and eliminate statistical disparities in city contracting.
- (b) This article is intended to be remedial in nature and to continue only until its purposes and objectives are achieved. At least every five years the city shall make its best efforts to initiate a review of its minority and women business enterprise program, the results of which shall be provided to city council, who shall determine, upon its receipt of recommendations and the consideration of other relevant information from the OBO director, whether there is strong statistical and anecdotal evidence of discrimination against minority and women business enterprises in city contracting warranting the continuation of a race and gender conscious minority and women business enterprise program.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-82. - Definitions.

The following words and phrases, when used in this article and in article VI of this chapter, shall have the meanings provided in this section, unless the context clearly indicates another meaning. For the purpose of these definitions, the singular shall also include the plural, and the plural shall also include the singular.

Bidder means any person or legal entity which submits a bid or proposal to provide labor, goods or services to the city by contract for profit.

Commercially useful function means a discrete task or group of tasks, the responsibility for performance of which shall be discharged by the MWSBE by using its own forces or by actively supervising on-site the execution of the tasks by another entity for whose work the MWSBE is responsible. In determining whether a MWSBE is performing a commercially useful function, factors including but not limited to the following shall be considered: (1) whether it has the skill and expertise to perform the work for which it is being utilized and possesses all the necessary licenses; (2) whether it is in the business of performing, managing or supervising the work for which it has been certified and is being utilized; and (3) whether it is performing a real and actual service that is a distinct and verifiable element of the work called for in a contract. MWSBEs shall be responsible for performing more than fifty percent of the task or group of tasks being counted toward the applicable participation goal unless subcontracting such task or group of tasks in excess of fifty percent has been expressly authorized via a waiver by the OBO director.

Contractor means any person or legal entity providing goods, labor, or services to the city by contract for profit.

Established business enterprise means a MWSBE or any business applying for certification as a MWSBE that, by virtue of its size meets or exceeds the standards promulgated by the U.S. Small Business

Administration for that category of business, as determined by the procedures described in section 15-87(a) of this Code.

Goal-oriented contract means any contract, agreement or other undertaking anticipated for construction work in excess of \$1,000,000.00 and for the supply of goods or nonpersonal or nonprofessional services in excess of \$100,000.00:

- a. For which competitive bids are required by law;
- b. Which is not within the scope of the disadvantaged business enterprise programs of the United States Environmental Protection Agency or the United States Department of Transportation or any other federal or state agency having jurisdiction; and
- c. That the initiating city department, in consultation with the OBO director, determines has significant subcontracting potential in fields in which there are adequate numbers of known MWSBEs to compete for and perform the subcontract service(s).

Good faith efforts shall refer to steps taken to achieve a MWSBE goal or other requirements which, by their scope, intensity and usefulness demonstrate a bidder's responsiveness to fulfill the business opportunity objective prior to the award of a contract and a contractor's responsibility to put forth measures to meet or exceed a MWSBE goal throughout the duration of the contract.

Joint venture means an association of a MWSBE and one or more other firms to carry out a single, for-profit business enterprise, for which the parties combine their property, capital, efforts, skills and knowledge, and in which the MWSBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

Local firm, local MWSBE, or locally based when describing a firm or entity seeking certification means a sole proprietorship, partnership, corporation or any other business entity with a significant business presence in the Houston-Sugar Land-Baytown metropolitan statistical area, as defined by the Office of Management and Budget within the Executive Office of the President of the United States. A significant business presence includes the requirement that a MWSBE have an established place of business in the Houston-Sugar Land-Baytown metropolitan statistical area at which one or more of its employees is regularly based and that such place of business has a substantial role in the MWSBE's performance of a commercially useful function.

MWSBE means, collectively, MBEs, WBEs, and SBEs.

Minority business enterprise or MBE means a business which is:

- a. A sole proprietorship in which the owner is a minority person who owns, controls and manages the business; or
- b. A corporation in which at least 51 percent of the stock or of the assets of such corporation is owned, controlled and managed by one or more minority persons; or
- c. A partnership in which at least 51 percent of the assets of such partnership is owned, controlled and managed by one or more minority persons; or
- d. Any other business or professional entity in which at least 51 percent of the assets in such business or professional entity is owned, controlled and managed by one or more minority persons; or
- e. Any entity in which at least 51 percent of the assets of such entity is owned, controlled and managed by one or more minority persons and one or more women and such minority person; or
- f. A business which has been certified as an MBE by the office of business opportunity under any other recognized MBE program.

Minority person means a citizen or legal resident alien of the United States who is:

- a. Black American, which includes persons having origins in any of the black racial groups of Africa;
- b. Hispanic American, which includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

- c. Asian-Pacific American, which includes persons having origins from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Nauru, the Federated States of Micronesia, or Hong Kong, or the region generally known as the Far East;
- d. Native American, which includes persons having origins in any of the original peoples of North America, American Indian, Eskimo, Aleut, Native Hawaiian; or
- e. Subcontinent Asian American, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal, or Sri Lanka.

Origin or descent can be regarded as the ancestry, nationality group, lineage or country in which the person or persons' parents or ancestors were born before their arrival in the United States.

Owned, controlled and managed means that the one or more minority persons or women who own the requisite interests in or assets of a business applying for minority or women business enterprise certification possesses equivalent incidents of such ownership, including an equivalent interest in profit and loss, and has contributed an equivalent percentage of capital and equipment to the business. Contributions of capital and equipment must be real and substantial. In instances where expertise is relied upon to demonstrate ownership, control, and management, it must be shown that the expertise is: (1) in a specialized field; (2) in an area critical to the firm's operation and performance of a commercially useful function; (3) critical to the firm's continued success; and (4) documented in the records of the firm, including but not limited to documentation showing the particular expertise and its value to the firm. Additionally, the individual whose expertise is relied upon must have a significant financial investment in the business. Ownership shall be measured as though not subject to the community property interest of a spouse, if both spouses certify in writing that the nonparticipating spouse relinquishes control over his or her community property interest in the subject business (but by doing so is not required to transfer to his or her spouse his or her community property ownership interest or to characterize the property as the separate property of the spouse). The one or more minority person or woman owners shall have recognized, ultimate control over all day-to-day business decisions affecting the MBE or WBE and shall hold a title commensurate with such control. Such ultimate control shall be known to and at least tacitly acknowledged in day-to-day operations by employees of the business.

Regulated contract means any contract, agreement or other undertaking:

- a. For which competitive bids are not required by law;
- b. That is not covered by the MBE/WBE programs of the United States Environmental Protection Agency or the United States Department of Transportation or any other federal or state agency having jurisdiction; and
- c. That the recommending city department has determined, in consultation with the director of the office of business opportunity either:
 - 1. Has significant subcontracting potential in fields in which there are sufficient known MWSBES to perform the particular subcontract service(s); or
 - 2. Is of a type for which there are sufficient known MWSBES which have represented their ability to perform the prime contract service to afford effective competition for the prime contract.

Small business enterprise or *SBE* means a firm whose gross revenues or number of employees, averaged over the past three years, inclusive of any affiliates as defined by 13 CFR Section 121.103, does not exceed the size standards defined in Section 3 of the Federal Small Business Act and applicable Small Business Administration regulations related to the size standards found in 13 CFR Part 121. The term shall also include a certified minority/women business enterprise defined in this Code.

Subcontractor means any business providing goods, labor or services to a contractor if such goods, labor or services are procured or used in fulfillment of the contractor's obligations arising from a contract with the City of Houston.

Woman means a person who is a citizen or legal resident alien of the United States and who is of the female gender.

Women business enterprise or WBE means a business which is:

- a. A sole proprietorship in which the owner is a woman who owns, controls and manages the business; or
- b. A corporation in which at least 51 percent of the stock or assets of such corporation is owned, controlled and managed by one or more women; or
- c. A partnership in which at least 51 percent of the assets of such partnership is owned, controlled and managed by one or more women; or
- d. Any other business or professional entity in which at least 51 percent of the assets in such business or professional entity is owned, controlled and managed by one or more women; or
- e. Any entity in which at least 51 percent of the assets of such entity is owned, controlled and managed by one or more minority persons and one or more women; or
- f. A business which has been certified as a WBE by the office of business opportunity under any other recognized WBE program.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-83. - Program elements.

- (a) Based upon a review of annual awards and purchases by affected city departments, the office of business opportunity shall each year submit a progress report to the city council. The report shall include two percentage figures that are intended to as closely as possible represent the ratio of the prior year's measured utilization and availability of local MWSBEs to do business in:
 - (1) The supply of goods and nonpersonal or nonprofessional services; and
 - (2) The performance of personal or professional services;

to the prior year's total local business community utilization and availability to do business in each of the two named fields of city contracting.

In addition, the report shall include percentage figures that are intended to as closely as possible represent the ratio of the prior year's measured utilization and availability of local MWSBEs to do business in construction to the prior year's total local business community utilization and availability to do business in city construction contracting. The report may also include figures and other evidence of factors prescribed in Part 26, Title 49 of the Code of Federal Regulations in the year the report is made that may affect the aforementioned ratio of utilization and availability.

- (b) Based upon the measured utilization and availability and any other relevant factors prescribed in Part 26, Title 49 of the Code of Federal Regulations and identified in the report submitted pursuant to subsection (a) above, city council shall from time to time set annual city-wide percentage goals for city contracting with MWSBEs in each of the two named categories described in subsection (a)(1) and (2) above and for contracting with MWSBEs in the construction category. The adjustment, if any, in the percentage goals shall be made during the first quarter of the fiscal year.
- (c) It is the responsibility of each city department to determine which contracts initiated by it are goal-oriented contracts and which are regulated contracts. If the determination is made that a contract is a goal-oriented contract or a regulated contract, the initiating department shall review the contract and shall determine, by reference to the MWSBE register, the number of certified MWSBEs in each of the two named categories described in subsection (a)(1) and (2), above, and for construction, the number of certified MWSBEs in the construction category. The initiating department director or his or her designee shall determine whether the contract is one to which MWSBE provisions should be applied.

- (1) These provisions are not required to be applied in the following circumstances:

- a. A public or administrative emergency exists which requires the goods or services to be provided with unusual immediacy;
- b. The service or goods requested are of such a specialized, technical or unique nature as to require the city department to be able to select its contractor without application of MWSBE provisions (such as contracts for expert witnesses, certain financial advisors or technical consultants);
- c. If application of MWSBE provisions would impose an unwarranted economic burden or risk on the city or unduly delay acquisition of the goods or services, or would otherwise not be in the best interest of the city; or
- d. If the possible MWSBE participation level based on MWSBE availability would produce negligible MWSBE participation.

If one of the above-listed conditions is determined to exist, the department director shall certify that determination in writing prior to the award of the contract, specifying the conditions which lead to the determination, and submit the determination to the OBO director for review and approval.

- (2) If the contract does not fall within one of the above-listed exceptions, based upon its overall review, the initiating department shall assign an appropriate MWSBE participation level, if any, for the contract (whether goal-oriented or regulated) considering the local availability of certified MWSBEs in the contract field.

The intention of this article is to provide administrative flexibility in the application of MWSBE provisions of this Code and in the percentage participation level on a contract-by-contract basis so as not to limit access to city contracting by nonminority-owned, nonwomen-owned or established business enterprises to a greater degree than necessary to meet the city-wide annual goal and the policies and objectives of this article.

- (d) The bidding documents and the contract documents for goal-oriented contracts for which a MWSBE participation level has been established shall contain a provision detailing the purposes and objectives of the city's MWSBE ordinance and shall incorporate by reference this article and the then-current motion or ordinance establishing MWSBE annual goals. Regulated contracts which are determined to have significant subcontracting potential for which a MWSBE participation level has been established shall contain contractual provisions (and proposal provisions if submitted for proposals or for bids) requiring the contractor to meet or exceed the determined MWSBE participation level for that contract, or to establish that it has made good-faith efforts to do so, and that notwithstanding such efforts, was unable to meet or exceed the determined participation levels. The OBO director shall establish procedures defining good-faith efforts. These procedures will be reviewed and approved by the mayor and the city attorney.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-84. - Office of business opportunity.

- (a) Applications for certification as a MWSBE and any addenda thereto shall be made on a form promulgated by the OBO director, and the requirements for certification shall be consistent with the applicable requirements set forth in subsection (b) below.
- (b) The office of business opportunity has responsibility for:
 - (1) Establishing procedures for the implementation of this article, and reviewing and approving procedures established by city departments, such procedures to be narrowly designed to attain the purposes and objectives specified herein without unduly limiting nonminority-owned or nonwoman-owned or established business enterprises. Such procedures shall be reviewed and approved by the mayor and by the city attorney prior to implementation;
 - (2) Certifying businesses as minority, small or women business enterprises and maintaining and distributing to affected city departments a current register, updated monthly, of such business (including a separate listing of such businesses whose applications for certification are pending) specifying the categories of city contracting represented by the certified MWSBEs;

- (3) Developing educational programs for and otherwise assisting (without offering favoritism in relation to the competitive bidding system) MWSBEs to compete effectively for city contracts;
- (4) Making recommendations to the mayor, city council and city departments to further the policies and objectives of this article, including but not limited to assisting city departments in setting contract-specific MWSBE goals;
- (5) Reviewing documentation from potential contractors and from contractors concerning good-faith efforts made to meet or exceed the participation level for contracts. The final recommendation to city council for award or for acceptance of work shall be the city department's, although the office of business opportunity may take exception;
- (6) Compiling a report of the progress of city departments, by department, in attaining the city-wide goals set by city council. This report shall be based upon MWSBE contractor and subcontractor information, to be specified by the office of business opportunity. Upon completion, the report is to be submitted quarterly to city council members, the mayor and all affected city department directors for their information;
- (7) Receiving and reviewing complaints and suggestions concerning the MWSBE program from contractors, MWSBEs and city departments; and
- (8) Without limiting the authority of the office of business opportunity to establish procedures that are consistent with the terms of this article, the office of business opportunity is specifically directed to promulgate and implement procedures as follows:
 - a. Grievance procedures for any person aggrieved by any decision of the office of business opportunity under this article. The procedures shall include notice and a hearing before an impartial hearing officer who shall be appointed by the mayor;
 - b. Mediation procedures for the resolution of disputes between contractors or bidders and MWSBE participants or potential participants with respect to any aspect of compliance with this article, including, without limitation, any assertion that a contractor, subcontractor, or MWSBE has failed to make good faith efforts to comply with this article;
 - c. Procedures to implement and enforce any sanctions provided under this article;
 - d. Procedures to ensure performance of work by MWSBEs, which procedures shall include: (i) a requirement that no more than 50 percent of their work may be subcontracted, without a specific waiver from the office of business opportunity for cause; (ii) a requirement that the minority person, small business or woman owner of a MWSBE have the necessary experience, expertise, credentials and regulatory authority to conduct the type of business for which the business is certified; (iii) a requirement that bidders and contractors make good faith efforts to meet or exceed contract MWSBE goals; and (iv) a requirement that MWSBEs accurately represent all material information required for certification and truly perform a commercially useful function;
 - e. Procedures for counting participation by MWSBEs as prime contractors, subcontractors, suppliers and joint venturers on city contracts, which procedures shall ensure that all work performed by MWSBEs is included in the computation of the progress made toward meeting the annual city-wide goals;
 - f. Procedures to ensure that this article is limited in its application to the certification of locally based MWSBEs;
 - g. Procedures to coordinate the operation of this article with other local MWSBE programs, which may include reliance upon certification procedures of other entities that are determined to be reliable and equivalent to this article;
 - h. Procedures to ensure access to necessary records of prime contractors and subcontractors on city contracts; and
 - i. Procedures for handling theft of services (wage theft) complaints of employees of city contractors and subcontractors.

- (c) MWSBE certification shall be valid for a period of three years from the date of certification; provided, however, all applicants certified as MWSBEs shall be subject to review on an annual basis pursuant to procedures established by the OBO director to ensure compliance with all applicable provisions of this article.
- (d) Applications for renewal of MWSBE certification shall be evaluated under the same criteria and subject to the same manner of review as original applications.
- (e) All procedures established under this section shall be reviewed and approved by the city attorney prior to implementation. A copy of all procedures hereunder shall be maintained in the office of business opportunity for inspection, and copies may be purchased at the fees prescribed by law.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-84.1. - Responsibilities of city departments; department utilization plan.

- (a) Each department director shall be accountable for the oversight and implementation of the following activities:
 - (1) Informing MWSBE organizations or associations of the department's procurement procedures and future procurement opportunities;
 - (2) Ensuring that department bid solicitations and requests for proposals are sent to MWSBEs in a timely manner;
 - (3) Referring MWSBEs to technical assistance services available from the office of business opportunity and other organizations that provide such services;
 - (4) Reviewing each request for waiver or modification of participation goals prior to its submission to the office of business opportunity for approval;
 - (5) Monitoring the department's procurement activities to ensure compliance with and progress towards the city-wide participation goals; and
 - (6) Providing the OBO director with the departmental utilization plan prescribed in subsection (b) of this section and any other documentation requested by the office of business opportunity necessary in evaluating a department's progress in achieving city-wide participation goals.
- (b) Each department that has procured goods and services in excess of three million dollars during the fiscal year ending on June 30th of the preceding calendar year shall be required to submit a departmental utilization plan for the following fiscal year commencing on July 1st. Departmental utilization plans shall be submitted on or before June 15, 2014, and not later than June 15th of each calendar year thereafter.
- (c) Each department director shall be responsible for creating, submitting, and implementing an annual departmental utilization plan that shall include, at a minimum, the following:
 - (1) The department's forecast of anticipated projects and contract specific goals for the upcoming fiscal year;
 - (2) A detailed, written explanation for any departmental goal that is not consistent with the overall city-wide goals for MWSBE participation;
 - (3) A list of the names and titles of department personnel responsible for the implementation of the departmental utilization plan;
 - (4) The methods and relevant activities proposed for achieving the department's participation goals; and
 - (5) Any other information the department director deems relevant or necessary.
- (d) Upon review by the OBO director, all departmental utilization plans shall be submitted to the mayor and city council for final approval.
- (e) A departmental utilization plan may be amended to reflect changes in the department's projected procurements, expenditures, or other relevant circumstances and resulting changes in the department's participation goals. Such amendments shall be submitted to the OBO director for review and shall be submitted to city council for final approval not less than 30 days prior to the proposed date of implementation.

- (f) Each department director shall be accountable for setting and making reasonable efforts to meet the participation goals stated its departmental utilization plan. Departments shall, at minimum, engage in outreach activities that encourage eligible businesses to apply for certification as MWSBEs and encourage MWSBEs to participate in all facets of the procurement process and compete for city contracts, including contracts awarded by negotiated acquisition and emergency and sole source contracts.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-85. - Filing of plan.

Before execution of any contract or issuance of any purchase order for which a MWSBE goal has been established, a bidder or potential contractor shall submit a plan setting forth how it intends to meet the contract MWSBE goal or documentation demonstrating its proof of good faith efforts to meet the contract MWSBE goal. After execution of a contract or receipt of a purchase order, the contractor shall comply with the submitted plan, unless it has received approval from the OBO director for a deviation therefrom. Approval shall not be unreasonably withheld. While it is not a requirement that a contractor meet its goal, it is required that the contractor objectively demonstrate to the office of business opportunity that it has made good faith efforts to meet the goal. To this end, the contractor shall maintain records as prescribed by the office of business opportunity demonstrating its efforts at compliance. The contractor shall be required to submit to the office of business opportunity reports of its efforts under this article in such form or manner as shall be prescribed by the OBO director.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-86. - Sanctions.

- (a) The OBO director is authorized to suspend any contractor who has failed to make good faith efforts to meet any goal established under this article from engaging in any contract with the city for a period up to, but not to exceed, five years. The OBO director is also authorized to suspend any MWSBE who has failed to make good faith efforts to meet all requirements necessary for participation as a MWSBE from engaging in any contract affected by this article for a period up to, but not to exceed, five years.
- (b) In accordance with section 15-84 of this Code, the office of business opportunity shall establish procedures for the imposition of sanctions and shall ensure that no sanction is imposed without notice of the grounds being given and an opportunity for a hearing consistent with the procedures set forth in sections 15-22, 15-23, and 15-24 of this Code. Any procedure established shall be consistent with state law.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-87. - Determination of established business enterprise status.

- (a) Based upon a review of data submitted by MWSBEs or MWSBE applicants and any other information available from its files or the files of any other governmental entity, the office of business opportunity shall determine the size of each MWSBE or MWSBE applicant by determining the average of the gross receipts for the prior three years and the average number of employees for the 12 calendar months immediately preceding the review, as applicable. The calculation of size shall be based solely upon the size standards and methods of calculation identified by the U.S. Small Business Administration (SBA) including, without limitation those set forth in 13 C.F.R. part 121, subpart A, secs. 121.101 through 121.107, and sec. 121.201, any amendment or successor thereto, or any other document defining such size standards or the calculation thereof that has been fully and finally adopted by the SBA. The review shall be applicable to business entities applying for initial certification as a MWSBE or to certified MWSBEs, provided that such review may not be initiated until the applicant or certified MWSBE has established a business history of sufficient length to allow calculation of size based on the three year financial or 12 month employee data, as applicable.
- (b) Following the review described in this section, each certified MWSBE or MWSBE applicant shall be re-evaluated under this section on an annual basis based upon the size standards and methods of calculation

identified by the SBA and procedures established by the OBO director to ensure compliance with all applicable provisions of this article.

- (c) All MWSBEs and MWSBE applicants shall, upon written request of the OBO director, provide to the office of business opportunity copies of any and all documents, including without limitation financial statements and tax records, requested by the director in connection with the review authorized in subsection (a) of this section, not later than 20 business days following the date of mailing of the request. Failure to timely and completely comply with any such request will authorize the imposition of sanctions under section 15-86 of this Code, or denial of certification in the case of a MWSBE applicant.
- (d) Following the review authorized by subsection (a) of this section, the office of business opportunity shall classify each MWSBE or MWSBE applicant whose size meets or exceeds the size standard identified by the SBA for that class of enterprise as an established business enterprise. The classification shall be effective as of the date of mailing of the notice provided in section 15-88 of this Code.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-88. - Notice, appeal and waiver.

- (a) Immediately upon classification of a certified MWSBE or MWSBE applicant as an established business enterprise pursuant to section 15-87 of this Code, the office of business opportunity shall notify the business so classified of the action by United States certified mail, return receipt requested, addressed to the last known address of the business and deemed given when placed in a United States mail depository.
- (b) Each notice shall inform the affected MWSBE or MWSBE applicant of the following matters: (1) That the MWSBE or MWSBE applicant has been classified as an established business enterprise;
- (2) That the classification is effective as of the date of mailing of the notice;
- (3) That the MWSBE or MWSBE applicant may appeal the classification or seek a waiver of the classification pursuant to the procedures established under this section;
- (4) That the provisions of section 15-89 of this chapter shall become enforceable with respect to any certified MWSBE one year following the notice of classification, unless the decision is reversed or a waiver is granted and the classification is withdrawn prior to the expiration of the one-year period; and
- (5) That any MWSBE applicant deemed ineligible for certification based upon its classification as an established business enterprise shall remain ineligible for certification unless and until any withdrawal of the classification as an established business enterprise is granted pursuant to an appeal or a request for waiver conducted under this section.
- (c) In order to appeal a classification as an established business enterprise, a MWSBE or MWSBE applicant must submit to the OBO director a written notice of appeal no later than 60 days following the date of mailing of the notice of classification. The sole basis for an appeal shall be that the office of business opportunity has incorrectly calculated the size of the business according to SBA standards based upon incorrect information or error in computation. The notice of appeal shall be accompanied by any documentation necessary to demonstrate the asserted error. If the OBO director finds that an error or errors were made in calculating the size of the business and that any such error resulted in an incorrect classification as an established business enterprise, the classification shall be withdrawn and the business promptly notified of the withdrawal. If the OBO director finds that no error was made, or that any error would not materially alter the classification, he shall notify the business that the classification is not altered, by certified mail, return receipt requested. The business may within ten days of the date of mailing of the notice submit to the OBO director a written request for a hearing, which hearing shall be conducted under the procedures set forth in subsections (e) through (g) of this section.
- (d) In order to seek a waiver of a classification as an established business enterprise, a MWSBE or MWSBE applicant must submit to the OBO director a written request for a hearing no later than 60 days following the date of mailing of the notice of classification. The written request shall include documentary evidence, including but not limited to financial statements and tax records, relevant to the following criteria:

- (1) Profitability of the enterprise;
 - (2) Sales of the enterprise, including a demonstration that 55 percent or more of the enterprise's sales, within the period utilized by the office of business opportunity in its classification determination, are not related to city contracts;
 - (3) Ability of the MWSBE or MWSBE applicant to obtain bonding, if the enterprise acts as a prime contractor or in a category in which obtaining bonding is required; and
 - (4) Positive comparison of the enterprise's business and financial profile with those of non-MWSBE firms in the same business category based on an objective industry standard.
- (e) The OBO director shall notify the affected MWSBE or MWSBE applicant of the place and time of a hearing before the OBO director or his designee to consider an appeal requested under subsection (c) of this section, or a request for waiver of the classification under subsection (d) of this section, or both, as applicable, by United States certified mail, return receipt requested. The hearing shall be set not later than 30 days following receipt of the request, provided that the OBO director or his designee may in his discretion extend such date by a reasonable period for good and sufficient cause shown. Hearings for businesses that have both appealed under subsection (c) of this section and requested a waiver under subsection (d) of this section may be consolidated in a single hearing at the discretion of the OBO director or his designee.
 - (f) The OBO director shall promulgate written procedures for the conduct of hearings. The OBO director or his designee shall hear each appeal or request for waiver and shall consider only the criteria set forth under subsections (c) and (d)(1) through (d)(4) of this section, as applicable, in determining whether to withdraw the classification of the affected business as an established business enterprise. The OBO director shall develop objective standards for evaluating each factor set forth under subsections (d)(1) through (d)(4) based upon recognized industry or governmental practices or standards. The burden shall be on the business to demonstrate by clear, convincing and cogent evidence either that a material error in classification was made or that the granting of a waiver is justified by at least two of the criteria set forth in subsections (d)(1) through (d)(4) of this section.
 - (g) Notwithstanding any provision of this Code or of the rules or regulations of the office of business opportunity to the contrary, including any provision for mediation of a decision of the OBO director, the decision of the OBO director or his designee regarding appeal or waiver shall be final.

(Ord. No. 2013-428, § 10(Exh. A), 5-8-2013, eff. 7-1-2013)

Sec. 15-89. - Effect of classification; re-application.

- (a) Upon the expiration of one year following the notice of classification as an established business enterprise referenced in section 15-88(a) of this Code, and in the absence of any withdrawal of such classification by the OBO director, each certified MWSBE so classified shall be ineligible for future participation in any city contract as a MWSBE and its certification shall be withdrawn. No application for re-certification shall be granted absent the prior determination of the OBO director that the applicant does not meet or exceed the SBA size standards referenced in section 15-87(a) of this Code. Certified businesses whose evaluation results in classification as an established business enterprise shall timely file any re-certification application due prior to expiration of the one year extension of program eligibility referenced in this section, but the application shall not be granted unless and until the classification is withdrawn or waived.
- (b) Notwithstanding any provision of this Code or the rules or regulations of the office of business opportunity to the contrary, including any provision for mediation of a decision of the OBO director, any initial applicant for MWSBE certification who meets the criteria for an established business enterprise at the time of its application and is so classified shall be denied certification on that basis alone and shall have no recourse for the denial except through challenging the classification in the manner set forth in section 15-88 of this chapter. Any and all other matters pertaining to the eligibility of the applicant shall be abated and shall only be reinstated if the classification as an established business enterprise is withdrawn.
- (c) The office of business opportunity may continue to assist established business enterprises following ineligibility as follows:

- (1) Such businesses, if formerly certified by the city, may continue to be listed in any listing of MWSBE firms in a separate category of established MWSBE firms for the information of other private or public entities; and
 - (2) Such businesses, if formerly certified by the city, may receive information, counseling and referrals to other agencies supporting business enterprises from the office of business opportunity after their classification as established business enterprises.
- (d) No sooner than one year following the date of program ineligibility provided in subsection (a) of this section or the denial of certification provided in subsection (b) of this section, any established business enterprise may apply for reinstatement as a fully eligible, certified MWSBE or reinstatement of an application for certification abated under subsection (b) of this section, as applicable, upon demonstrating the existence of one or more of the following conditions:
- (1) That the subsequent history from the date of initial classification as an established business enterprise demonstrates that a size calculation as of the date of application for reinstatement would place the business below the SBA size standards for that category of business;
 - (2) That the established business enterprise has successfully obtained an SBA size determination from a federal agency authorized to make such a determination, or has prevailed in an SBA size protest under 13 CFR § 121.1001, et seq., as amended, including any judicial review thereof, establishing that the business does not meet or exceed the applicable SBA size standard;
 - (3) That the SBA size standards have been revised in such a manner that the subject business no longer meets or exceeds the size standard for its category based upon the most recent three-year average for receipts or 12 month average for employees, as applicable; or
 - (4) That the criteria listed in section 15-88(d) of this Code demonstrate the need to grant a waiver and withdraw the classification of the business as an established business enterprise.
- (e) Applications for reinstatement shall be on a form prescribed by the OBO director and shall be accompanied by relevant documentary evidence supporting the ground or grounds for reinstatement asserted, as requested by the OBO director.
- (f) Within 30 days following receipt of a completed application for reinstatement, the OBO director shall grant the application or deny the application and set the matter for hearing within 30 days of the date of mailing notice of such denial.
- (g) The burden on the business applying for reinstatement shall be to demonstrate the existence of one or more of the conditions set forth in subsections d(1) through d(4) of this section by clear, convincing and cogent evidence, to be evaluated by the director under hearing procedures consistent with the nature of the application and, to the extent applicable, with the provisions of subsections (c), (d), (e) and (f) of section 15-88 of this Code. In addition, a business seeking reinstatement under subsection (b)(4) of this section that has previously sought a waiver of classification as an established business enterprise pursuant to section 15-88(d) of this chapter must present evidence of a material and substantial change in circumstances not shown at the preceding hearing, and the OBO director or his designee shall disregard evidence that is repetitious or cumulative of the prior hearing on the matter.
- (h) The decision of the OBO director or his designee following a hearing on reinstatement shall be final, and any applicant denied reinstatement is to be notified in writing of the decision within ten days following the hearing. No business denied reinstatement may subsequently apply for reinstatement until the expiration of one year from the date of the denial.

(Ord. No. 2013-428, § 10 (Exh. A), 5-8-2013, eff. 7-1-2013)

**REQUIREMENTS FOR THE CITY OF HOUSTON PROGRAM FOR
MINORITY, WOMEN, AND SMALL BUSINESS ENTERPRISES (MWSBE) AND
PERSONS WITH DISABILITIES ENTERPRISES (PDBE)**

CONSTRUCTION CONTRACTS

I. GENERAL

A. CITY AUTHORITIES

1. The "OBO Director" is the City of Houston's Office of Business Opportunity Director, or his or her designee.

City of Houston
611 Walker Street, 7th Floor
Houston, Texas 77002

2. The "Contracting Department" for this Project is the City of Houston Department specified in Document 00520 – Agreement.
3. The "Project Manager" for this Project is specified in Document 00550, Contract Approval Notification.

**II. REOCCURRING REPORTS THAT MUST BE SUBMITTED DURING THE COURSE
OF THE CONTRACT:**

A. MWSBE MONTHLY REPORT PROCESS

The Contractor shall complete the MWSBE Monthly Utilization Report in the Contract Compliance and Monitoring System (available at <https://houston.mwdbe.com/>).

- B. The Contractor shall comply with further, applicable instructions regarding reporting and compliance as provided in Sections III.E and III.I below.

III. BUSINESS ENTERPRISE PROGRAM REQUIREMENTS:

A. PURPOSE

This Document facilitates implementation of City of Houston, Tex. Code of Ordinances Chapter 15, Article V, § 15-81 *et seq.*, relating to MWSBE contract participation, and Code of Ordinances Chapter 15, Article VI, § 15-90 *et seq.*,

relating to PDBE contract participation (collectively, the "Business Enterprise Program or "MWSBE"). City of Houston, Tex. Ordinance 2013-0428, May 8, 2013.

B. POLICY

It is the policy of the City to encourage the full participation of Minority and Women-owned Business Enterprises, Small Business Enterprises, and Persons with Disabilities Business Enterprises in all phases of its procurement activities and to afford them a full and fair opportunity to compete for City contracts at all levels.

C. POLICY ELEMENTS

1. The Contractor agrees to ensure that MWSBE firms have a full and fair opportunity to participate in the performance of City contracts. In this regard the Contractor shall make all reasonable Good Faith Efforts to meet the Contract Goals for this Contract.
2. The Contractor and any Subcontractor shall not discriminate on the basis of race, color, religion, national origin, or sex in the performance of City contracts.
3. Contractor's performance in meeting the Participation Plan Percentage will be monitored during the construction phase of the Contract by the Office of Business Opportunity ("OBO") and the Contracting Department (the "Department").

D. PERCENTAGE GOALS

The MWSBE goals and PDBE goals, if any, for the Work are specified in Document 00800 – Supplementary Conditions Goals.

E. CONTRACTOR RESPONSIBILITIES

1. **Prior to Award:**

The Bidder shall submit MWSBE documents in accordance with the requirements of Document 00410 – Bid Form Part A.

 - a. In accordance with the Code of Ordinances and the OBO Good Faith Efforts Policy (Attachment A), the Department shall approve an Apparent Low Bidder's MWSBE Participation Plan, Document 00470 (the "Bidder's Plan" or "Plan"), within three business days of the Bid Opening only if the Department representative determines that Bidder's Plan meets the advertised Contract Goal and is administratively complete.

- b. If the Department cannot approve the Bidder's Plan, it shall forward the Plan to OBO, who shall review the Bidder's Plan, and if applicable, the Bidder's Document 00471 (Record of Good Faith Efforts) and Document 00472 (Pre-Award Deviation Request) and determine whether the Bidder has made Good Faith Efforts to meet the Contract Goals within 10 business days of the Bid Opening.
- c. If OBO determines that the Bidder has failed to provide a valid participation plan or make Good Faith Efforts or if the Bidder fails to provide documents and associated information required by this Document 00808 or reasonably requested in writing by OBO, OBO may declare the Bidder to be non-responsible.
- d. If OBO determines that the Bidder has made Good Faith Efforts, OBO may approve the Bidder's Contract Goal Deviation request. Thereafter, the Bidder/Contractor shall be bound by the Plan, as approved or modified by OBO.
- e. The Contractor shall:
 - (1) ensure that all MWSBE firms listed in the Plan are certified by the Office of Business Opportunity prior to bid date. Qualified, non-certified firms may obtain priority consideration for certification if no more than two firms are certified with the same capability as the non-certified firm.
 - (2) execute written contracts with all certified Subcontractors and Suppliers. All such contracts must be executed and sent to OBO and Contracting Department within 30 days after the date of the Notice to Proceed and must include provisions set forth in Articles 3 and 5 of Document 00700, General Conditions; and
 - (3) designate an MWSBE liaison officer who will administer the Contractor's MWSBE program and who shall document and maintain records of Good Faith Efforts to subcontract with MWSBE Subcontractors and Suppliers.

2. After Award:

- a. The Contractor shall submit MWSBE Monthly Utilization Reports, as requested in Article II above.
- b. The Contractor shall complete and submit to OBO a deviation request if the Contractor reasonably believes that it will not achieve the Business Enterprise Program Participation Plan Percentage documented in the Plan. The Contractors shall also submit to OBO, with a copy to the Contracting Department, a Record of Post-Award Good Faith Efforts (Document 00571) for each Certified Firm that the Contractor does not use in accordance with the Approved Plan before the Contractor uses another firm to perform the work.
- c. The Contractor shall conform to the Plan unless OBO approves a

deviation request. OBO shall approve or reject a request for deviation within five business days of receipt of the request.

- d. OBO shall approve a deviation request if:
 - (1) for a reason beyond the Contractor's control, the Contractor is unable to use the certified MWSBE firm in the Plan to perform the specified work. In such cases, the Contractor shall use and document Good Faith Efforts to find a similarly qualified, certified MWSBE firm to perform such specified work; or
 - (2) the Contractor reasonably believes that, due to a change of scope, execution of the work in accordance with the directions from the Contracting Department is unlikely to meet the terms of the Plan. In such cases, the Contractor shall use and document Good Faith efforts to achieve a reasonable amount of MWSBE participation on the remaining work on the Contract.
 - (3) OBO shall not unreasonably withhold approval of a deviation request.
- e. After the Date of Substantial Completion, OBO shall evaluate the Contractor's Good Faith Efforts towards meeting the Plan, as it may be amended.
- f. If the Contractor fails to conform to the Plan and fails to submit a Post-Award Deviation Request or provide documents and associated information required by the Good Faith Efforts Policy or reasonably requested in writing by OBO, OBO may impose sanctions in accordance with Article VI of this Document 00808.

F. ELIGIBILITY OF MWSBE FIRMS FOR SUBCONTRACTING

- 1. To ensure that the City's Business Enterprise Program benefits only those firms that are owned and controlled by a minority person(s), a woman (women), a person(s) with a disability, or a small business enterprise, the Office of Business Opportunity will certify the eligibility of MWSBE and PDBE Contractors, Subcontractors, and Suppliers. Contact the OBO Certification Division at 832-393-0600 for information regarding certification.
- 2. Firms must be certified by OBO at the time of bid in order to be counted towards meeting MWSBE goals. OBO maintains a Certified Minority, Women and Small Business Enterprises and Persons with Disabilities Business Enterprises Directory on the City's website. This Directory also lists federally-designated Disadvantaged Business Enterprises (DBEs).

G. DETERMINATION OF MWSBE PARTICIPATION

MWSBE participation shall be counted toward meeting the Contract Goals in

response to the following:

1. Contractor may count toward its Contract Goals only those MWSBE Subcontractors/ Suppliers performing a Commercially Useful Function.
 - a. **COMMERCIALLY USEFUL FUNCTION** means a discrete task or group of tasks, the responsibility for performance of which shall be discharged by the MWSBE firm by using its own forces or by actively supervising on-site the execution of the tasks by another entity for whose work the MWSBE firm is responsible. In determining whether a certified firm is performing a commercially useful function, factors including but not limited to the following shall be considered: (1) whether the firm has the skill and expertise to perform the work for which it is being utilized and possesses all necessary licenses; (2) whether the firm is in the business of performing, managing, or supervising the work for which it has been certified and is being utilized; and (3) whether it is performing a real and actual service that is a distinct and verifiable element of the work called for in a contract. Without limiting the generality of the foregoing, a MWSBE will not be considered to be performing a commercially useful function, if it subcontracts more than 50 percent of a contract being counted toward the applicable Contract Goals, unless such subcontracting in excess of 50 percent has been expressly approved by OBO either pre-bid or post award.
 - b. OBO shall approve a Plan Deviation Request if the Contractor demonstrates that the industry standard for the type of work involved is to subcontract over 50 percent of the work.
2. Once a firm is certified as a MWSBE firm, the total dollar value of the subcontract awarded to the MWSBE firm is counted toward the Contract Goals, counting only the work in which the MWSBE has performed a Commercially Useful Function. The use of one MWSBE certified firm to meet multiple goals (e.g. MBE, WBE, SBE goals) on a contract is prohibited, unless expressly approved by OBO. Safety and Participation goals do not count as a single goal concerning MWSBE/DBE requirements.
3. The dollar value of the work performed by a certified Prime Contractor may not be counted toward the MWSBE goal unless the certified Prime Contractor is a part of a joint venture. When the Contractor or Subcontractor is in a joint venture with one or more MWSBE firms, OBO shall determine the percent of participation resulting from such joint venture to be counted toward the Contract Goals. The City may count towards the Contractor's MWSBE contract goal that portion of the total value of the contract amount paid to an MWSBE joint venturer equal

to the distinct, clearly defined portion of the contract work performed by the MWSBE.

4. A MWSBE Supplier's participation will be counted towards the MWSBE goals if all of the following criteria are met. The MWSBE Supplier must:
 - (a) negotiate price;
 - (b) determine quality and quantity;
 - (c) order the materials;
 - (d) show that the invoice is in the certified firm's name;
 - (e) pay for the material itself;
 - (f) control delivery; and
 - (g) be certified to provide the supplies in the appropriate NAICS code.

If the listed criteria above are not met, only the entire amount of fees or commissions charged for assistance in the procurement of the supplies and materials, or fees or transportation charges for the delivery of supplies or materials required on a job site will be counted towards the MWSBE goal. To be counted, proof must be provided of the fees paid and the fees must be reasonable and not excessive as compared with fees customarily allowed for similar services. MWSBE Supplier participation may account for no more than 50% of the MWSBE participation plan.

5. The OBO Policy and Procedures Manual, as amended from time to time, shall apply to the Contract for other determinations regarding counting MWSBE participation not explicitly provided for in the Contract.

H. CONTRACTOR COMPLIANCE

To ensure compliance with MWSBE requirements, OBO and the Department will monitor Contractor's efforts regarding MWSBE Subcontractors/Suppliers during the performance of this Contract. This may be accomplished through the following: job site visits; reviewing of records and reports; and interviews of randomly selected personnel.

I. RECORDS AND REPORTS

1. In accordance with II.A of this Document, the Contractor shall submit an initial report outlining MWSBE participation 40 days after the Notice to Proceed date, and on or before the 15th day of each month thereafter until all MWSBE subcontracting or material supply activity is completed. Each report shall cover the preceding month's activity. The Contractor shall use the MWSBE Contract Compliance and Monitoring System (B2G Now) to meet this requirement.
2. Contractor shall maintain the following records for review upon request by OBO or the Department:

- a. Copies of executed Subcontractor agreements and purchase orders;
 - b. Documentation of payments and other transactions with MWSBE Subcontractors/ Suppliers; and
 - c. Appropriate explanations of any changes or replacements of MWSBE Subcontractors/Suppliers. All replacement MWSBE Subcontractors/Suppliers must be certified by OBO.
 - d. Any other records required by OBO or Contracting Department.
3. If a Participation Plan Percentage is not being met, the monthly report shall include a narrative description of the progress being made in MWSBE participation. If sufficient MWSBE Subcontractors or Suppliers to meet the Participation Plan Percentage are being utilized, they should be identified by name and the dollar amount paid to date for work performed or materials furnished by each MWSBE during the monthly period. Reports are required when no activity has occurred in a monthly period.
4. Contractor shall retain all such records for a period of four years following completion of the Work and shall be available at reasonable times and places for inspection by authorized representatives of the City including the City Controller.

IV. SANCTIONS:

A. SUSPENSION PERIOD AND WAIVER

Pursuant to Section 15-86 of the Code of Ordinances, OBO is authorized to suspend any Contractor who has failed to make Good Faith Efforts for a period of up to, but not to exceed, five years.

B. GUIDELINES FOR IMPOSITION OF SANCTIONS

1. General:

- a. OBO shall not impose any sanction except upon evidence of specific conduct on the part of a MWSBE or Contractor that is inconsistent with, or in direct contravention of, specific applicable requirements for Good Faith Efforts.
- b. Imposition and enforcement of suspensions shall be consistent with applicable state law.

2. Severity of Sanctions:

- a. In determining the length of any suspension, OBO shall consider the following factors:
 - (1) Whether the failure to comply with applicable requirements involved intentional conduct or, alternatively,

may be reasonably concluded to have resulted from a misunderstanding on the part of the Contractor or MWSBE of the duties imposed on them by Article V of Chapter 15 of the Code of Ordinances and these procedures;

- (2) The number of specific incidences of failure by Contractor or MWSBE to comply;
 - (3) Whether the Contractor or MWSBE has been previously suspended;
 - (4) Whether the Contractor or MWSBE has failed or refused to provide OBO with any information requested by OBO's Director or required to be submitted to OBO's Director pursuant to law or these procedures;
 - (5) Whether the Contractor or MWSBE has materially misrepresented any applicable facts in any filing or communication to OBO; and
 - (6) Whether any subsequent restructuring of the subject business or other action has been undertaken to cure the deficiencies in meeting applicable requirements.
- b. Suspensions may be for any length of time not to exceed five years. Suspensions in excess of one year shall be reserved for cases involving intentional or fraudulent misrepresentation or concealment of material facts, multiple acts in contravention of applicable requirements, cases where the Contractor or MWSBE has been previously suspended, or other similarly egregious conduct.

C. APPEALS

A decision to implement a suspension may be taken after notice and an opportunity for an informal conciliation conference with OBO and a hearing by the Contract Compliance Commission. Commission members shall not have participated in the actions or investigations giving rise to the suspension hearing.

D. NOTICE

1. Prior to imposing any suspension, OBO shall deliver written notice to the Contractor or MWSBE setting forth the grounds for the proposed suspension and setting a date, time, and place to appear for an informal conciliation conference with OBO, in addition to information regarding the appearance before the Contract Compliance Commission for a hearing on the matter.
2. Any notice required or permitted to be given hereunder to any Contractor or MWSBE may be given either by personal delivery or by certified United States mail, postage prepaid, return receipt requested, addressed to their

most recent address as specified in the records of the Office of Business Opportunity or in the Contract if no address is on file with the Office of Business Opportunity.

E. HEARING PROCEDURES

Proceedings before the Contract Compliance Commission shall be conducted in accordance with Section 15-23 of the Code of Ordinances. If the Commission, in a written decision, finds that a suspension is supported by the evidence presented, the Commission shall submit its recommendation to the Mayor and City Council.

ATTACHMENT A

City of Houston
Office of Business Opportunity
Good Faith Efforts Policy

General Policy.

Good Faith Efforts are steps taken to achieve an Contract Goal or other requirements which, by their scope, intensity and usefulness demonstrates the bidder's responsiveness to fulfill the business opportunity objective prior to the award of a contract, as well as the contractor's responsibility to put forth measures to meet or exceed the Contract Goal throughout the duration of the contract.

Good Faith Efforts are required to be made and demonstrated by an apparent successful bidder on goal oriented contracts or proposer on a regulated contract prior to award of a contract. Good Faith Efforts are required on professional services and construction contracts and on procurement of goods and non-professional service contracts with goals. If a bidder, when submitting a participation plan at the time of bid or proposal submission, anticipates it cannot or will not meet the Contract Goal prior to the award, the bidder must demonstrate to Office of Business Opportunity ("OBO") it has made Good Faith Efforts to meet the Contract Goal, to be eligible for the contract award.

Good Faith Efforts shall be evaluated on a case-by-case basis in making a determination whether a bidder or contractor is in compliance with this policy. The efforts employed by a bidder or contractor should be those that one could reasonably expect a bidder or contractor to take if the bidder were actively and aggressively attempting to obtain MWSBE participation sufficient to meet the Contract Goal. Efforts taken that are mere formalities or other perfunctory acts shall not be considered Good Faith Efforts to meet Contract Goals.

The factors provided herein are representative of the types of actions OBO will consider in determining whether the bidder or contractor made Good Faith Efforts to obtain MWSBE participation to meet the Contract Goal. The factors prescribed below are not intended to be a mandatory checklist, nor is it intended to be exhaustive or exclusive. OBO may consider other factors or types of efforts that may be relevant in appropriate cases.

If a contractor fails to submit Good Faith Efforts documentation as provided in this Policy, it waives the right to appeal OBO decisions related to this Policy. OBO will review all the efforts made by the contractor, including the quality and quantity of those efforts.

Pre-Award.

A bidder must submit a participation plan (Document 00470) to OBO at the time the bidder

00808-10
012-23-2015

submits the bid. If the participation by certified MWSBE subcontractors documented on the participation plan ("participation") is less than the Contract Goal, a bidder should submit a Record of Good Faith Efforts (Document 00471) with the bid. A bidder should also submit a request for a deviation (Document 00472) if the bidder, having used Good Faith Efforts, reasonably believes that it cannot meet the Contract Goal or a commercially useful deviation.

In making a determination that the bidder has made a good faith effort to meet the Contract Goals, OBO shall consider specific documentation¹ concerning the steps taken to obtain MWSBE participation, with a consideration of, by way of illustration and not limitation, whether the bidder demonstrated a genuine effort to comply with the following factors.

1. Attended any pre-bid or pre-proposal meetings scheduled by the City Department;
2. Followed up with MWSBEs that attended the pre-bid or pre-proposal meetings to discuss subcontracting and supplier opportunities and contacted MWSBEs listed in the City's online directory;
3. Conducted outreach with minority and women focused organizations and associations far in advance of solicitation due date (no less than 10 business days);
4. Identified and designated portions of the work to be performed by MWSBEs to increase the likelihood of meeting the Contract Goals (including where appropriate breaking down the contract into reasonably sized subcontracts to ensure participation);
5. Advertised subcontracting opportunities in news media focused towards minority and women persons far in advance of solicitation due date;
6. Provided MWSBEs with a point of contact that was knowledgeable about the project and possessed decision-making authority to answer questions from interested MWSBEs;
7. Provided a reasonable number of MWSBEs certified with timely written notices via email, mail, and/or fax and/or with documented contact regarding the subcontracting/supplier opportunities. A "reasonable number of MWSBEs" shall be based on the number of MWSBEs available in the directory;
8. Solicited the MWSBEs within a reasonable amount of time (no less than seven business days) before bid submission, as well as followed up with the MWSBEs solicited to determine if they were interested in submitting a bid or proposal or participating on a team.

¹ A list of common supporting documentation that may allow Contractors to support their good faith efforts can be found on the Office of Business Opportunity website at www.houstontx.gov/obo.

9. Provided interested MWSBEs certified to perform the solicited work with prompt access to the plans, specifications, scope of work and requirements of the contract;
10. Negotiated in good faith with interested MWSBEs, and not rejecting MWSBEs as unqualified without sound reasons based on a thorough investigation of their capabilities;
11. Entered into a formal contract, or signing enforceable letters of intent with MWSBEs;
12. Provided an explanation to any MWSBE whose bid or price quotation is rejected, unless another MWSBE is accepted for the same work, as follows:
 - a. Where price competitiveness is not the reason for rejection, a written rejection notice including the reason for rejection will be sent to the rejected MWSBE firm;
 - b. Where price competitiveness is the reason for rejection, a meeting must be held with the price-rejected MWSBE, if requested, to discuss the rejection;
13. Made efforts to assist interested MWSBEs in obtaining bonding, lines of credit, insurance required for the contract, and documenting MWSBE denied by bona fide surety agents;
14. Ensured that the conditions and requirements for subcontracts are commensurate with industry standards and would not cause an economic hardship on MWSBEs, such as unnecessary insurance or coupling bid bonds with retainage;
15. Incorporated efforts not attempted earlier or on previous bids that appear more likely to lead to attaining the Contract Goal. Past performance on similar contracts with similar scopes will also be taken in consideration when determining Good Faith Efforts. A bidder that continues to make same efforts without any significant change in the level of participation may not be making Good Faith Efforts.

Post-Award.

The contractor must sign the approved participation plan (Document 00470 or Document 00570) prior to starting work on the Project. A contractor should submit a request for deviation (Document 00572) from OBO if the contractor, having made Good Faith Efforts, reasonably believes that it will not achieve the Participation Plan Percentage documented in the approved participation plan. Unless OBO approves a deviation, a contractor must submit to OBO a Participation Summary (Document 00660) prior to City Council's consideration of any close-out, term extension, or change order. If participation is less than anticipated in the approved

participation plan, the contractor must submit a Record of Good Faith Efforts (Document 00571) along with the Participation Summary. A contractor that fails to submit a deviation request and Good Faith Efforts documentation waives the right to appeal OBO decisions related to this Policy.

If the contractor is awarded the contract and fails to achieve the established Participation Plan Percentage, the contractor must demonstrate to OBO its efforts to meet the Participation Plan Percentage and failure to do so based on circumstances that the contractor could not reasonably control. In determining whether the contractor made Good Faith Efforts to ensure full participation and achievement of the Participation Plan Percentage, OBO shall consider the following factors:

1. Whether the contractor designated an MWSBE liaison officer to administer the Contractor's MWSBE programs and to be responsible for maintenance of records of Good Faith Efforts.
2. Whether the contractor furnished prompt MWSBE Utilization Reports in a timely and accurate manner through the online Contract Monitoring System or via hard copy.
3. Whether the contractor responded to efforts to resolve disputes with MWSBEs, and genuinely attempted to resolve these issues.
4. Whether the contractor disclosed payment discrepancies timely and within the monthly reporting period;
5. Whether the contractor complied with the participation plan, unless the contractor received a deviation from the OBO Director and whether upon approval, the contractor made Good Faith Efforts to replace a removed MWSBE with another certified firm;
6. Whether the contractor furnished prompt written responses to written inquiries from the Director or any employee of OBO regarding the MWSBE's performance or information germane to the MWSBE's certification;
7. Whether the contractor ensured that at all times during the performance of any contract or subcontract the MWSBE firm is engaging in a commercially useful function as that term is defined in Chapter 15 of the City of Houston Code of Ordinances;
8. Whether the contractor provided the OBO information, or other material, that was factually accurate and free of material misrepresentation; and
9. Whether the contractor furnished prompt responses to requests for information, books and records needed to verify compliance from the department administering the Contract, the City Attorney and the City Controller;

10. Whether the contractor attended all meetings and mediation hearings as requested by the Director or his/her designee; and
11. How the contractor may be affected by change orders, with consideration given to the size of the change orders.

Change Orders.

The requirement to make Good Faith Efforts to achieve the approved Participation Plan Percentage is applicable to change orders. Contractors should make Good Faith Efforts to ensure that the Participation Plan Percentage remains substantially the same after the issuance of change orders. If a contractor cannot maintain substantially the same level of participation provided in the latest approved Participation Plan (Document 00470 or Document 00570) due to a change order, the contractor shall submit to the OBO Director and Contracting Department a Document 00571 (Post-Award Record of Good Faith Efforts) and Document 00572 (Post-Award Plan Deviation Request) in a timely manner that does not cause disruption to the project. In addition to other relevant factors, in evaluating whether Good Faith Efforts were made by the contractor to meet the Participation Plan Percentage despite change orders, the OBO Director shall consider the contractor's efforts to timely and efficiently deliver the project.

END OF DOCUMENT

SECTION 3 REGULATION

§ 135.1

APPENDIX TO PART 135

AUTHORITY: 12 U.S.C. 1701u; 42 U.S.C. 3535(d).

SOURCE: 59 FR 33880, June 30, 1994, unless otherwise noted.

EFFECTIVE DATE NOTE: At 59 FR 33880, June 30, 1994, part 135 was revised effective August 1, 1994 through June 30, 1995. At 60 FR 28325, May 31, 1995, the effective period was extended until the final rule implementing changes made to section 3 of the Housing and Urban Development Act of 1968 by the Housing and Community Development Act of 1992 is published and becomes effective.

Subpart A—General Provisions

§ 135.1 Purpose.

- (a) *Section 3.* The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low- income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.
- (b) *Part 135.* The purpose of this part is to establish the standards and procedures to be followed to ensure that the objectives of section 3 are met.

§ 135.2 Effective date of regulation.

The regulations of this part will remain in effect until the date the final rule adopting the regulations of this part with or without changes is published and becomes effective, at which point the final rule will remain in effect.

[60 FR 28326, May 31, 1995]

§ 135.3 Applicability.

- (a) *Section 3 covered assistance.* Section 3 applies to the following HUD assistance (section 3 covered assistance).
- (1) *Public and Indian housing assistance.* Section 3 applies to training, employment, contracting and other economic opportunities arising from the

24 CFR Subtitle B, Ch. I (4–1–03 Edition)

expenditure of the following public and Indian housing assistance:

(i) Development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);

(ii) Operating assistance provided pursuant to section 9 of the 1937 Act; and

(iii) Modernization assistance provided pursuant to section 14 of the 1937 Act;

(2) *Housing and community development assistance.* Section 3 applies to training, employment, contracting and other economic opportunities arising in connection with the expenditure of housing assistance (including section 8 assistance, and including other housing assistance not administered by the Assistant Secretary of Housing) and community development assistance that is used for the following projects;

(i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);

(ii) Housing construction; and

(iii) Other public construction.

(3) *Thresholds*—(i) *No thresholds for section 3 covered public and Indian housing assistance.* The requirements of this part apply to section 3 covered assistance provided to recipients, notwithstanding the amount of the assistance provided to the recipient. The requirements of this part apply to all contractors and subcontractors performing work in connection with projects and activities funded by public and Indian housing assistance covered by section 3, regardless of the amount of the contractor subcontract.

(ii) *Thresholds for section 3 covered housing and community development assistance*—(A) *Recipient thresholds.* The requirements of this part apply to recipients of other housing and community development program assistance for a section 3 covered project(s) for which the amount of the assistance exceeds \$200,000.

(B) *Contractor and subcontractor thresholds.* The requirements of this part apply to contractors and subcontractors performing work on section 3 covered project(s) for which the amount of the assistance exceeds

\$200,000; and the contract or subcontract exceeds \$100,000.

Office of Asst. Secy., Equal Opportunity, HUD

§135.5

(C) *Threshold met for recipients, but not contractors or subcontractors.* If a recipient receives section 3 covered housing or community development assistance in excess of \$200,000, but no contract exceeds \$100,000, the section 3 preference requirements only apply to the recipient.

(b) *Applicability of section 3 to entire project or activity funded with section 3 assistance.* The requirements of this part apply to the entire project or activity that is funded with section 3 covered assistance, regardless of whether the section 3 activity is fully or partially funded with section 3 covered assistance.

(c) *Applicability to Indian housing authorities and Indian tribes.* Indian housing authorities and tribes that receive HUD assistance described in paragraph

(a) of this section shall comply with the procedures and requirements of this part to the maximum extent consistent with, but not in derogation of, compliance with section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b)). (See 24 CFR part 905.)

(d) *Other HUD assistance and other Federal assistance.* Recipients, contractors and subcontractors that receive HUD assistance, not listed in paragraph (a) of this section, or other Federal assistance, are encouraged to provide, to the greatest extent feasible, training, employment, and contracting opportunities generated by the expenditure of this assistance to low- and very low-income persons, and business concerns owned by low- and very low-income persons, or which employ low- and very low-income persons.

§ 135.5 Definitions.

The terms *Department*, *HUD*, *Indian housing authority (IHA)*, *Public housing agency (PHA)*, and *Secretary* are defined in 24 CFR part 5.

Annual Contributions Contract (ACC) means the contract under the U.S. Housing Act of 1937 (1937 Act) between HUD and the PHA, or between HUD and the IHA, that contains the terms and conditions under which HUD assists the PHA or the IHA in providing decent, safe, and sanitary housing for low income families. The ACC must be in a form prescribed by HUD under

which HUD agrees to provide assistance in the development, modernization and/or operation of a low income housing project under the 1937 Act, and the PHA or IHA agrees to develop, modernize and operate the project in compliance with all provisions of the ACC and the 1937 Act, and all HUD regulations and implementing requirements and procedures. (The ACC is not a form of procurement contract.)

Applicant means any entity which makes an application for section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Business concern that provides economic opportunities for low- and very low-income persons. See definition of "section 3 business concern" in this section.

Contract. See the definition of "section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a section 3 covered project.

Employment opportunities generated by section 3 covered assistance means all employment opportunities generated by the expenditure of section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in § 135.3(a)(1)). With respect to section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection

§ 135.5

with section 3 covered projects (as described in § 135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing authority (HA) means, collectively, public housing agency and Indian housing authority.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youthbuild programs mean programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

Indian tribes shall have the meaning given this term in 24 CFR part 571.

JTPA means the Job Training Partnership Act (29 U.S.C. 1579(a)).

Low-income person. See the definition of "section 3 resident" in this section.

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

Metropolitan area means a metropolitan statistical area (MSA), as established by the Office of Management and Budget.

Neighborhood area means:

(1) For HUD housing programs, a geographical location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in ordinances, or other local documents as a neighborhood, village, or similar geographical designation.

(2) For HUD community development programs, see the definition, if provided, in the regulations for the applicable community development program, or the definition for this term in 24 CFR 570.204(c)(1).

New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

Nonmetropolitan county means any county outside of a metropolitan area. *Other HUD programs* means HUD programs, other than HUD public and Indian housing programs, that provide housing and community development assistance for "section 3 covered projects," as defined in this section.

Public housing resident has the meaning given this term in 24 CFR part 963. *Recipient* means any entity which receives section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which section 3 applies and does not include contractors.

Section 3 means section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3 business concern means a business concern, as defined in this section—

- (1) That is 51 percent or more owned by section 3 residents; or

Office of Asst. Secy., Equal Opportunity, HUD

§ 135.5

- (2) Whose permanent, full-time employees include persons, at least 30 per- cent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all sub- contracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of "section 3 business concern."

Section 3 clause means the contract provisions set forth in § 135.38.

Section 3 covered activity means any activity which is funded by section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Public and Indian housing development assistance provided pursuant to section 5 of the 1937 Act;
- (2) Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act;
- (3) Public and Indian housing modernization assistance provided pursuant to section 14 of the 1937 Act;
- (4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements, regardless of owner- ship).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of section 3 covered assistance, or for work arising in connection with a section 3 covered project. "Section 3 covered con- tracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include con- tracts for the purchase of supplies and

materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a section 3 covered con- tract. For example, a contract for the purchase and installation of a furnace would be a section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of owner- ship) assisted with housing or community development assistance.

Section 3 joint venture. See § 135.40.

Section 3 resident means: (1) A public housing resident; or

- (2) An individual who resides in the metropolitan area or nonmetropolitan county in which the section 3 covered assistance is expended, and who is:

(i) *A low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single per- sons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families; or

(ii) *A very low-income person*, as this term is defined in section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that

§ 135.7

such variations are necessary because of unusually high or low family income.

- (3) A person seeking the training and employment preference provided by section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Section 8 assistance means assistance provided under section 8 of the 1937 Act (42 U.S.C. 1437f) pursuant to 24 CFR part 882, subpart G.

Service area means the geographical area in which the persons benefitting from the section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the section 3 covered assistance is expended. In HUD's Indian housing programs, the service area, for IHAs established by an Indian tribe as a result of the exercise of the tribe's sovereign power, is limited to the area of tribal jurisdiction.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of section 3 covered assistance, or arising in connection with a section 3 covered project.

Very low-income person. See the definition of "section 3 resident" in this section.

Youthbuild programs. See the definition of "HUD Youthbuild programs" in this section.

[59 FR 33880, June 30, 1994, as amended at 61 FR 5206, Feb. 9, 1996]

§ 135.7 Delegation of authority.

Except as may be otherwise provided in this part, the functions and responsibilities of the Secretary under section 3, and described in this part, are delegated to the Assistant Secretary for Fair Housing and Equal Opportunity. The Assistant Secretary is further authorized to redelegate functions and responsibilities to other employees of HUD, *provided however*, that the authority to issue rules and regulations under this part, which authority is delegated to the Assistant Secretary, may

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

not be redelegated by the Assistant Secretary.

§ 135.9 Requirements applicable to HUD NOFAs for section 3 covered programs.

(a) *Certification of compliance with part*

135. All notices of funding availability (NOFAs) issued by HUD that announce the availability of funding covered by section 3 shall include a provision in the NOFA that notifies applicants that section 3 and the regulations in part

135 are applicable to funding awards made under the NOFA. Additionally the NOFA shall require as an application submission requirement (which may be specified in the NOFA or application kit) a certification by the applicant that the applicant will comply with the regulations in part 135. (For PHAs, this requirement will be met where a PHA Resolution in Support of the Application is submitted.) With respect to application evaluation, HUD will accept an applicant's certification unless there is evidence substantially challenging the certification.

(b) *Statement of purpose in NOFAs.*

(1) For competitively awarded assistance in which the grants are for activities administered by an HA, and those activities are anticipated to generate significant training, employment or contracting opportunities, the NOFA must include a statement that one of the purposes of the assistance is to give to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities to section 3 residents and section 3 business concerns.

(2) For competitively awarded assistance involving housing rehabilitation, construction or other public construction, where the amount awarded to the applicant may exceed \$200,000, the NOFA must include a statement that one of the purposes of the assistance is to give, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities to section 3 residents and section 3 business concerns.

Office of Asst. Secy., Equal Opportunity, HUD

§ 135.11

(c) *Section 3 as NOFA evaluation criteria.*

Where not otherwise precluded by statute, in the evaluation of applications for the award of assistance, consideration shall be given to the extent to which an applicant has demonstrated that it will train and employ section 3 residents and contract with section 3 business concerns for economic opportunities generated in connection with the assisted project or activity. The evaluation criteria to be utilized, and the rating points to be assigned, will be specified in the NOFA.

§ 135.11 Other laws governing training, employment, and contracting.

Other laws and requirements that are applicable or may be applicable to the economic opportunities generated from the expenditure of section 3 covered assistance include, but are not necessarily limited to those listed in this section.

(a) *Procurement standards for States and local governments (24 CFR 85.36)*—(1) *General.* Nothing in this part 135 prescribes specific methods of procurement. However, neither section 3 nor the requirements of this part 135 supersede the general requirement of 24 CFR 85.36(c) that all procurement transactions be conducted in a competitive manner. Consistent with 24 CFR 85.36(c)(2), section 3 is a Federal statute that expressly encourages, to the maximum extent feasible, a geographic preference in the evaluation of bids or proposals.

(2) *Flexible Subsidy Program.* Multifamily project mortgages in the Flexible Subsidy Program are not required to utilize the methods of procurement in 24 CFR 85.36(d), and are not permitted to utilize methods of procurement that would result in their award of a contract to a business concern that submits a bid higher than the lowest responsive bid. A multifamily project mortgage, however, must ensure that, to the greatest extent feasible, the procurement practices it selects provide preference to section 3 business concerns.

(b) *Procurement standards for other recipients (OMB Circular No. A-110).* Nothing in this part prescribes specific methods of procurement for grants and other agreements with institutions of

higher education, hospitals, and other nonprofit organizations. Consistent with the requirements set forth in OMB Circular No. A-110, section 3 is a Federal statute that expressly encourages a geographic preference in the evaluation of bids or proposals.

(a) *Federal labor standards provisions.*

Certain construction contracts are subject to compliance with the requirement to pay prevailing wages determined under Davis-Bacon Act (40

U.S.C. 276a—276a-7) and implementing U.S. Department of Labor regulations in 29 CFR part 5. Additionally, certain HUD-assisted rehabilitation and maintenance activities on public and Indian housing developments are subject to compliance with the requirement to pay prevailing wage rates, as determined or adopted by HUD, to laborers and mechanics employed in this work. Apprentices and trainees may be utilized on this work only to the extent permitted under either Department of Labor regulations at 29 CFR part 5 or for work subject to HUD-determined prevailing wage rates, HUD policies and guidelines. These requirements include adherence to the wage rates and ratios of apprentices or trainees to journeymen set out in "approved apprenticeship and training programs," as described in paragraph (d) of this section.

(b) *Approved apprenticeship and trainee programs.* Certain apprenticeship and trainee programs have been approved by various Federal agencies. Approved apprenticeship and trainee programs include: an apprenticeship program approved by the Bureau of Apprenticeship and Training of the Department of Labor, or a State Apprenticeship Agency, or an on-the-job training program approved by the Bureau of Apprenticeship and Training, in accordance with the regulations at 29 CFR part 5; or a training program approved by HUD in accordance with HUD policies and guidelines, as applicable. Participation in an approved apprenticeship program does not, in and of itself, demonstrate compliance with the regulations of this part.

(c) *Compliance with Executive Order 11246.* Certain contractors covered by this part are subject to compliance with Executive Order 11246, as amended

§ 135.30

by Executive Order 12086, and the Department of Labor regulations issued pursuant thereto (41 CFR chapter 60) which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

Subpart B—Economic Opportunities for Section 3 Residents and Section 3 Business Concerns

§ 135.30 Numerical goals for meeting the greatest extent feasible requirement.

(a) *General.* (1) Recipients and covered contractor may demonstrate compliance with the "greatest extent feasible" requirement of section 3 by meeting the numerical goals set forth in this section for providing training, employment, and contracting opportunities to section 3 residents and section 3 business concerns.

(2) The goals established in this section apply to the entire amount of section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY), commencing with the first FY following the effective date of this rule.

(3) For recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring, and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to section 3 residents and section 3 business concerns.

(4) The numerical goals established in this section represent minimum numerical targets.

b. *Training and employment.* The numerical goals set forth in paragraph (b) of this section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ section 3 residents, to the greatest extent feasible, should be made at all job levels.

(1) *Numerical goals for section 3 covered public and Indian housing programs.* Recipients of section 3 covered public and Indian housing assistance (as described in § 135.5) and their contractors and

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

subcontractors may demonstrate compliance with this part by committing to employ section 3 residents as:

(i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

(ii) 20 percent of the aggregate number of new hires for the one period beginning in FY 1996;

(iii) 30 percent of the aggregate number of new hires for one year period beginning in FY 1997 and continuing thereafter.

(2) *Numerical goals for other HUD programs*

covered by section 3. (i) Recipients of section 3 covered housing assistance provided under other HUD programs, and their contractors and subcontractors (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with this part by committing to employ section 3 residents as 10 percent of the aggregate number of new hires for each year over the duration of the section 3 project;

(ii) Where a managing general partner or management agent is affiliated, in a given metropolitan area, with recipients of section 3 covered housing assistance, for an aggregate of 500 or more units in any fiscal year, the managing partner or management agent may demonstrate compliance with this part by committing to employ section 3 residents as:

(A) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

(B) 20 percent of the aggregate number of new hires for the one year period beginning in FY 1996;

(C) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997, and continuing thereafter.

(3) Recipients of section 3 covered community development assistance, and their contractors and subcontractors (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with the requirements of this part by committing to employ section 3 residents as:

(i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995;

Office of Asst. Secy., Equal Opportunity, HUD

§135.32

(ii) 20 percent of the aggregate number of new hires for the one year period beginning in FY 1996, and
 (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter.

(c) *Contracts.* Numerical goals set forth in paragraph (c) of this section apply to contracts awarded in connection with all section 3 covered projects and section 3 covered activities. Each recipient and contractor and subcontractor (unless the contract or sub-contract awards do not meet the threshold specified in § 135.3(a)(3)) may demonstrate compliance with the requirements of this part by committing to award to section 3 business concerns:

(1) At least 10 percent of the total dollar amount of all section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and

(2) At least three (3) percent of the total dollar amount of all other section 3 covered contracts.

(d) *Safe harbor and compliance determinations.*

(1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the section 3 preference requirements.

(2) In evaluating compliance under subpart D of this part, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in § 135.40, which were provided in its efforts to comply with section 3 and the requirements of this part.

§ 135.32 Responsibilities of the recipient.

Each recipient has the responsibility to comply with section 3 in its own operations, and ensure compliance in the

operations of its contractors and sub-contractors. This responsibility includes but may not be necessarily limited to:

(a) Implementing procedures designed to notify section 3 residents about training and employment opportunities generated by section 3 covered assistance and section 3 business concerns about contracting opportunities generated by section 3 covered assistance;

(b) Notifying potential contractors for section 3 covered projects of the requirements of this part, and incorporating the section 3 clause set forth in § 135.38 in all solicitations and contracts.

(c) Facilitating the training and employment of section 3 residents and the award of contracts to section 3 business concerns by undertaking activities such as described in the Appendix to this part, as appropriate, to reach the goals set forth in § 135.30. Recipients, at their own discretion, may establish reasonable numerical goals for the training and employment of section 3 residents and contract award to section 3 business concerns that exceed those specified in § 135.30;

(d) Assisting and actively cooperating with the Assistant Secretary in obtaining the compliance of contractors and subcontractors with the requirements of this part, and refraining from entering into any contract with any contractor where the recipient has notice or knowledge that the contractor has been found in violation of the regulations in 24 CFR part 135.

(e) Documenting actions taken to comply with the requirements of this part, the results of actions taken and impediments, if any.

(f) A State or county which distributes funds for section 3 covered assistance to units of local governments, to the greatest extent feasible, must attempt to reach the numerical goals set forth in 135.30 regardless of the number of local governments receiving funds from the section 3 covered assistance which meet the thresholds for applicability set forth at 135.3. The State or county must inform units of local government to whom funds are distributed of the requirements of this part, assist

§ 135.34

local governments and their contractors in meeting the requirements and objectives of this part, and monitor the performance of local governments with respect to the objectives and requirements of this part.

§ 135.34 Preference for section 3 residents in training and employment opportunities.

(a) *Order of providing preference.* Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of section 3 covered assistance to section 3 residents in the order of priority provided in paragraph (a) of this section.

(1) *Public and Indian housing programs.* In public and Indian housing programs, efforts shall be directed to provide training and employment opportunities to section 3 residents in the following order of priority:

(i) Residents of the housing development or developments for which the section 3 covered assistance is expended (category 1 residents);

(ii) Residents of other housing developments managed by the HA that is expending the section 3 covered housing assistance (category 2 residents);

(iii) Participants in HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 residents);

(iv) Other section 3 residents.

(2) *Housing and community development programs.* In housing and community development programs, priority consideration shall be given, where feasible, to:

(i) Section 3 residents residing in the service area or neighborhood in which the section 3 covered project is located (collectively, referred to as category 1 residents); and

(ii) Participants in HUD Youthbuild programs (category 2 residents).

(iii) Where the section 3 project is assisted under the

Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 *et seq.*), homeless persons residing in the service area or neighborhood in which the section 3 covered project is

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

located shall be given the highest priority;

(iv) Other section 3 residents.

(3) Recipients of housing assistance programs administered by the Assistant Secretary for Housing may, at their own discretion, provide preference to residents of the housing development receiving the section 3 covered assistance within the service area or neighborhood where the section 3 covered project is located.

(4) Recipients of community development programs may, at their own discretion, provide priority to recipients of government assistance for housing, including recipients of certificates or vouchers under the Section 8 housing assistance program, within the service area or neighborhood where the section 3 covered project is located.

(b) *Eligibility for preference.* A section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a section 3 resident, as defined in § 135.5. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

(c) *Eligibility for employment.* Nothing in this part shall be construed to require the employment of a section 3 resident who does not meet the qualifications of the position to be filled.

§ 135.36 Preference for section 3 business concerns in contracting opportunities.

(a) *Order of providing preference.* Recipients, contractors and subcontractors shall direct their efforts to award section 3 covered contracts, to the greatest extent feasible, to section 3 business concerns in the order of priority provided in paragraph (a) of this section.

(1) *Public and Indian housing programs.* In public and Indian housing programs, efforts shall be directed to award contracts to section 3 business concerns in the following order of priority:

(i) Business concerns that are 51 percent or more owned by residents of the housing development or developments

Office of Asst. Secy., Equal Opportunity, HUD**§ 135.38**

for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 per cent of these persons as employees (category 1 businesses);

(ii) Business concerns that are 51 per cent or more owned by residents of other housing developments or developments managed by the HA that is expending the section 3 covered assistance, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses); or

(iii) HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 businesses).

(iv) Business concerns that are 51 percent or more owned by section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified in paragraphs (a)(1)(i) and (a)(1)(ii) of this section.

(2) *Housing and community development programs.* In housing and community development programs, priority consideration shall be given, where feasible, to:

(i) Section 3 business concerns that provide economic opportunities for section 3 residents in the service area or neighborhood in which the section 3 covered project is located (category 1 businesses), and

(ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);

(iii) Other section 3 business concerns.

(b) *Eligibility for preference.* A business concern seeking to qualify for a section 3 contracting preference shall certify or submit evidence, if requested, that the business concern is a section 3 business concern as defined in § 135.5.

(c) *Ability to complete contract.* A section 3 business concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding

the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36(b)(8)).) This

regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

§ 135.38 Section 3 clause.

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR

§ 135.40

part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

§ 135.40 Providing other economic opportunities.

(a) *General.* In accordance with the findings of the Congress, as stated in section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with section 3 covered assistance.

(b) *Other training and employment related opportunities.* Other economic opportunities to train and employ section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring section 3 residents in

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

management and maintenance positions within other housing developments; and hiring section 3 residents in part-time positions.

(c) *Other business related economic opportunities.* (1) A recipient or contractor may provide economic opportunities to establish, stabilize or expand section 3 business concerns, including microenterprises. Such opportunities include, but are not limited to the formation of section 3 joint ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from PHA resident-owned businesses and use of procedures under 24 CFR part 963 regarding HA contracts to HA resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-section 3 businesses to utilize such methods to provide other economic opportunities to low-income persons.

(2) A *section 3 joint venture* means an association of business concerns, one of which qualifies as a section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the section 3 business concern:

(i) Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and

(ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

Subpart C [Reserved]

Subpart D—Complaint and Compliance Review

§ 135.70 General.

(a) *Purpose.* The purpose of this subpart is to establish the procedures for handling complaints alleging non-compliance with the regulations of this

Office of Asst. Secy., Equal Opportunity, HUD

§ 135.74

part, and the procedures governing the Assistant Secretary's review of a recipient's or contractor's compliance with the regulations in this part.

(b) *Definitions.* For purposes of this subpart:

(1) *Complaint* means an allegation of noncompliance with regulations of this part made in the form described in § 135.76(d).

(2) *Complainant* means the party which files a complaint with the Assistant Secretary alleging that a recipient or contractor has failed or refused to comply with the regulations in this part.

(3) *Noncompliance with section 3* means failure by a recipient or contractor to comply with the requirements of this part.

(4) *Respondent* means the recipient or contractor against which a complaint of noncompliance has been filed. The term "recipient" shall have the meaning set forth in § 135.7, which includes PHA and IHA.

§ 135.72 Cooperation in achieving compliance.

(a) The Assistant Secretary recognizes that the success of ensuring that section 3 residents and section 3 business concerns have the opportunity to apply for jobs and to bid for contracts generated by covered HUD financial assistance depends upon the cooperation and assistance of HUD recipients and their contractors and subcontractors. All recipients shall cooperate fully and promptly with the Assistant Secretary in section 3 compliance reviews, in investigations of allegations of noncompliance made under § 135.76, and with the distribution and collection of data and information that the Assistant Secretary may require in connection with achieving the economic objectives of section 3.

(b) The recipient shall refrain from entering into a contract with any contractor after notification to the recipient by HUD that the contractor has been found in violation of the regulations in this part. The provisions of 24 CFR part 24 apply to the employment, engagement of services, awarding of contracts or funding of any contractors or subcontractors during any period of debarment, suspension or otherwise ineligible status.

§ 135.74 Section 3 compliance review procedures.

(a) *Compliance reviews by Assistant Secretary.* The Assistant Secretary shall periodically conduct section 3 compliance reviews of selected recipients and contractors to determine whether these recipients are in compliance with the regulations in this part.

(b) *Form of compliance review.* A section 3 compliance review shall consist of a comprehensive analysis and evaluation of the recipient's or contractor's compliance with the requirements and obligations imposed by the regulations of this part, including an analysis of the extent to which section 3 residents have been hired and section 3 business concerns have been awarded contracts as a result of the methods undertaken by the recipient to achieve the employment, contracting and other economic objectives of section 3.

(c) *Where compliance review reveals noncompliance with section 3 by recipient or contractor.* Where the section 3 compliance review reveals that a recipient or contractor has not complied with section 3, the Assistant Secretary shall notify the recipient or contractor of its specific deficiencies in compliance with the regulations of this part, and shall advise the recipient or contractor of the means by which these deficiencies may be corrected. HUD shall conduct a follow-up review with the recipient or contractor to ensure that action is being taken to correct the deficiencies.

(d) *Continuing noncompliance by recipient or contractor.* A continuing failure or refusal by the recipient or contractor to comply with the regulations in this part may result in the application of sanctions specified in the contract through which HUD assistance is provided, or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided. HUD will notify the recipient of any continuing failure or refusal by the contractor to comply with the regulations in this part for possible action under any procurement contract between the recipient and the contractor.

§ 135.76

Debarment, suspension and limited denial of participation pursuant to HUD's regulations in 24 CFR part 24, where appropriate, may be applied to the recipient or the contractor.

(e) *Conducting compliance review before the award of assistance.* Section 3 compliance reviews may be conducted before the award of contracts, and especially where the Assistant Secretary has reasonable grounds to believe that the recipient or contractor will be unable or unwilling to comply with the regulations in this part.

(f) *Consideration of complaints during compliance review.* Complaints alleging noncompliance with section 3, as provided in § 135.76, may also be considered during any compliance review conducted to determine the recipient's conformance with regulations in this part.

§ 135.76 Filing and processing complaints.

(a) *Who may file a complaint.* The following individuals and business concerns may, personally or through an authorized representative, file with the Assistant Secretary a complaint alleging noncompliance with section 3:

(1) Any section 3 resident on behalf of himself or herself, or as a representative of persons similarly situated, seeking employment, training or other economic opportunities generated from the expenditure of section 3 covered assistance with a recipient or contractor, or by a representative who is not a section 3 resident but who represents one or more section 3 residents;

(2) Any section 3 business concern on behalf of itself, or as a representative of other section 3 business concerns similarly situated, seeking contract opportunities generated from the expenditure of section 3 covered assistance from a recipient or contractor, or by an individual representative of section 3 business concerns.

(b) *Where to file a complaint.* A complaint must be filed with the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Washington, DC, 20410.

(c) *Time of filing.* (1) A complaint must be received not later than 180 days from the date of the action or

omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for good cause shown.

(2) Where a complaint alleges noncompliance with section 3 and the regulations of this part that is continuing, as manifested in a number of incidents of noncompliance, the complaint will be timely if filed within 180 days of the last alleged occurrence of noncompliance.

(3) Where a complaint contains incomplete information, the Assistant Secretary shall request the needed information from the complainant. In the event this information is not furnished to the Assistant Secretary within sixty (60) days of the date of the request, the complaint may be closed.

(d) *Contents of complaint—(1) Written complaints.* Each complaint must be in writing, signed by the complainant, and include:

(i) The complainant's name and address;

(ii) The name and address of the respondent;

(iii) A description of the acts or omissions by the respondent that is sufficient to inform the Assistant Secretary of the nature and date of the alleged noncompliance.

(iv) A complainant may provide information to be contained in a complaint by telephone to HUD or any HUD Field Office, and HUD will reduce the information provided by telephone to writing on the prescribed complaint form and send the form to the complainant for signature.

(2) *Amendment of complaint.* Complaints may be reasonably and fairly amended at any time. Such amendments may include, but are not limited to, amendments to cure technical defects or omissions, including failure to sign or affirm a complaint, to clarify or amplify the allegations in a complaint, or to join additional or substitute respondents. Except for the purposes of notifying respondents, amended complaints will be considered as having been made as of the original filing date.

(e) *Resolution of complaint by recipient.*

(1) Within ten (10) days of timely filing of a complaint that contains complete

Office of Asst. Secy., Equal Opportunity, HUD

§ 135.76

information (in accordance with paragraphs (c) and (d) of this section), the Assistant Secretary shall determine whether the complainant alleges an action or omission by a recipient or the recipient's contractor that if proven qualifies as noncompliance with section 3. If a determination is made that there is an allegation of noncompliance with section 3, the complaint shall be sent to the recipient for resolution.

(2) If the recipient believes that the complaint lacks merit, the recipient must notify the Assistant Secretary in writing of this recommendation with supporting reasons, within 30 days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the Assistant Secretary.

(3) If the recipient determines that there is merit to the complaint, the recipient will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the 60-day period, the recipient must notify the Assistant Secretary in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both the recipient and the complainant, and must summarize the terms of the resolution reached between the two parties.

(4) Any request for an extension of the 60-day period by the recipient must be submitted in writing to the Assistant Secretary, and must include a statement explaining the need for the extension.

(5) If the recipient is unable to resolve the complaint within the 60-day period (or more if extended by the Assistant Secretary), the complaint shall be referred to the Assistant Secretary for handling.

(f) *Informal resolution of complaint by Assistant Secretary*—(1) *Dismissal of complaint*. Upon receipt of the recipient's written recommendation that there is no merit to the complaint, or upon failure of the recipient and complainant to reach resolution, the Assistant Secretary shall review the complaint to determine whether it presents a valid allegation of noncompliance with section 3. The Assistant Secretary may conduct further investigation if deemed necessary. Where the com-

plaint fails to present a valid allegation of noncompliance with section 3, the Assistant Secretary will dismiss the complaint without further action. The Assistant Secretary shall notify the complainant of the dismissal of the complaint and the reasons for the dismissal.

(2) *Informal resolution*. Where the allegations in a complaint on their face, or as amplified by the statements of the complainant, present a valid allegation of noncompliance with section 3, the Assistant Secretary will attempt, through informal methods, to obtain a voluntary and just resolution of the complaint. Where attempts to resolve the complaint informally fail, the Assistant Secretary will impose a resolution on the recipient and complainant. Any resolution imposed by the Assistant Secretary will be in accordance with requirements and procedures concerning the imposition of sanctions or resolutions as set forth in the regulations governing the HUD program under which the section 3 covered assistance was provided.

(3) *Effective date of informal resolution*. The imposed resolution will become effective and binding at the expiration of 15 days following notification to recipient and complainant by certified mail of the imposed resolution, unless either party appeals the resolution before the expiration of the 15 days. Any appeal shall be in writing to the Secretary and shall include the basis for the appeal.

(g) *Sanctions*. Sanctions that may be imposed on recipients that fail to comply with the regulations of this part include debarment, suspension and limited denial of participation in HUD programs.

(h) *Investigation of complaint*. The Assistant Secretary reserves the right to investigate a complaint directly when, in the Assistant Secretary's discretion, the investigation would further the purposes of section 3 and this part.

(i) *Intimidatory or retaliatory acts prohibited*. No recipient or other person shall intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation, proceeding, or hearing under this part. The identity of

§ 135.90

complainants shall be kept confidential except to the extent necessary to carry out the purposes of this part, including the conduct of any investigation, hearing or judicial proceeding arising thereunder.

(j) *Judicial relief.* Nothing in this sub-part D precludes a section 3 resident or section 3 business concerning from exercising the right, which may otherwise be available, to seek redress directly through judicial procedures.

(Approved by the Office of Management and Budget under control number 2529-0043)

Subpart E—Reporting and Recordkeeping**§ 135.90 Reporting.**

Each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section

3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public.

(Approved by the Office of Management and Budget under control number 2529-0043)

§ 135.92 Recordkeeping and access to records.

HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program under which section 3 covered assistance is provided or otherwise made available to the recipient or contractor.

**APPENDIX TO
PART 135*****1. Examples of Efforts To Offer Training and Employment Opportunities to Section 3 Residents***

(1) Entering into "first source" hiring agreements with organizations representing Section 3 residents.

(2) Sponsoring a HUD-certified "Step-Up" employment and training program for section 3 residents.

(3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.

(4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in § 135.34) reside.

(5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.

(6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD-assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.

(7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.

(8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2

persons reside and in the neighborhood or service area in which a section 3 project is located.

(9) Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.

(10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.

(11) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or contractor's training and employment positions.

(12) Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.

(13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(14) Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably one of the section 3 business concerns identified in part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified section 3 residents with the training and employment positions that the HA or contractor intends to fill.

(15) For an HA, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)

(16) Where there are more qualified section 3 residents than there are positions to be filled, maintaining a file of eligible qualified section 3 residents for future employment positions.

(17) Undertaking job counseling, education and related programs in association with local educational institutions.

(18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities.

(19) After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a spe-

cific number of public housing or other section 3 residents to be trained or employed on the section 3 covered assistance.

(20) Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

II. Examples of Efforts To Award Contracts to Section 3 Business Concerns

(1) Utilizing procurement procedures for section 3 business concerns similar to those provided in 24 CFR part 905 for business concerns owned by Native Americans (see section III of this Appendix).

(2) In determining the responsibility of potential contractors, consider their record of section 3 compliance as evidenced by past actions and their current plans for the pending contract.

(3) Contacting business assistance agencies, minority contractors associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.

(4) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.

(5) For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.

(6) Providing written notice to all known section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the section 3 business concerns to respond to the bid invitations or request for proposals.

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.

(8) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.

(9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.

Pt. 135, App.

(10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

(11) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of section 3 business concerns.

(12) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.

(13) Contacting agencies administering HUD Youthbuild programs, and notifying these agencies of the contracting opportunities.

(14) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(15) Developing a list of eligible section 3 business concerns.

(16) For HAS, participating in the "Contracting with Resident-Owned Businesses" program provided under 24 CFR part 963.

(17) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.

(18) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to section 3 business concerns.

(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

(20) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

(21) Actively supporting joint ventures with section 3 business concerns.

(22) Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

III. Examples of Procurement Procedures That Provide for Preference for Section 3 Business Concerns

This Section III provides specific procedures that may be followed by recipients and contractors (collectively, referred to as the "contracting party") for implementing the section 3 contracting preference for each of the competitive procurement methods authorized in 24 CFR 85.36(d).

(1) *Small Purchase Procedures.* For section 3 covered contracts aggregating no more than \$25,000, the methods set forth in this paragraph

24 CFR Subtitle B, Ch. I (4-1-03 Edition)

(1) or the more formal procedures set forth in paragraphs (2) and (3) of this Section III may be utilized.

(i) *Solicitation.* (A) Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

—the section 3 covered contract to be awarded with sufficient specificity;

—the time within which quotations must be submitted; and

—the information that must be submitted with each quotation.

(B) If the method described in paragraph (i)(A) is utilized, there must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition. Fewer than three quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three quotations.

(ii) *Award.* (A) Where the section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified section 3 business concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.

(B) Where the section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

(2) *Procurement by sealed bids (Invitations for Bids).* Preference in the award of section 3 covered contracts that are awarded under a sealed bid (IFB) process may be provided as follows:

Office of Asst. Secy., Equal Opportunity, HUD

Pt. 146

(i) Bids shall be solicited from all businesses (section 3 business concerns, and non-section 3 business concerns). An award shall be made to the qualified section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid—

(A) is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and

(B) is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

	x=lesser
When the lowest responsive bid is less than \$100,000	10% of that bid or \$9,000.
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000.
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000.
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000.
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000.
At least \$500,000, but less than \$1 million	5% of that bid, or \$40,000.
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000.
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000.
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000.
\$7 million or more	1 1/2% of the lowest responsive bid, with no dollar limit.

(ii) If no responsive bid by a section 3 business concern meets the requirements of paragraph (2)(i) of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

(3) *Procurement under the competitive proposals method of procurement (Request for Proposals (RFP)).* (i) For contracts and sub-contracts awarded under the competitive proposals method of procurement (24 CFR 85.36(d)(3)), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

(ii) One of the evaluation factors shall address both the preference for section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (section 3 strategy), as disclosed in proposals submitted by all business concerns (section 3 and non-section 3 business concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.

(iii) The component of this evaluation factor designed to address the preference for section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.

(iv) With respect to the second component (the acceptability of the section 3 strategy), the RFP shall require the disclosure of the contractor's section 3 strategy to comply with the section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable section 3 strategy. The contract award shall be made to the responsible firm (either section 3 or non-section 3 business concern) whose proposal is determined most advantageous, considering

price and all other factors specified in the RFP.

PART 146—NONDISCRIMINATION ON THE BASIS OF AGE IN HUD PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE

Subpart A—General

Sec.

146.1 Purpose of the Age Discrimination Act of 1975.

146.3 Purpose of HUD's age discrimination regulation.

146.5 Applicability of part.

146.7 Definitions.

Subpart B—Standards for Determining Age Discrimination

146.11 Scope of subpart.

146.13 Rules against age discrimination.

Subpart C—Duties of HUD Recipients

146.21 General responsibilities.

146.23 Notice of subrecipients.

146.25 Assurance of compliance and recipient assessment of age distinctions.

146.27 Information requirements.

Subpart D—Investigation, Settlement, and Enforcement Procedures

146.31 Compliance reviews.

146.33 Complaints.

146.35 Mediation.

146.37 Investigation.

146.39 Enforcement procedures.

146.41 Prohibition against intimidation or retaliation.

APPENDIX 10
PROPERTY CONDITION ASSESSMENT REQUIREMENTS

[<<Prev Rule](#)[Next Rule>>](#)

Texas Administrative Code

TITLE 10

COMMUNITY DEVELOPMENT

PART 1

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 11

QUALIFIED ALLOCATION PLAN (QAP)

SUBCHAPTER D

UNDERWRITING AND LOAN POLICY

RULE §11.306

Scope and Cost Review Guidelines

(a) General Provisions. The objective of the Scope and Cost Review Report (SCR) required for Rehabilitation Developments (excluding Reconstruction) and Adaptive Reuse Developments is to provide a self-contained report that provides a comprehensive description and evaluation of the current conditions of the Development and identifies a scope of work for the proposed repairs, replacements and improvements to an existing multifamily property or identifies a scope of work for the conversion of a non-multifamily property to multifamily use. The SCR author must evaluate the sufficiency of the Applicant's scope of work and provide an independent review of the Applicant's proposed costs. The report must be in sufficient detail for the Underwriter to fully understand all current conditions, scope of work and cost estimates. It is the responsibility of the Applicant to ensure that the scope of work and cost estimates submitted in the Application is provided to the author. The SCR must include a copy of the Development Cost Schedule submitted in the Application. The report must also include the following statement, "any person signing this Report acknowledges that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law."

(b) For Rehabilitation Developments, the SCR must include analysis in conformity with the ASTM "Standard Guide for Property Condition Assessments. Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (f) and (g) of this section.

(c) The SCR must include good quality color photographs of the subject Real Estate (front, rear, and side elevations, on-site amenities, interior of the structure). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included.

(d) The SCR must also include discussion and analysis of:

(1) Description of Current Conditions. For both Rehabilitation and Adaptive Reuse, the SCR must contain a detailed description with good quality photographs of the current conditions of all major systems and components of the Development regardless of whether the system or component will be removed, repaired or replaced. For historic structures, the SCR must contain a description with photographs of each aspect of the building(s) that qualifies it as historic and must include a narrative explaining how the scope of work relates to maintaining the historic designation of the Development. Replacement or relocation of systems and components must be described;

(2) Description of Scope of Work. The SCR must provide a narrative of the consolidated scope of work either as a stand-alone section of the report or included with the description of the current conditions for each major system and components. Any New Construction must be described. Plans or drawings (that are in addition to any plans or drawings otherwise required by rule) and that relate to any part of the scope of work should be included, if available;

(3) Useful Life Estimates. For each system and component of the property the SCR must estimate its remaining useful life, citing the basis or the source from which such estimate is derived;

(4) Code Compliance. The SCR must document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Applicant to ensure that

the SCR adequately considers any and all applicable federal, state, and local laws and regulations which are applicable and govern any work. For Applications requesting Direct Loan funding from the Department, the SCR author must include a comparison between the local building code and the International Existing Building Code of the International Code Council.;

(5) Program Rules. The SCR must assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, the Department's Uniform Physical Condition Standards, and any scoring criteria including amenities for which the Applicant may claim points; for Direct Loan Developments this includes, but is not limited to the requirements in the Lead-Based Paint Poisoning Prevention Act (42 USC §§4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC §§4851-4856), and implementing regulations, Title X of the 1992 Housing and Community Development Act at 24 CFR Part 35 (including subparts A, B, J, K, and R), and the Lead: Renovation, Repair, and Painting Program Final Rule and Response to Children with Environmental Intervention Blood Lead Levels (40 CFR Part 745);

(6) Accessibility Requirements. The SCR report must include an analysis of compliance with the Department's accessibility requirements pursuant to Chapter 1, Subchapter B and §11.101(b)(8) of this title (relating to Site and Development Requirements and Restrictions) and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon Rehabilitation (including conversion and Adaptive Reuse);

(7) Reconciliation of Scope of Work and Costs. The SCR report must include the Department's Scope and Cost Review Supplement (SCR Supplement) with the signature of the SCR author. The SCR Supplement must reconcile the scope of work and costs of the immediate physical needs identified by the SCR author with the Applicant's scope of work and costs. The costs presented on the SCR Supplement must be consistent with both the scope of work and immediate costs identified in the body of the SCR report and the Applicant's scope of work and costs as presented in the Application. Variations between the costs listed on the SCR Supplement and the costs listed in the body of the SCR report or on the Applicant's Development Cost Schedule must be reconciled in a narrative analysis from the SCR provider. The consolidated scope of work and costs shown on the SCR Supplement will be used by the Underwriter in the analysis to the extent adequately supported in the report; and

(8) Cost Estimates. The Development Cost Schedule and SCR Supplement must include all costs identified below:

(A) Immediately Necessary Repairs and Replacement. For all Rehabilitation developments, and Adaptive Reuse developments if applicable, immediately necessary repair and replacement should be identified for systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards. The SCR must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) Proposed Repair, Replacement, or New Construction. If the development plan calls for additional scope of work above and beyond the immediate repair and replacement items described in subparagraph (A) of this paragraph, the additional scope of work must be evaluated and either the nature or source of obsolescence to be cured or improvement to the operations of the Property discussed. The SCR must provide a separate estimate of the costs associated with the additional scope of work, citing the basis or the source from which such cost estimate is derived.

(C) Reconciliation of Costs. The combined costs described in subparagraphs (A) and (B) of this paragraph should be consistent with the costs presented on the Applicant's Development Cost Schedule and the SCR Supplement.

(D) Expected Repair and Replacement Over Time. The term during which the SCR should estimate the cost of expected repair and replacement over time must equal the lesser of 30 years or the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the Property. The SCR must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The SCR must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred for a period and no less than 30 years. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(e) Any costs not identified and discussed in sufficient detail in the SCR as part of subsection (d)(6), (d)(8)(A) and (d)(8)(B) of this section will not be included in the underwritten Total Development Cost in the Report.

(f) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

- (1) Fannie Mae's criteria for Physical Needs Assessments;
- (2) Federal Housing Administration's criteria for Project Capital Needs Assessments;
- (3) Freddie Mac's guidelines for Engineering and Property Condition Reports;
- (4) USDA guidelines for Capital Needs Assessment.

(g) The Department may consider for acceptance reports prepared according to other standards which are not specifically named in subsection (g) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(h) The SCR shall be conducted by a Third Party at the expense of the Applicant, and addressed to Texas Department of Housing and Community Affairs as the client. Copies of reports provided to the Department which were commissioned by other financial institutions should address Texas Department of Housing and Community Affairs as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to Texas Department of Housing and Community Affairs.

(i) The SCR report must include a statement that the individual and/or company preparing the SCR report will not materially benefit from the Development in any other way than receiving a fee for performing the SCR. Because of the Department's heavy reliance on the independent cost information, the provider must not be a Related Party to or an Affiliate of any other Development Team member. The SCR report must contain a statement indicating the report preparer has read and understood the requirements of this section.

Source Note: The provisions of this §11.306 adopted to be effective December 29, 2019, 44 TexReg 7889

[List of Titles](#)[Back to List](#)[HOME](#)[TEXAS REGISTER](#)[TEXAS ADMINISTRATIVE CODE](#)[OPEN MEETINGS](#)

APPENDIX 11
MULTIFAMILY RELOCATION REQUIREMENTS, INCLUDING RELATED FORMS

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

Regulation

Per HUD, activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance (URA), a federal law which provides important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for federally funded projects.

The URA was enacted by Congress to ensure people whose real property is acquired, or who move as a direct result of projects receiving federal funds, are treated fairly and equitably and receive assistance in moving from the property they occupy.

Activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (Section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for Section 104(d) are at 24 CFR part 42, subpart C. Programs and projects must adhere to

- **49 CFR Part 24** is the government-wide regulation that implements the URA.
- **HUD Handbook 1378** provides HUD policy and guidance on implementing the URA and 49 CFR Part 24 for HUD funded programs and projects.
- Housing and Community Development (HCDD) Policies and Procedures.

CDBG-DR Waiver(s)

One-for-One Replacement Housing, Relocation, and Real Property Acquisition Requirements. Activities and projects undertaken with CDBG-DR funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for section 104(d) are at 24 CFR part 42, subpart C. For the purpose of promoting the availability of decent, safe, and sanitary housing, HUD is waiving the following URA and section 104(d) requirements with respect to the use of CDBG-DR funds.

The relocation assistance requirements at Section 104(d)(2)(A) of the Housing and Community Development Act and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR Part 24, as modified by the notice for activities related to disaster recovery. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to Section 104(d), while FEMA funds are not. The URA provides that a displaced person is eligible to receive a rental assistance payment that covers a period of 42 months. By contrast, Section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the Section 104(d) requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance under the federal register notice.

The HCDD's Residential Anti-displacement and Relocation Assistance Plan (RARAP) will be adhere to when direct or indirect permanent displacement of tenants occur. The following steps are required by subrecipients and developers to minimize the direct and indirect displacement of persons from their homes: Plan construction activities to allow tenants to remain in their units as long as possible, by rehabilitating empty units or buildings first; where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement; adopt policies to identify and mitigate displacement resulting from intensive public investment in neighborhoods; adopt tax assessment policies, such as deferred tax payment plans, to reduce impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas; or target only those properties deemed essential to the need or success of the project.

Monitoring

If Relocation is triggered, periodic monitoring reviews will be conducted to inspect tenant files.

Record Keeping

If Relocation is triggered, relocation tenant files must be made available for periodic monitoring reviews. Tenant files and other related records must be maintained for a 3-years after construction completion.

Forms

All HUD approved forms and templates are provided by HCDD's URA section.

Exhibit 1

RELOCATION (URA) FOR MULTIFAMILY PROJECTS		
Stage	Project Name	Project Contact Information
	Address Houston, TX 770	
1	Assurance Letter	Submitted fully executed by owner with Application.
1	Relocation Plan	Submitted with Application. Refer to example online at HCDD.
1	Blank Notices	Submitted with Application. Refer to example online at HCDD.
1	Budget	Submitted with Application. Refer to example online at HCDD.
1	Rent Roll	Submitted with Application
1	Site Map	Submitted with Application
1	Notice to Real Property Owner/Seller voluntary acquisition/Right to withdraw	If Applicable - Submitted with Application. Refer to example online at HCDD.
1	Deed - If property already owned	If Applicable - Submitted with Application
1	General Information Notice Residential TENANT Not Displaced (GIN)	Mailed to Tenant as soon as feasible. Submitted upon request from HCDD- Appendix 2, Handbook 1378. Refer to example online at HCDD.
1	General Information Notice Residential TENANT To Be Displaced (GIN)	Mailed to Tenant as soon as feasible. Submitted upon request from HCDD- Appendix 3, Handbook 1378. Refer to example online at HCDD.
1	Tenant Acknowledgement of GIN Notices	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
2	Site Occupant Record-Residential. All Tenants	Used for Interviewing Tenants. Modified Income Certification form. Submitted to HCDD prior to move of tenant. Refer to example online at HCDD.
2	Income Verification	Submitted to HCDD prior to move of tenant.
2	Tenant Status Report w/ Rent Roll Tenants requiring relocation	Initial Tenant list as of City Council approval date (ION). Include Rent Roll dated as of City Council approval date. (per 1-4, T) Handbook 1378. Refer to example online at HCDD.
2	Notice of Non Displacement	If Applicable-Delivered to Tenant within 10 business days from City Council approval date. Refer to example online at HCDD.
2	Notice of Eligibility	If Applicable-Delivered to Tenant within 10 business days from City Council approval date. Refer to example online at HCDD.
2	Tenant Acknowledgement of Eligibility Determination Notices	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
3	Temporary Relocation 90 Day Notice	Delivered to Tenant within 10 business days from City Council approval date, but not before eligibility determination. Refer to example online at HCDD.
3	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
4	Temporary Relocation 30 Day Notice	30 Days Prior to move. Must Include rent amount, apt. #, and moving date. Refer to example online at HCDD.

4	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
4	Transfer 30 Day Notice	30 Days Prior to move. Must include rent amount, apt. #, and moving date. Refer to example online at HCDD.
4	Tenant Acknowledgement	Applicant must have proof tenant received all Notices. (mailed certified, return receipt or hand delivered with tenant signature) Submitted upon request from HCDD.
1-6	Move In Notices w/ updated Rent Roll	If Applicable. Refer to example online at HCDD.
1-6	Skip/Abandonment Notice/Breach of Lease	If Applicable. Must submit tenant's Final Account Statement. Refer to example online at HCDD.
1-6	Eviction/Court Orders	If Applicable. Must submit tenant's Final Account Statement and copy of Court Order.
1-6	Tenant Status Report w/ Rent Roll	Monthly report beginning at ION. Submitted by the 10th of each month.
6	Relocation Compliance Review	Prior to Retainage being paid. Reviews usually begins after first moves.
6	Evidence Relocation Exp. Paid	Prior to Retainage being paid. Must include: Moving Contract, Detailed Invoice, and Check (front and back).

Use this checklist to assemble and evaluate information pertaining to temporary relocation of tenants in rehabilitation projects only (Uniform Relocation Act and related regulations)

EXAMPLE/SAMPLE
RELOCATION PLAN

1. Cover Sheet must include:
 - Name of Project
 - Address of Project
 - Name of Owner/Entity
2. Table of Contents:
 - A. Property Summary
 1. Current Demographics
 2. Displaced Persons
 - B. Relocation Destination
 - C. Temporary Relocation Benefits
 1. Tenant Notices
 2. Moving Assistance
 3. Utility Transfers
 - D. Tenant Relocation Benefits
 1. Tenant Notices
 2. Covered Costs
 3. Advisory Services
 - E. Relocation Services
 1. Transportation
 2. Communication
 3. Delinquent Utility Bills
 - F. Relocation Recordkeeping and Notices
 1. Relocation Plan Assurance Letter (sign and dated)
 2. Site Map
 3. Potential Transition of Tenants/Tenant Transition Schedule
 4. Tenant Packet (Include Blank Notices with submission of Plan)
 - General Information Notice
 - Non Displacement Notice and/or
 - Notice of Eligibility
 - Temporary Relocation 90 Day Notice
 - Temporary Relocation 30 Day Notice
 - Transfer Notice 30 Day Notice
 5. Construction Schedule

Project Relocation Specialist Contact Information

Owner Contact Information

A. Project Summary

1. Current Demographics

The property is located in the section of the City of Houston, Texas, specifically at the intersection of () streets. Harris County Key Map page (). The project contains a total of acres or approximately () square feet. The shape of the property is generally rectangular with approximately () feet of frontage on the () line of () and () feet on the () line of (). Accessibility to the property is via () Road from the () to () or (). The property is located within the City Limits of Houston and has public water and electric and natural respectively to the site. Telephone service is provided by (). The property is/is not deed restricted as to use and the City of Houston does not subscribe to zoning ordinances. The property was constructed in (); the project has a total of () buildings, () residential and () ancillary (office/community building and laundry). The residential buildings are a mixture of () stories and/or (). There are a total of () units. There are () floor plans which vary from one another by bedroom count and number of bathrooms. This Relocation Plan has been developed due to renovations of the property which is scheduled to start ().

(INSERT CURRENT UNIT MIX TABLE HERE)

Parking is (covered/not covered), the parking and drive are () paved. There are a total of () parking spaces, there are () spaces designated 504 accessible. Project amenities include: () currently () % are/are not restricted by ().

2. Displace Persons

The renovation of the property is expected to take approximately () months and it is "NOT" anticipated that there will be any "displaced persons" who by definition are persons that must move from the property permanently. If it is determined that there are, the plan will be amended to address the special requirements particular to the tenants. These tenants would be given the Notice of Eligibility for Relocation Assistance (see example in Section F) which would inform them of their rights under URA.

B. RELOCATION DESTINATION

There have not been any new leases executed in the last () months in order to have units available to move tenants into. The Relocation Specialist will track the vacant units each month during renovation and submit tracking documentation to HCDD. A tenant transition plan will be

mapped out and submitted to HCDD. This plan will show which tenants will be moved and the new rehabbed units they will be moved to. (See Section F, 3)

If there are no available units onsite the tenant will be provided temporary housing in the development listed below. (Property name) will assure that all temporary housing provided is decent, safe, and sanitary on a non discriminating basis for families or individuals who may be moved offsite.

If it becomes necessary to house tenants in temporary units other than a subsidized housing complex, attempts will be made to find single family units. Rents paid by (your property name) will represent the difference in the tenants current TTP and any additional rent that the tenant must pay. In addition, all relocations off site will be within a five mile radius unless it is in response to a request to a "reasonable accommodation".

(INSERT TABLE WHICH LISTS "DEVELOPMENTS AVAILABLE FOR RELOCATION HERE-include name and address of property, contact information)

C. TEMPORARY RELOCATION OF TENANTS

1. Tenant Notice

In preparation for the relocations, (I) will conduct group meetings to notify the tenants of the plans for the complex. In addition to these group meetings, the tenants will also receive written notices of the overall renovation plans and notice of the plans for their relocation. Tenants will be notified that they should not move on their own or contact a mover because they would risk being held responsible for these cost and/or forfeit relocation benefits.

Each tenant will be given a packet of information that is included in Section F of this plan and it includes items mandated via URA. Every attempt will be made to keep the tenants informed and to answer any questions that they may have.

2. Moving Assistance

Moving services will be made available to the tenants. Each resident will be given the option of receiving packing assistance. If a resident prefers to pack their own personal possessions, they will be provided packing supplies. All residents will be provided written notices of their scheduled moving date and time in their 30 day notice. (See Section F, 4)

3. Utility Transfers

A letter will be sent to the utility providers of the property. It will explain the plans for the property renovation and for them to anticipate numerous requests for transfers within a short period of time. The tenant will be responsible for scheduling the transfer of their utilities and are expected to notify the relocation specialist of the date and time the transfer is scheduled. If there are any problems with any transfers the property will have the utilities turned on in the

properties name and the tenant will be given 10 days to resolve the issues with the utility company.

D. TENANT RELOCATION BENEFITS

1. Tenant Notice

Tenants will be given notice of what charges and deposits will be covered in the relocation and they will have to sign it and indicate that they understand that there are no other costs that will be covered.

2. Covered Cost

(Your property name) will pay for packing and moving costs that are scheduled by the relocation specialist. (Your property name) will also cover the cost of deposits or transfer fees for the utilities, any increase in rent of the off site temporary housing, if applicable; and telephone/cable at both the temporary unit and the return to the newly renovated unit. These costs will be paid directly to the providing agency and attached to the tenants unit and head of household. These costs will not be paid on behalf of anyone that moves prior to the coordination efforts of the Relocation Specialist or due to Eviction for Cause.

3. Advisory Services

(Your property name) will contact and interview each person who is affected by the project to discuss his/her needs, preferences, concerns, and to answer questions. (Your property name) will use the Site Occupant Record (Exhibit 8 of HCDD Relocation Policy) to record interview of each household. (Your property name) will also provide information about the project and any benefits the tenant may be eligible for; as applicable to the tenants' circumstances (49CFR 24.205(c)).

E. RELOCATION SERVICES

1. Transportation

Relocation of the tenants will be done in phases; the Relocation Specialist will be able to provide the necessary supportive services that may be required. If off site housing is used and there is a need, transportation will be provided to the tenant via taxi companies to tour the proposed unit.

2. Communication

Each tenant will be given written information outlining the process and will be given group and individual access to the Relocation Specialist. The tenants that may require special assistance due to a disability will be identified and will be provided assistance in a non-discriminatory manner.

3. Delinquent Utility Bills

If the tenants do not have the financial resources to pay delinquent utility bills that would hinder services being transferred to their temporary unit, the property will have the services temporarily placed under the property name. The tenant would have 10 business days after move-in, to resolve the issue with the respective utility company.

F. RELOCATION RECORDKEEPING AND NOTICES

NOTE: Blank Notices submitted in this section.

RELOCATION PLAN ASSURANCES

I certify that this relocation plan contains accurate information and has been prepared in accordance with 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Final Rule and Notice. I further assure that:

1. Relocation staff knows and will follow URA requirements;
2. Relocati
on staff who will implement this plan are familiar with its contents and the requirements;
3. Sufficie
nt funds have been appropriated, reserved, set aside or otherwise committed to cover the anticipated relocation cost;
4. Familles
and individuals will have full opportunity to occupy comparable, decent, safe, and sanitary housing;
5. Relocati
on payments will be made promptly by the borrower and to the full extent for which tenants are eligible;
6. The
project activities have been planned in a manner that will minimize hardships to tenants;
7. All
tenants will be given a reasonable period of time to move and no one will be required to move unless a comparable replacement unit is available or provided for;
8. Relocati
on assistance and advisory services will be provided in accordance with the needs of the tenant.

Print Name

Title

Signature

Date

SITE MAP PAGE

RELOCATION PLAN ASSURANCES

CDBG/HOME Multifamily Projects

I certify that this relocation plan contains accurate information and has been prepared in accordance with 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Final Rule and Notice. I further assure that:

1. Relocation staff knows and will follow URA requirements;
2. Relocation staff who will implement this plan are familiar with its contents and the requirements;
3. Sufficient funds have been appropriated, reserved, set aside or otherwise committed to cover the anticipated relocation cost;
4. Families and individuals will have full opportunity to occupy comparable, decent, safe, and sanitary housing;
5. Relocation payments will be made promptly by the borrower and to the full extent for which tenants are eligible;
6. The project activities have been planned in a manner that will minimize hardships to tenants;
7. All tenants will be given a reasonable period of time to move and no one will be required to move unless a comparable replacement unit is available or provided for;
8. Relocation assistance and advisory services will be provided in accordance with the needs of the tenant.

Print Name

Title

Signature

Exhibit 3

Date

Exhibit 4

Relocation Budget for (Project Name), (Date)

TYPE OF UNIT	Total Number of Units	PACKING & MOVING Cost per Unit	URA Cost per Unit*	Sub-total cost packing & moving per type of unit	Subtotal URA Cost
			0.00	0.00	0.00
			0.00	0.00	0.00
			0.00	0.00	0.00
			0.00	0.00	0.00
TOTAL UNITS					
	0				
TOTAL COST PACKING & MOVING					
					0.00
TOTAL URA COST					
					0.00
MISCELLANEOUS COST 10%**					
TOTAL RELOCATION BUDGET					
					0.00

CHECK YOUR MATH

* URA Cost include transfer fees, non refundable deposits and increased rent for off-site temporary units. Refundable deposits are no longer an eligible cost under the URA.

**Miscellaneous Cost include mail cost and any unforeseen cost of relocation.

NOTICE TO REAL PROPERTY OWNER/SELLER

Date: _____

Owner(s)/Seller(s): _____

Buyers(s): _____

Address of Property Under Consideration: _____

Dear Owner(s)/Seller(s):

Property believed to be owned by you is being considered for purchase, as referenced above. Because Federal funds may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101 (b)(2):

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired by either voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$ _____. However, since this transaction is voluntary, current or future negotiations may result in a different price that may be the same, higher or lower than this amount.

An owner-occupant who sells his or her property under these terms does not qualify as a displaced person for relocation payments. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible.

In accordance with HUD requirements, if the information provided above is disclosed after an option to purchase or contract has been executed between the Buyer(s) and the seller(s), the Seller(s) must be provided the opportunity to withdraw from the agreement.

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the Seller(s) of the property; however payment of these costs may be negotiated between the Buyer(s) and Seller(s). **No federal funds can be used to pay these costs.**

Should you have any questions, please feel free to contact: _____
(Name of Contact Person)

_____ at _____
(Name of City/County/State/Organization/Lender) (Telephone Number)

Receipt acknowledged this _____ day of _____, 2010

Seller(s)

(Seller(s))

NOTICE TO REAL PROPERTY OWNER/SELLER

Date: _____

Owner(s)/Seller(s): _____

Buyers(s): _____

Address of Property Under Consideration: _____

Dear Owner(s)/Seller(s):

Property owned by you has been contracted for purchase, as referenced above. Because Federal funds may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101 (b)(2):

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired by either voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$ _____. However, since this transaction is voluntary, current or future negotiations may result in a different price that may be the same, higher or lower than this amount.

An owner-occupant who sells his or her property under these terms does not qualify as a displaced person for relocation payments. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible.

In accordance with HUD requirements, if the information proved above is disclosed after an option to purchase or contract has been executed between the Buyer(s) and the seller(s), the Seller(s) must be provided the opportunity to withdraw from the agreement.

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the Seller(s) of the property; however payment of these costs may be negotiated between the Buyer(s) and Seller(s). **No federal funds can be used to pay these costs.**

Should you have any questions, please feel free to contact: _____
(Name of Contact Person)

_____ at _____
(Name of City/County/State/Organization/Lender) (Telephone Number)

Receipt acknowledged this _____ day of _____, 2010

Seller(s)

(Seller(s))

MOVE-IN NOTICE
(GUIDEFORM NOTICE TO PROSPECTIVE TENANT)

Grantee or Agency Letterhead

(date)

Dear _____,

On (date), (property owner) submitted an application to the City of Houston, Housing and Community Development Department for financial assistance under a program funded by the Department of Housing and Urban Development (HUD). The proposed project involves (acquisition) (rehabilitation) (demolition) and/or (conversion) of the property located at (address).

Because Federal funds are planned for use in this project, the Uniform Relocation Assistance and Real property Acquisition Policies Act of 1970, as amended (URA) (and/or section 104(d) of the Housing and Community Development Act of 1974, as amended) may apply to persons in occupancy at the time the application was submitted for HUD funding. However, if you choose to occupy this property subsequent to the application for federal financial assistance, as a new tenant you will not be eligible for relocation payments or assistance under the URA (and/or section 104(d)).

This notice is to inform you of the following information before you enter into any lease agreement and/or occupy the property located at the above address:

- You may be displaced by the project.
- You may be required to relocate temporarily.
- You may be subject to rent increase.
- You will not be entitled to any payments or assistance provided under the URA (and/or section 104(d)). If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses you may incur in connection with a move as a result of the projects.

Please read this notification carefully prior to signing a rental agreement and moving into the project. If you should have any questions about this notice, please contact (Grantee or Agency) at (address and telephone number). Once you have read and understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

(Name and title)

Exhibit 7

I have read the above information and understand the conditions under which I am moving into the project.

Print Name of Tenant(s)

Signature(s)

Address and Unit Number

Date

Note:

This is a guideform. It should be revised to reflect the project circumstances.

Site Occupant Record - Residential		Project Name: _____ Project #: _____ Relocation Case #: _____ Acquisition Parcel #: _____	
LOCALITY/AGENCY _____		Interviewer: _____	
Date of initial Interview: _____		CHECK: <input type="checkbox"/> FAMILY <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> OWNER <input type="checkbox"/> TENANT	
NAME OF OCCUPANT _____ ADDRESS _____ TELEPHONE NUMBER _____ CENSUS TRACT _____		DATE OF GENERAL INFORMATION NOTICE _____ EFFECTIVE DATE OF NOTICE OF ELIGIBILITY FOR RELOCATION ASSISTANCE _____ DATE PRIVACY ACT STATEMENT EXECUTED _____ (INCLUDE COPY OF NOTICES AND SIGNED PRIVACY ACT STATEMENT IN CASE FILE)	
IS THIS ADDRESS LOCATED IN A HUD DESIGNATED RENEWAL COMMUNITY OR EMPOWERMENT ZONE? <input type="checkbox"/> YES <input type="checkbox"/> NO DATE OCCUPANT FIRST OCCUPIED THIS DWELLING _____			
HOUSING COSTS AND CHARACTERISTICS OF DISPLACEMENT DWELLING			
RACIAL/ETHNIC CLASSIFICATION (CHECK ALL THAT APPLY) <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE <input type="checkbox"/> ASIAN <input type="checkbox"/> BLACK OR AFRICAN AMERICAN <input type="checkbox"/> HISPANIC OR LATINO <input type="checkbox"/> NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER <input type="checkbox"/> WHITE <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE AND WHITE <input type="checkbox"/> ASIAN AND WHITE <input type="checkbox"/> BLACK OR AFRICAN AMERICAN AND WHITE <input type="checkbox"/> AMERICAN INDIAN OR ALASKAN NATIVE AND BLACK OR AFRICAN AMERICAN <input type="checkbox"/> OTHER MULTI-RACIAL		HOUSING COSTS: TENANT: MONTHLY CONTRACT RENT \$ _____ AVERAGE MONTHLY UTILITY COSTS \$ _____ MONTHLY HOUSING COSTS \$ _____ OWNER: MONTHLY MORTGAGE PAYMENT (P&I) \$ _____ AVERAGE MONTHLY UTILITY COSTS \$ _____ REAL PROPERTY TAXES \$ _____ MONTHLY HOUSING COSTS \$ _____	
NO. OF ROOMS _____ NO. OF BEDROOMS _____ UNIT IS: <input type="checkbox"/> HOUSEKEEPING <input type="checkbox"/> NONHOUSEKEEPING			

HOUSING REFERRALS										
Date	Address (Include Apt No.)	Census Track	Type of Unit		Size of Unit		Mo Rent + Est Avg Mo Utility Costs/Sales Price	Unit Avail Date	Low Income Or Minority Area?	Action on Referral (If refused, indicate why. Also indicate whether unit is representative comparable used as basis for pmt limit.)
			Rent	Sales	Subsidized	# of Rms				

REPLACEMENT DWELLING UNIT		CENSUS TRACT	
DATE OF MOVE	ADDRESS	IS THIS ADDRESS LOCATED IN A HUD DESIGNATED RENEWAL COMMUNITY OR EMPOWERMENT ZONE?	YES <input type="checkbox"/> NO <input type="checkbox"/>
MONTHLY HOUSING COST (MHC) <input type="checkbox"/> RENTAL MONTHLY RENT \$ _____ <input type="checkbox"/> PURCHASE MORTGAGE PAYMENT (P&I) \$ _____ MONTHLY RENT \$ _____ REAL ESTATE TAXES \$ _____ EST. AVERAGE EST. UTILITY COSTS \$ _____ MONTHLY TOTAL MHC \$ _____ UTILITY COSTS \$ _____ SALES PRICE \$ _____ TOTAL MHC \$ _____		<input type="checkbox"/> D. S. & S <input type="checkbox"/> NOT D. S. & S DATE OF INSPECTION _____ DATE OF REINSPECTION _____ NO. OF ROOMS _____ NO. OF BEDROOMS _____ (Include copy of Inspection Report in case file.)	
IS UNIT IN AREA OF LOW-INCOME OR MINORITY CONCENTRATION? <input type="checkbox"/> YES <input type="checkbox"/> NO IS UNIT SUBSIDIZED? <input type="checkbox"/> YES <input type="checkbox"/> NO (Identify) _____		RELOCATION PAYMENT(S) TYPE <input type="checkbox"/> ACTUAL <input type="checkbox"/> RENTAL <input type="checkbox"/> FIXED <input type="checkbox"/> DOWNPMT <input type="checkbox"/> 180-DAY HO AMOUNT \$ _____ DATE CLAIM FILED _____ DATE CLAIM PAID _____ (Include copy of Claim Forms in Case File)	
TEMPORARY HOUSING DATE _____ REASON _____ ADDRESS _____ RENTAL \$ _____ DATE OF MOVE TO PERMANENT DWELLING _____ OUT-OF-POCKET EXPENSES PAID: \$ _____ MOVING EXPENSES \$ _____ INCREASED HOUSING COSTS \$ _____		APPEAL FILED: <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, INDICATE TYPE: <input type="checkbox"/> PAYMENT(S) <input type="checkbox"/> HOUSING <input type="checkbox"/> OTHER _____ (Include copy of Appeal in Case File)	

INSTRUCTION FOR FILLING OUT AND UPDATING THE TENANT STATUS REPORT

1. R
on a Rent Roll on the date City Council approves project contract. This is your Initiation of Negotiations (ION) date. Import Information for columns, Move In Date, Resident Name, Unit #, Size/Type. This is the list of residents you must track during the renovation period.
2. Update spreadsheet Information monthly and submit to HCDD by the 10th of each month with all documentation pertaining to tenants for that month. Such as, copies of Notices addressed to tenants w/ receipts, move out checklists, final account statements, evictions (court order), transfers, temporary relocations, final moves w/ leases, etc.
3. If you need to **add columns or rows** to include any of these headings or to add new tenant names to a vacant units please do so.
4. **Please do not remove any previous monthly information.** If column does not pertain to your project please type N/A.
5. Please note if tenant is a: Move In, Sklp, Lease Ended-gave notice, Lease Ended-no reason given, or Eviction, in the Reason for Move Out (Comment) column.

Please contact your Relationship Manager at 713-868-8300 or Elizabeth Spinnenweber at 713-868-8426 if you have any questions. Thank you.

APPENDIX 11

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT NOT DISPLACED

Grantee or Agency Letterhead

(date)

Dear _____:

_____, (City, County, State, Public Housing Authority (PHA), other) _____, is interested in rehabilitating the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program.

The purpose of this notice is to inform you that you will not be displaced in connection with the proposed project.

If the project application is approved and federal financial assistance provided, you may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all other lease terms and conditions.

Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions. *

If federal financial assistance is provided for the proposed project, you will be protected by a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). One of the URA protections for persons temporarily relocated is that such relocations shall not extend beyond one year. If the temporary relocation lasts more than one year, you will be contacted and offered all permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance previously provided. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

APPENDIX 11

Exhibit 10

We urge you not to move at this time. If you choose to move, you will not be provided relocation assistance.

Please remember:

- This is not a notice to vacate the premises.
- This is not a notice of relocation eligibility.

You will be contacted soon so that we can provide you with more information about the proposed project. If the project is approved, we will make every effort to accommodate your needs. In the meantime, if you have any questions about our plans, please contact:
(name) _____, (title) _____,
(address) _____, (phone) _____.

Sincerely,

(name and title) _____

Enclosure

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.

* Based on the applicable HUD program regulations, if "reasonable terms and conditions," are defined, one of the following statements or other language may also be required in this Notice:

- a. Under HOME at 24 CFR 92.353(c)(2)(C)(1): "Your new lease will be for a term of not less than one year at a monthly rent will remain the same or, if increased, your new monthly rent and estimated average utility costs will not exceed: 1) If you are low income, the total tenant payment as defined by HUD (under 24 CFR 5.628), or (2) 30% of the monthly gross household income, if you are not low income."
- b. Under CDBG at 24 CFR 570.606(b)(2)(D)(1): "Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the household's average monthly gross income."
- c. Under Section 221 Mortgage Insurance Programs under 24 CFR 221.795(i): "Your monthly rent and estimated average utility costs will not exceed the amount approved by HUD."

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT TO BE DISPLACED

Grantee or Agency Letterhead

(date)

Dear _____:

_____, (City, County, State, Public Housing Authority (PHA), other) _____, is interested in _____ (acquiring, rehabilitating, demolishing) _____ the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). You may be eligible for relocation assistance and payments under the URA, if the proposed project receives HUD funding and if you are displaced as a result of acquisition, rehabilitation or demolition for the project.

- This is not a notice to vacate the premises.
- This is not a notice of relocation eligibility.

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochure, "Relocation Assistance To Tenants Displaced From Their Homes" provides an explanation of this assistance and other helpful information.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of

Exhibit 11

relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time. If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact
(name) _____, (title) _____,
(address) _____, (phone) _____.

Sincerely,

(name and title) _____

Enclosure

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.
3. Optional paragraphs for displaced residents of public housing projects (may be modified based on the PHA's resident return policy):

"Even though you will be provided all of the assistance the URA requires for a permanent move, the Authority believes that every resident displaced from the site should have the right to reapply for occupancy once this project is complete. For this reason, after project completion, every resident who receives assistance as a "displaced person" will be contacted and offered an opportunity to reapply for occupancy in the newly-revitalized community. Furthermore, because you will be a former occupant who was "displaced" from the site, you will also receive a priority preference to return.

In the event the number of those who request to return and qualify for housing exceeds the number of units available, rating and ranking criteria will be used to identify those who will be offered a unit at the site until all available units are filled. If you do return, the Authority may help defray the costs of the return move. If you have Replacement Housing Payments not yet spent or obligated, you may be asked to forfeit these payments as a condition for returning to public housing, since this assistance will no longer be necessary to meet your housing needs. Such assistance, if not forfeited, must be considered as income and may affect your eligibility and rent."

APPENDIX 11

GUIDEFORM NOTICE OF NONDISPLACEMENT
TO RESIDENTIAL TENANT
Grantee or Agency Letterhead

(date)

Dear _____:

On _____ (date), the _____ (City, County, State, Public Housing Authority (PHA), other), notified you of proposed plans to rehabilitate the property you currently occupy at (address) _____ for a project which could receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program. On _____ (date), the project was approved and will receive federal funding. Repairs will begin soon.

• This is a notice of nondisplacement. You will not be required to move permanently as result of the rehabilitation.

This notice guarantees you the following:

1. Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions. *
2. If you must move temporarily so that the rehabilitation can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from temporary housing and any increased interim housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because federal funding is involved in this project, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Of course, you must continue to comply with the terms and conditions of your lease.

If you have any questions, please contact (name), at (phone), (address). This letter is important to you and should be retained.

Sincerely,

(name and title)

App. 4-1 [10/06] 1378 CHG-6 Appendix 4

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guideform. It should be revised to reflect the circumstances.

** Based on the applicable HUD program regulations, if "reasonable terms and conditions," are defined, one of the following statements or other language may also be required in this Notice:*

- a. *Under HOME at 24 CFR 92.353(c)(2)(C)(1): "Your new lease will be for a term of not less than one year at a monthly rent will remain the same or, if increased, your new monthly rent and estimated average utility costs will not exceed: 1) if you are low income, the total tenant payment as defined by HUD (under 24 CFR 5.628), or (2) 30% of the monthly gross household income, if you are not low income."*
- b. *Under CDBG at 24 CFR 570.606(b)(2)(D)(1): "Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the household's average monthly gross income."*
- c. *Under Section 221 Mortgage Insurance Programs at 24 CFR 221.795(i): "Your monthly rent and estimated average utility costs will not exceed the amount approved by HUD."*

GUIDEFORM NOTICE OF ELIGIBILITY FOR
URA RELOCATION ASSISTANCE
RESIDENTIAL TENANT

Grantee or Agency Letterhead

(date)

Dear _____:

On _____ (date), the _____ (City, County, State, Public Housing Authority (PHA), other), notified you of proposed plans to _____ (acquire, rehabilitate, or demolish) _____ the property you currently occupy at _____ (address) _____ for a project which could receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the _____ program. On _____ (date), the project was approved and will receive federal funding.

It has been determined that you will be displaced by the project. Since you are being displaced in connection with this federally funded project, you will be eligible for relocation assistance and payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

- This is your Notice of Eligibility for relocation assistance
- The effective date of your eligibility is _____. (Insert date of Initiation of Negotiations, see 49 CFR 24.1(a)(15) or applicable HUD program regulations)

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

To carry out the project, it will be necessary for you to move. However, you do not need to move now. You will be provided written notice of the date by which you will be required to move. This date will be no less than 90 days from the date comparable replacement housing has been made available to you.

Enclosed is a brochure entitled, "Relocation Assistance to Tenants Displaced From Their Homes." Please read the brochure carefully. It explains your rights and provides additional information on eligibility for relocation payments and what you must do in order to receive these payments.

The relocation assistance to which you are entitled includes:

Relocation Advisory Services. Including counseling and other assistance to help you find another home and prepare to move.

Payment for Moving Expenses. You may choose: (1) a payment for your actual reasonable moving and related expenses, or (2) a fixed moving payment in the amount of \$_____ based on the URA Fixed Residential Moving Cost Schedule, or (3) a combination of both.

Replacement Housing Payment. You may be eligible for a replacement housing payment to rent or buy a replacement home. The payment is based on several factors including: (1) the monthly rent and cost of utility services for a comparable replacement dwelling, (2) the monthly rent and cost of utility services for your present home, and (3) for low-income persons, 30 percent of your average monthly gross household income. This payment is calculated on the difference in the old and new housing costs for a one-month period and multiplied by 42.

Listed below are three comparable replacement dwellings that you may wish to consider for your replacement home. If you would like, we can arrange transportation for you to inspect these and other replacement dwellings.

	Address	Rent & Utility Costs	Contact Info
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

We believe that the dwelling located at _____ (address) is the most representative of your present home. The monthly rent and the estimated average monthly cost of utilities for this dwelling is \$_____ and it will be used to calculate your maximum replacement housing payment. Please contact us immediately if you believe this dwelling is not comparable to your current home. We can explain our basis for selecting this dwelling as most representative of your current home and discuss your concerns.

Based on the information you have provided about your income and the rent and utilities you now pay, you may be eligible for a maximum replacement housing payment of approximately \$_____ (42 x \$_____), if you rent the dwelling identified above as the most comparable to your current home or rent another dwelling of equal cost.

Exhibit 13

Replacement housing payments are not adjusted to reflect future rent increases or changes in income. This is the maximum amount that you would be eligible to receive. If you rent a decent, safe and sanitary home where the monthly rent and average estimated utility costs are less than the comparable dwelling, your replacement housing payment will be based on the actual cost of the dwelling. We will not base your payment on any dwelling that is not a comparable replacement home. All replacement housing payments must be paid in installments. Your payment will be paid in # installments.

Should you choose to purchase (rather than rent) a decent, safe and sanitary replacement home, you would be eligible for a downpayment assistance payment which is equal to your maximum replacement housing payment, \$ *. Let us know if you are interested in purchasing a replacement home and we will help you locate such housing.

Please note that all replacement housing must be inspected in order to ensure it is decent, safe and sanitary before any replacement housing payments are made.

If you have any questions about this letter and your eligibility for relocation assistance and payments, please contact (name) , (title) at (phone) , (address) before you make any moving plans. He/she will assist you with your move to a new home and help ensure that you preserve your eligibility for all relocation payments to which you may be entitled.

Remember, do not move or commit to the purchase or lease of a replacement home before we have a chance to further discuss your eligibility for relocation assistance. This letter is important to you and should be retained.

Sincerely,

 (name & title)

Enclosure/s

NOTES.

- * At the agency's discretion, a downpayment assistance payment that is less than \$5,250 may be increased to any amount not to exceed \$5,250. (See 49 CFR 24.402(c)(1))
1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
 2. This is a guideform. It should be revised to reflect the circumstances.
 3. Optional paragraphs for displaced residents of public housing projects (may be modified based on the PHA's resident return policy):

Exhibit 13

"Even though you will be provided all of the assistance the URA requires for a permanent move, the Authority believes that every resident displaced from the site should have the right to reapply for occupancy once this project is complete. For this reason, after project completion, every resident who receives assistance as a "displaced person" will be contacted and offered an opportunity to reapply for occupancy in the newly-revitalized community. Furthermore, because you will be a former occupant who was "displaced" from the site, you will also receive a priority preference to return.

In the event the number of those who request to return and qualify for housing exceeds the number of units available, rating and ranking criteria will be used to identify those who will be offered a unit at the site until all available units are filled. If you do return, the Authority may help defray the costs of the return move. If you have Replacement Housing Payments not yet spent or obligated, you may be asked to forfeit these payments as a condition for returning to public housing, since this assistance will no longer be necessary to meet your housing needs. Such assistance, if not forfeited, must be considered as income and may affect your eligibility and rent."

Temporary Relocation 90 DAY NOTICE Guide-form

Property Name
Property Address

Date

Dear (resident),

On (GIN date), (property name) notified you of proposed plans to rehabilitate the property you currently occupy at (address). The project was approved and repairs/rehab will begin 90 days from this notice. We hope you are pleased and excited about the improvements that we will be making to the property to improve safety and attractiveness.

This is your notice that construction will start in 90 days. Do NOT move now. If you choose to move on your own, you will not be provided relocation assistance.

On (date), (property name) will begin moving tenants to their temporary/permanent units if necessary. During this 90 day period (contact name, phone number) will be available to provide assistance and answer any questions you may have. **(Describe assistance provided here)**

Your temporary/permanent address will be:

Please transfer your utilities over to your temporary/permanent location on this date: _____. We will help you to move to the new unit at a date to be mutually satisfactory.

Before moving you the (Property name) must (re)certify your income and lease. Please call (contact name, phone number) or stop by the office to schedule an appointment to meet. Please bring these documents with you to this meeting. (List docs needed) At this time we will give you your new keys and sign your replacement lease.

We will remind you again about this information and let you know the exact date of your move in a (Temporary Relocation/Transfer) 30 Day Notice. **Please do not move now.**

If you have any questions about this 90 day notice or the relocation process, please call (contact name, phone number) or come to the leasing office. We appreciate your patience during construction. Thank you.

Sincerely,

Date Delivered:
Delivered By:

Exhibit 14

(and/or)
Resident Signature:

NOTE:

This notice may be modified to reflect your projects' circumstances and may be combined with the Non Displacement Notice and/or Notice of Eligibility. If you choose to do this; Please include all information from this notice.

Exhibit 15

Temporary Relocation/Transfer 30 Day Notice

LETTERHEAD

30 DAY NOTICE TO MOVE

DATE

Dear (resident name and unit #)

By letter dated (date), (property name) notified you of the plans to rehabilitate (property name). And by letter dated (date) you received your Temporary Relocation 90 day notice of the upcoming move.

Your (new/temporary) unit is ready and located at (property address), apartment # (). In order to prepare for your move boxes will be delivered on (date). Your new rent will be \$_____.

Since your unit is ready, your move has been scheduled for (date after 30 days). Please insure that all packing has been completed, and your utilities have been transferred. Please feel free to contact the Relocation Specialist (name) at (#) to sign your paperwork and obtain your keys.

Once again thank you for your cooperation.

(name)

(title)

Resident Signature

Date Received

Exhibit 16

HUD Handbook 1378 - Chapter 6 - Recordkeeping and Reports

Found at website www.hud.gov/relocation or request copy from
Housing and Community Development Department.

NOTICE TO VACATE FOR BREACH OF LEASE
Guide-form

(Name of all residents)

(Street address and swelling unit number, if applicable)

(City, State, Zip)

(owner)

Dear Resident (s):

You have violated your lease contract as noted below:

Lease Paragraph or Rule Number: _____

Name of Resident, occupant or guest in violation (if known): _____

Nature of Violation (specific facts): _____

On (date) you received a General Information Notice informing you of the planned renovations and telling you that in order to be eligible for relocation assistance you must comply with your lease terms and conditions.

This was a substantial breach of your TAA Lease Contract and has jeopardized any assistance you may have qualified for under the Uniform Relocation Act. We are therefore exercising our right under the lease to terminate your rights of occupancy and possession, effective immediately. You are still liable for rent and other charges you may owe under the lease. If you have not already moved out, demand for possession is hereby made and you are hereby given notice to vacate the premises on or before midnight, _____, which is at least one day from the delivery of this notice as noted below (four days if the notice was mailed). Failure to move out by then will result in an eviction suit being filed and a hearing held before the Justice of the Peace. Delay or postponement of such action does not waive our rights.

DATE: notice was given by the method below

SIGNATURE of the owner's representative

The notice was: (check at least one)

- ☐ hand delivered to any one of the residents named above;
☐ hand delivered to any person 16 or older residing in the dwelling;

- ☐ posted on the inside of the dwelling's main entry door (not the screen door) that has a keyless bolting device or keyless deadbolt on it;

- ☐ sent by regular mail;
☐ sent by certified mail, return receipt request; or
☐ sent by registered mail.

Appendix 12

Reserved

Appendix 13

GLO Lien Waiver Form



Texas General Land Office
Community Development and Revitalization
Form 11.25
Conditional Lien Waiver and Release on Interim Payment Affidavit – Contractor

Project Information	
Subrecipient or State Representative's Name:	Contract and/or WO:
Applicant Name and Address:	Project #:
Project Legal Description:	
Project Type (Rehabilitation, Reconstruction, etc.):	
Contractor Information	
Contractor Name and Address ("Contractor"):	Phone:
Contractor Requested Amount: \$	
<p>On receipt by the signer of this document, payment from the Subrecipient in the requested amount (listed above) will be made, payable to the aforementioned Contractor; subsequently, when the payment has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the project's legal description to fulfill the scope of the project.</p> <p>This release covers the interim payment to the signer for all labor, services, equipment, or materials furnished to the property or to the Subrecipient as indicated in the attached statement(s) or interim payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.</p> <p>Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.</p> <p>Except as specified above, the signer warrants that the signer has already paid or will use the funds received from this interim payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above-referenced project in regard to the attached statement(s) or interim payment request(s).</p> <p>Contractor further understand that this Affidavit is being given pursuant to and in accordance with Sections 53.085 and 53.259 of the Texas Property Code and that the intentional, knowing, or reckless making of a false or misleading statement in this Affidavit constitutes an offense under said Section and is a Class A misdemeanor.</p> <p>The General Land Office may recapture funds that exceed the maximum allowable rate as outlined in the Program's guidelines; that are not allowed under applicable laws, rules and regulations; or that are otherwise inconsistent with the Contract, including any unapproved expenditures.</p> <p>The undersigned acknowledges that a failure to accurately certify full and final payment of all bills associated with this contract document will result in exclusion from participation in future contracts that utilize CDBG-DR funds.</p> <p>Prior to payment, Form 11.11 will need to be submitted to the GLO along with Form SD-424D (Assurances – Construction Programs) and a complete insurance binder for the Subcontractor. The Subrecipient is responsible for ensuring the Contractor remains insured throughout the project and/or until their work is complete and satisfactorily agreed upon.</p>	

Certification of Contractor**Printed Name of Contractor Company:****Name of Authorized Representative:****Title:****Signature of Authorized Representative:****Date:****Notary's Acknowledgment****State of Texas****County of**

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is that subscribed to the foregoing document and, being by me first duly sworn, declared the statements therein contained are true and correct.

Signature of Notary**Notary Public State of Texas – Printed Name****NOTARY SEAL****Date Notary's Commission Expires**



Texas General Land Office
Community Development and Revitalization
Form 11.22

Conditional Lien Waiver and Release on Interim Payment Affidavit – Subcontractor

Project Information	
Subrecipient or State Representative's Name:	Contract and/or WO:
Applicant Name and Address:	Project #:
Project Legal Description:	
Project Type (Rehabilitation, Reconstruction, etc.):	
Subcontractor Information	
Subcontractor Name and Address ("Subcontractor"):	Phone:
Subcontractor Requested Amount: \$	
<p>On receipt by the signer of this document, payment from the Contractor in the requested amount (listed above) payable to the aforementioned Subcontractor will be paid; subsequently, when the payment has been paid by the bank on which it is drawn, this document becomes effective to release any mechanic's lien right, any right arising from a payment bond that complies with a state or federal statute, any common law payment bond right, any claim for payment, and any rights under any similar ordinance, rule, or statute related to claim or payment rights for persons in the signer's position that the signer has on the project's legal description to fulfill the scope of the project.</p> <p>This release covers the interim payment to the signer for all labor, services, equipment, or materials furnished to the property or to the Contractor as indicated in the attached statement(s) or interim payment request(s), except for unpaid retention, pending modifications and changes, or other items furnished.</p> <p>Before any recipient of this document relies on this document, the recipient should verify evidence of payment to the signer.</p> <p>Except as specified above, the signer warrants that the signer has already paid or will use the funds received from this interim payment to promptly pay in full all of the signer's laborers, subcontractors, materialmen, and suppliers for all work, materials, equipment, or services provided for or to the above referenced project in regard to the attached statement(s) or interim payment request(s).</p> <p>Subcontractor further understand that this Affidavit is being given pursuant to and in accordance with Sections 53.085 and 53.259 of the Texas Property Code and that the intentional, knowing, or reckless making of a false or misleading statement in this Affidavit constitutes an offense under said Section and is a Class A misdemeanor.</p> <p>The undersigned acknowledges that a failure to accurately certify full and final payment of all bills associated with this contract document will result in exclusion from participation in future contracts that utilize CDBG-DR funds.</p> <p>Prior to payment, Form 11.11 will need to be submitted to the GLO along with Form SD-424D (Assurances – Construction Programs) and a complete insurance binder for the Subcontractor. The Subrecipient is responsible for ensuring the Subcontractor remains insured through the project, and/or until their work is complete and satisfactorily agreed upon.</p>	

Certification of Subcontractor	
Printed Name of Subcontractor Company:	
Name of Authorized Representative:	Title :
Signature of Authorized Representative:	Date :
Notary's Acknowledgment	
<p>State of Texas County of</p> <p>Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.</p> <p>Signature of Notary _____</p> <p>Notary Public State of Texas – Printed Name _____</p> <p>Date Notary's Commission Expires _____</p>	
NOTARY SEAL	

APPENDIX 14
MINIMUM PROPERTY STANDARDS



CITY OF HOUSTON
HOUSING AND
COMMUNITY
DEVELOPMENT

**Minimum Property Standards
For New Construction,
Reconstruction, Rehabilitation, &
Maintenance of Multifamily Facilities**

Table of Contents

I.	Introduction	3
II.	Definitions	4
III.	Minimum Property Standards for New Construction	7
IV.	Minimum Property Standards for Rehab Construction	21
V.	Minimum Property Standards for Affordability Maintenance	35
VI.	Appendix I – Sample Apartment Unit Tabulation	48
VII.	Appendix II – Habitability Ordinance 2009-1043	49

APPENDIX 14

APPENDIX 14

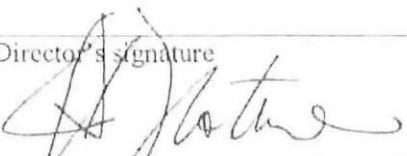
INTRODUCTION

This document is intended to provide the Minimum Property Standards (MPS) for new construction, reconstruction, rehabilitation, and maintenance of multifamily housing facilities that receive federal assistance through the City of Houston Housing & Community Development Department as required by 24CFR §200.925. The primary objective of the Minimum Property Standards is to establish the criteria for the life, health and safety of the residents at the property.

Pursuant to 24CFR§92.251, housing that is constructed or rehabilitated with HOME or CDBG funds must meet all applicable local codes, ordinances, and rehabilitation standards, at the time of project completion. In the absence of a local code addressing new construction, reconstruction, or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, International Building Code (IBC) or its appropriate sub code, and/or the Minimum Property Standards(MPS) in 24CFR§200.925 and §200.926. Housing must meet the accessibility requirements at 24CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29U.S.C.§794) and covered multifamily dwellings, as defined at 24CFR§100.201, and must also meet the design and construction requirements at 24CFR §100.205, which implement the Fair Housing Act (42U.S.C.§3601-§3619).

The MPS supplement local building codes by requiring properties to meet minimum standards of workmanship, durability and performance of various components of the multifamily property during the period of affordability. These components would include doors, windows, gates, stairwells, wall coverings, kitchen cabinets, carpeting, etc. of the property that would be maintained in good and safe working condition that ensures the life, health and safety of the residents at the property.

To achieve this objective, the Housing & Community Development Department conducts an annual inspection of the property in accordance with the 24CFR§92.251(a) and all local codes, construction standards, and city ordinances. Findings identified during the inspection are required to be resolved by the property owner and management. All repairs, materials, and installations must be meet the aforementioned standards of quality and workmanship.

Director's signature 	Date Director Signed 1/5/2011
---	----------------------------------

DEFINITIONS

- A. **ACCESSORY BUILDING** — A subordinate building or structure that is devoted exclusively to the main use of the property and is located on the property.
- B. **ADA**— Americans with Disabilities Act.
- C. **BATHROOM** — A room with a toilet and a lavatory sink in or near that room, with or without a bathtub or shower.
- D. **BUILDING AREA** — Any structure used or intended to be used for supporting or sheltering any use or occupancy.
- E. **CERTIFIED PROFESSIONAL** —Is one who is knowledgeable and qualified in type of work being performed; one who shows either by experience or academic qualifications, to be able to meet the industry standards for the work being performed.
- F. **DEBRIS** — Includes but is not limited to garbage, rubbish, refuse, or wrecked, decayed, dilapidated, or inoperative vehicles or machinery, and parts thereof.
- G. **DWELLING** — A building or structure, or any part of it, occupied or capable of being lawfully occupied, in whole or in part, for the purpose of human habitation and includes a dwelling unit and a building that would be used for this purpose except for its state of disrepair.
- H. **DWELLING UNIT** — A room or a suite of rooms operated as a housekeeping unit, used or intended to be used as a domicile by 1 or more persons and supporting general living conditions and includes cooking, eating, sleeping, and sanitary facilities.
- I. **EGRESS** – A permanent and unobstructed means of exiting from the dwelling in an emergency escape or rescue situation.
- J. **ENERGY STAR RATED** – Includes all systems, components, equipment, fixtures and appliances that meet strict energy efficiency performance criteria established, as a joint effort, by the federal Environmental Protection Agency, the U.S. Department of Energy and the U.S. Department of Housing and Urban Development and that carry the Energy Star label as evidence of meeting the energy efficiency performance criteria.
- K. **FAIR HOUSING ACT (24CFR§100.25)** — Federal law that prohibits discrimination by direct providers of housing, such as landlords and real estate companies as well as other entities, such as municipalities, banks or other lending institutions and insurance companies whose discriminatory practices make housing unavailable to persons because of race or color, religion, sex, national origin, family status or disability.
- L. **GRAFFITI** — Any unauthorized inscription, mark, word, figure, painting or other defacement that is written, marked, etched, scratched, sprayed, drawn, painted or engraved on or otherwise applied to any surface of public or private property to the extent that the graffiti was not authorized in advance by the owner or occupant of the property.
- M. **GROUND COVER** — Suitable material applied to the ground to prevent erosion of the soil and includes concrete, flagstone, gravel, asphalt, grass or other form of landscaping.

- N. **HABITABLE ROOM** — A room in a dwelling designed, lawfully used or capable of being lawfully used for living, sleeping, cooking or eating purposes. Bathrooms, toilet rooms, closets, halls, storage or utility spaces, and similar areas (rooms) are not considered habitable spaces (rooms).
- O. **HANDRAIL** — A continuously graspable rail forming the top part of a balustrade or guard on stairs, landings, raised walkways and ramps adhered to a wall or a guard forming part of the stair, landing, walkway or ramp intended to provide guidance and support to the user and to arrest falls.
- P. **MINIMUM PROPERTY STANDARDS (MPS)** — The standards for the maintenance and occupancy prescribed for a multifamily property. Using these standards as a baseline for monitoring, a housing inspector identifies the physical deficiencies of a property and dwelling unit that need to be repaired.
- Q. **MULTIFAMILY DWELLING** — A building containing 3 or more dwelling units.
- R. **NONHABITABLE FLOOR AREA** — Any room or space in a dwelling, or dwelling unit, other than a habitable room and includes a washroom, bathroom, toilet room, laundry, pantry, lobby, communicating corridor, stairway, closet, boiler room, garage, or space for service and maintenance of any building for public use and for access to and vertical travel between stories.
- S. **NONRESIDENTIAL PROPERTY** — Land, a building or structure used or capable of being used for other than residential purposes.
- T. **OCCUPANCY** — The use or intended use of a building or part of a building for the shelter or support of persons, animals or property as established by the Building Code and city ordinances.
- U. **PEST** — Any mouse, rat, bed bug, flea, wasp, hornet or cockroach, but does not include and domesticated mouse or rat
- V. **PROPERTY** — A building or structure or part of a building or structure and includes the lands and premises appurtenant thereto and all mobile homes, mobile buildings, mobile structures, outbuildings, fences, retaining walls and erections thereon whether heretofore or hereafter erected, and includes vacant property.
- W. **REPAIR** — Includes the provision of facilities, the making of additions or alterations or the taking of any other action that may be required to ensure that a property conforms with the standards established in a by-law passed under this section. All repairs shall be made in a good workmanlike manner with materials that are suitable and sufficient for the purpose and free from defects. The requirement that repairs be made in a "good workmanlike manner" includes, ensuring the component repaired can perform its intended function and finishing the repair in a manner reasonably compatible in design and color with adjoining decorative finishing materials. Repairs shall be made with "materials that are suitable and sufficient for the purpose" includes a requirement for materials reasonably compatible in design and color with adjoining decorative finishing materials.
- X. **RESIDENTIAL PROPERTY** — Land, a building or structure used, capable of being used, designed or intended for residential use.
- Y. **RETAINING WALL** — A wall or similar structure built to hold back, confine, or sustain the pressure from a bank of earth, loose stone or fill material separating two grade levels

APPENDIX 14

- Z. SANITARY FACILITIES** — A room or rooms containing 1 or more toilets, washbasins, bathtubs or showers or any combination thereof and includes a toilet room.
- AA. SECTION 504 of the REHABILITATION ACT of 1973 (24 CFR§8.22)** — Federal law prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including the U.S. Department of Housing and Urban Development (HUD) as well as in programs conducted by federal agencies including HUD. This regulation requires that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Both individual units and the common areas in the building must be accessible.
- BB. SEWAGE SYSTEM** — The City sanitary sewer system or a private sewage disposal system approved by the City.
- CC. SPECIFICATIONS** — Sometimes referred to as "written rehabilitation standards" or "specs," that identify the minimum acceptable grades and types of materials to be used and to provide the basis for how materials and equipment shall be installed.
- DD. STORY** — The portion of a building that is situated between the top of any floor and the top of the floor next above it; or that is situated between the top of the floor and the ceiling above the floor, if there is no floor above it
- EE. VEHICLE** — Includes a motor vehicle, trailer, traction engine, farm tractor, road-building machine, bicycle and any vehicle drawn, propelled or driven by any kind of power, including muscular power.
- FF. WORKMANSHIP** — refers to the quality of the work performed by a craftsman.
- GG. YARD** — the land within the boundary lines of the property and not occupied by the principal building;



**City of Houston Housing and Community Development Department
Minimum Property Standard for
New Construction and Reconstruction of
Multifamily Rental Housing**

OVERVIEW & APPLICABILITY

The standards contained in this document establish the minimum property standards for New Construction and Reconstruction under the City of Houston's (COH) Multifamily Rental Housing Program.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing. The minimum standard ensures the property must be free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, and those conditions which may impair the customary use of the property. Fire safety and the structural soundness of the dwelling must be insured as well. In addition to these standards all units must comply with the more restrictive of the following:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing
- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations, and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

MINIMUM STANDARDS FOR PROPERTY EXTERIOR

GRADING & DRAINAGE OF PROPERTY

1. Entire property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, within or around any building or structure located on the premises.
2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
3. All rainwater shall be drained and conveyed from every roof so as not to cause dampness/ damage to walls, ceilings, or floors of any habitable rooms, bathroom, toilet room, laundry room, or any other type of room therein.
4. Nowhere on the property shall there be standing water that causes a public health hazard.

NON-DWELLING STRUCTURES

Every foundation, wall, roof, window, door, hatchway, and every other entryway of every non-dwelling structure shall be constructed in a way to prevent the structure from becoming a harborage for rodents, snakes, vermin, and insects, and shall be kept in a state of maintenance and repair.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. All walkways, sidewalks and parking lots are to be designed to comply with all requirements of section 504 of the Rehabilitation Act of 1973 (24 CFR§8.22 & 23) and the Fair Housing Act (24 CFR§100.205).
2. A walkway shall be provided from the principal entrance of every building to a public street or parking lot area.
3. Parking lots are to be graded and drained to prevent ponding of water and to direct the flow of water away from the walls of all buildings.
4. Parking lots are to be provided with suitable markings to indicate parking spaces, fire lanes and the markings shall be maintained so as to be clearly visible.
5. Where parking spaces are adjacent to a building, property line, sidewalks or walking paths, parking stops or a 6" vertical curb shall be provided shall be properly anchored and secured, and properly aligned and positioned to each parking space.
6. Parking lots shall contain adequate lighting.

MISCELLANEOUS

1. Swimming pools, decorative fountains or retention ponds must be enclosed by a fence suitable to prevent unwanted activities or unsupervised children access to those areas. Entrance locations must have acceptable locking hardware.

2. The entire property must be enclosed by a minimum 6' fence constructed of masonry, metal, chain link, wood, or wood composite. Fence structure must be secure enough to withstand wind and rain.

FOUNDATIONS, EXTERIOR WALLS, ROOFS, SOFFITS & FASCIA

1. Every building shall have a foundation acceptable for construction under the provisions of the local building codes, and shall be sound, reasonably plumb, as designed by registered structural engineer.
2. Every foundation, exterior wall, roof, soffit, fascia and all component parts shall be weather tight, watertight, rodent proof, and insect-proof and shall be kept in a state of maintenance and repair.

EXTERIOR WALL

1. All exterior wood surfaces of all non-dwelling structures shall be properly protected from the elements and from decay and rot by lead-free paint or other approved protective coatings.
2. All exterior walls must be of standard construction with a minimum 2x4's at 16 inches on center when appropriate. Insulation sheathing shall be installed on the exterior, covered with an approved exterior siding material.
3. All exterior surface material shall be protected from weather and the elements by lead-free paint or other protective coatings i.e., stain, in accordance with industry recognized standards. The exception to painting shall be all types of exterior materials acceptable to weathering without deterioration, i.e., siding.

WINDOWS & EXTERIOR DOORS

1. All windows and doors must be Energy Star rated.
2. Every habitable room shall have at least one (1) open air space. The minimum total window area, measured between stops, for every habitable room shall be as follows:
 - a. 1/12 of the floor area if two or more separate windows exist, or;
 - b. 1/10 of the floor area if only one window exists;
 - c. A minimum of 12 square feet of window area is required in habitable rooms other than kitchens;
3. Every window sash shall be fully equipped with glass windowpanes, which are without cracks or holes, and all panes shall be secured with an adequate amount of putty. Said putty shall not be cracked, broken or missing.
4. Every window, door and frame shall be constructed and maintained in such relation to the adjacent wall construction, so as to exclude rain, as completely as possible and to the maximum extent feasible substantially exclude wind from entering the dwelling or structure, i.e., it must have adequate weather-stripping. Every window sash shall be in good condition and shall fit tightly within its frame.
5. Every window, other than a "fixed window", shall be capable of being easily opened and shall be held in position by window hardware in accordance with manufacturer's design.

APPENDIX 14

6. Every front, rear and side door shall be not less than 3'0" in width and not less than 6' 6" in height, except where larger doors and doorways are required.
7. All exterior doors to the outside or to a common public hall shall be solid core and be equipped with security locks.
8. All windows shall have a security device/lock.
9. Every exterior and interior door, door hinge, and door latch and/or lock shall be installed in good working condition.

ROOF COVERING

All roofs must have a minimum 4" to 1'-0" roof pitch. Every roof of a building, and all its components, shall be weather-tight, free from leaks, prevent ponding of water, be free from unsecured or unsafe objects and materials, and have a 25 year minimum life on the materials.

VENTILATION

1. Every window opening to outdoor space, intended to provide for required ventilation, shall be supplied with screens covering the required ventilation area.
2. The material used for all such screens shall be not less than 16 mesh per inch and shall be properly installed to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed, provided, they are properly installed and prevent the entrance of flies, mosquitoes or other insects.
3. A kitchen or bathroom is acceptable without a window area, provided, there is a mechanical means of ventilation.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Every interior and exterior stairway, every porch and every appurtenance thereto shall be so constructed as to be safe to use and capable of supporting the load that normal use may cause to be placed thereon.
2. Handrails are not required for interior stairs having not more than 2 risers and serving a single dwelling unit and exterior stairs having not more than 3 risers and serving a single dwelling unit.
3. Handrails are required for all exterior stairs and balconies.
4. All balconies and platforms, which are 30" or more above grade, shall have a protective railing not less than 36" in height above the balcony or platform level.
5. All multiple dwellings shall have a second exit stairway or approved fire escape available to all occupants from the second floor and above of all such structures.

ELECTRICAL & EXTERIOR LIGHTING

1. Public halls, buildings and stairways shall be lighted at all times with an artificial lighting system. The said system shall provide at least 2 foot candles of illumination on all parts thereof, at all times, by means of properly located electric light fixtures, provided, that such

APPENDIX 14

artificial lighting may be omitted from sunrise to sunset where an adequate amount of natural light is provided. Whenever the occupancy of the building exceeds 100 persons, the artificial lighting system as required herein, shall be on an emergency circuit.

2. The required intensity of illumination shall apply to both natural and artificial lighting.

MINIMUM STANDARDS FOR PROPERTY INTERIOR

MINIMUM CEILING HEIGHT

1. All habitable rooms in a dwelling or dwelling unit shall have a minimum ceiling height of 7'-6".
2. All rooms, except kitchen and/or kitchenettes and baths, shall have a minimum width of 7'-0".
3. At least 1/2 of the floor area of every habitable room located above the 1st floor shall have a ceiling height of 7'-6", and the floor area of that part of any room where the ceiling height is less than 5' shall not be considered as part of the floor area in computing the total floor area of the room for the purpose of determining maximum floor area.

DWELLING ROOMS, FLOORS & DOORS

1. Minimum Room configurations and sizes shall be as follows:
 - a. The minimum standard in a dwelling unit is as follows: One functional toilet with seat, lavatory, towel rack, ring or hook, and either a shower or a bathtub. Any additional baths in a unit, at minimum, must contain one functional toilet with seat, towel rack, ring or hook and a lavatory.
 - b. Single bedrooms shall be at least 100 square feet in area with the room having a minimum dimension on one side of 8'-0". Bedrooms accessed off another bedroom shall not count as a separate room.
 - c. Living rooms shall be at least 80 square feet in area.
 - d. All bedrooms must have access to closets for storage of clothing.
2. Every occupant of every dwelling unit shall have unrestricted access to a toilet, to a bath, and to a kitchen sink and lavatory basin located within that dwelling unit. No dwelling or dwelling unit containing (2) or more sleeping rooms shall have such room arrangement that access to a bathroom or toilet room intended for use by the occupants can be had only by going through another sleeping room or bathroom or toilet room.
3. Every bathroom, toilet room, kitchen and utility room floor surface shall be constructed and maintained so as to be substantially impervious to water and so as to permit such floor to be easily kept in a clean and sanitary condition.
4. Floor covering in bathroom shall be vinyl type or tile and shall be free from defects. Floor finishes shall be slip resistant when wet and shall be sealed around their edges with silicone sealant. Any flooring material that permits water to seep into the subfloor is unacceptable.
5. Laminate, wood, vinyl, or other similar types of flooring is not acceptable in flats above the ground floor level (except for kitchens and bathrooms), due to potential noise disturbance to tenants below.

APPENDIX 14

6. Dwelling units with 2 or more bedrooms shall have an additional storage area of at least 4 square feet per bedroom. This storage requirement does not necessarily have to be located in the bedrooms.
7. All bedrooms must have a functional door, which may be of hollow core material, which closes, and can be locked from the inside. The width must be at least 32".
8. All bathroom doors must be at least 24" wide by 6'-0" in height and have locking doorknobs from the inside of the bathroom or have other ways of locking the door (standard bathroom door knobs).

KITCHEN FACILITY (EXCEPT FOR SINGLE ROOM OCCUPANCY (SRO))

1. Every dwelling unit shall have a kitchen room or kitchenette equipped with the following:
 - a. **Kitchen Sink** - an approved kitchen sink, properly connected to both hot and cold running water lines, properly functions under normal pressure, and maintained in working order.
 - b. **Stove** - a stove (gas or electric), properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended. Installation of overhead fans is required over the cooking area. (Stoves may not be required in some efficiency size apartments when approved by the Director.)
 - c. **Refrigerator** - a refrigerator, properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended.
2. **Work Space & Utilities** - if tenants are required to furnish their own appliances, the landlord shall furnish sufficient space and all required electrical connections, properly installed, to facilitate the use of said appliances.
3. Every dwelling unit in which meals are prepared shall have a sink that is installed in a counter having a backsplash and a drain board made of material impervious to water. The sink shall be connected to an adequate supply of potable running hot and cold water and be connected to the drainage system of the dwelling unit.
4. Sinks and faucets must meet minimum applicable standards. Sink and a backsplash shall be water and grease resistant.
5. Every dwelling unit shall have a work surface of at least 8 square feet, which shall be impervious to grease and water and a space sufficient to accommodate a cooking range or countertop cooking unit, beside or in the countertop and without placing the device in a doorway or a path of egress.
6. Cabinets, cupboards or pantry for the storage of food, dishes, and cooking utensils shall be provided.
7. Stove shall be either gas or electric and oven shall be clean and provided with shelves. Installation of overhead fans may require installation of a cabinet for attachment of the fan.
8. Each kitchen in a dwelling unit shall have an approved, connected and operating gas or electrical supply for cooking and refrigeration appliances.
9. GFCI (ground fault circuit interrupter) outlet receptacles will be required on all counter tops within 6'-0" of sink areas.

10. Minimum lighting in kitchens will consist of one lighting fixture in the kitchen cooking area and 1 lighting fixture in any adjoining eating/dining area.
11. The refrigerator/freezer shall have a minimum capacity of at least 18 cu ft (refrigerator) and 4 cu ft (freezer) (Smaller refrigerators may be allowed in some efficiency size apartments when approved by the Director.)

BATHROOM FACILITIES

1. Every dwelling unit shall contain a bathroom equipped with the following items:
 - a. **A toilet** equipped with adequate running water connected to the water supply. The toilet shall be clean, secure, and free of defects, with a secure seat and the bowl shall fill at a reasonable rate. Toilet needs to be connected only to a cold water supply. No toilet or urinal shall be located within a habitable room.
 - b. **A wash basin/sink** that shall be located in or adjacent to every room that contains a toilet or urinal. Fixtures shall be connected with an adequate supply of potable, hot and cold running water. The sink must have a proper drain with P-trap and be vented to the outside. A water resistant back splash shall be provided of a minimum height of 4" that is sealed around the edges with bathroom grade silicone sealant.
 - c. **A bathtub/shower** may be in the same room as the toilet and lavatory or in a separate room. The bathtub shall be of a reasonable design so as not to give rise to a slipping hazard to those who use the shower. Bathtub and shower walls shall be covered to a height sufficient to protect the walls from water penetration. Bathtub shall be fitted securely and there shall be no leaks. All shower bases shall be adequately sealed and a curtain rod or door shall be provided of a sufficient standard to prevent water damage to the floor.
 - d. **A toilet paper roll holder & towel bar** shall be provided within 12" of toilet or tub.
 - e. **Medicine cabinet & mirror** Medicine cabinets that will limit access by children and a minimum 2'x2' mirror are required in all full baths.
 - f. **Light fittings** shall be of a sealed type appropriate for bathrooms.
 - g. **Ventilation** shall be provided.
2. Every toilet and every bath shall be contained in a room or within separate rooms, which affords privacy to a person within said room or rooms.
3. All bathrooms and toilet rooms shall be located within an area accessible from within the building.
4. Every communal bath shall be located within a room or rooms accessible to the occupants of each dwelling unit sharing such facilities, without going through a dwelling unit of another occupant and without going outside of the dwelling.
5. Toilets and bathrooms shall have doors with a privacy-type lock.

APPENDIX 14

PLUMBING

1. Every dwelling unit shall contain at least the minimum number and types of working plumbing fixtures, consisting of a water closet; a hand wash basin; and a bathtub or shower.
2. Every supplied facility, piece of equipment, or utility which is required under this section, shall be constructed and installed in safe, sanitary working condition, free from leaks, defects and obstructions.
3. Every dwelling and every building to which water is available under pressure through piping shall be provided with piping for hot and cold water connected to every kitchen fixture, every washbasin, bathtub, shower, sink and laundry area; and piping for cold water connected to every toilet and hose bib.
4. Water taps shall be free of defects with no leaks or drips and in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems. The type of water tap to be fitted should have a ceramic disc washer and should be quarter turn or lever operated.
5. Every dwelling shall have supplied water-heating facilities which are properly installed, in working condition, and free of leaks; properly connected to any required hot water lines; and capable of heating water to be drawn for every bath as well as general usage.
6. Hot water storage associated with water heating facilities shall be not less than the following minimum capacities:
 - a. One (1) dwelling unit - 30 gallons
 - b. Two (2) dwelling units - 40 gallons
 - c. Three (3) or more dwelling units and rooming houses - 50 gallons or more
7. Sizes and/or number of water heaters shall be based upon the number of units served. No water heaters shall be allowed in sleeping rooms, bathrooms or closets, unless closet is dedicated for the purpose of housing plumbing and mechanical equipment. Water heaters in a utility room are acceptable. All water heaters shall be properly vented and sealed and shall be equipped with a pressure relief valve and drip leg.

VENTILATION

1. Every bathroom, toilet room, and kitchen shall comply with the light and ventilation requirements for habitable rooms contained above, except that no window shall be required in adequately ventilated bathrooms, toilet rooms or kitchens equipped with a ventilation system installed in good working condition and located to ensure its proper operation.
2. All bedrooms must have an egress window in addition to the door. Egress windows must be no more than 44" from the floor and permit at least 5.7 square feet of egress area. Windows must be operable, have locking mechanisms, and provide for ventilation. If there are living accommodations in a basement, an egress window is required.
3. All bathrooms must have an operational window, electric vent fan, or other acceptable method of ventilation.
4. Ceiling fans installed in general living areas shall be Energy Star rated and installed to manufacturer's requirements.

APPENDIX 14

ELECTRICAL & LIGHTING

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. Every habitable room within such dwelling shall contain, at a minimum, 2 separate and remote wall type electric convenience outlets.
3. Habitable rooms over 120 square feet, shall contain, at a minimum, 3 separate and remote wall type electric convenience outlets. All newly installed outlets shall be grounded type outlets.
4. Temporary wiring or extension cords shall not be used as permanent wiring.
5. All receptacles in the kitchen, bathroom and lavatory, must be GFCI type (Ground Fault Circuit Interrupter) and outlets must be provided within 6 feet from any sink or lavatory.
6. Receptacle convenience outlets installed on the exterior of the structure or on open porches, breezeways, garages, utility rooms, etc. shall be of the GFCI type. All electric lighting fixtures installed on the exterior shall be of the type approved for exterior use.
7. All heavy duty appliances, i.e., window air conditioners, freezers, refrigerators, electric stoves, washers, electric dryers, microwaves, etc., shall be supplied with their own dedicated outlet(s) on separate circuits, as applicable.
8. Outlets are required to permit coverage of the entire room by an appliance with a 6 foot cord.
9. Every habitable room shall have at least 1 ceiling or wall type electric light fixture, controlled by a wall switch, or a wall type grounded electric convenience outlet controlled by a remote switch in the interior of the room next to the entrance.
10. Every toilet room, bathroom, laundry, and hallway (where applicable) shall contain at least 1 supplied ceiling or wall type electric light fixture, controlled by a wall switch, and at least 1 wall type grounded electric convenience outlet. Wall type convenience outlets used in bathrooms and kitchens shall be the GFCI type.
11. Light switches in an open staircase must be double switched at the top and bottom of the stairs. Living quarters will be electrically switched at entrances. Weather proof exterior lighting at the front and back doors must be provided, and these lights must be switched from the interior at the entrance.

HEATING & AIR CONDITIONING FACILITIES

1. Each dwelling unit shall be supplied with its own heating & air condition system that is properly installed, in safe and good working condition, and be capable of adequately heating and cooling all habitable rooms, bathrooms, and toilet rooms contained therein to a temperature of at least 72°F measured at a distance of 36" above floor level under ordinary winter and summer conditions. Heating & air conditioning system must be adequate for healthful and comfortable living conditions.
2. Air conditioning equipment shall be installed in accordance with the manufacturer's specifications.
3. Every central heating & air condition units shall be located and installed with the following:

APPENDIX 14

- a. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended and in such a manner so as to afford protection against involvement of egress facilities or egress routes in the event of uncontrolled fires in the structure.
 - b. Every fuel burning heating unit or water heater shall be effectively vented in a safe manner to a chimney or duct leading to the exterior of the building. The chimney duct and vents shall be of such a design as to assure proper draft and shall be adequately supported.
 - c. Every steam or hot water boiler and every water heater shall be protected against overheating by appropriate temperature and pressure controls.
 - d. A thermostat that controls both heating and cooling should be located near the return air grill.
4. A/C condenser units shall be a minimum 14 SEER rating. All units shall be installed in a non-obstructed area and well supported on a level surface.
 5. The condenser unit's refrigerant line (larger line) must be insulated, and have secured wiring and connections. An electric disconnect switch shall be installed for maintenance and repairs.

SMOKE DETECTORS

1. All residential structures shall have U.L. approved "hard wired" smoke detectors , properly installed in all bedrooms and in area adjacent to bedrooms in accordance with manufacturer's instructions .
2. When more than one smoke alarm is required in an individual dwelling unit the alarm devices shall be interconnected in such a manner that the actuation of one alarm will activate all of the alarms in the individual unit. The alarm shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed.

ENERGY CONSERVATION

All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

1. Installation of insulation or the installation of additional insulation, especially in the attic/ceiling areas: The recommended level for ceiling insulation is to a resistance factor of R-30, wherever possible.
2. An air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. The minimum R factor is R-19 or R-13 plus R-5 foam. The installation of fan-fold foam or foam sheathing may be added to increase household R-ratings.
3. The installation of weather stripping at all exterior doors and windows is required. Doors shall be Energy Star rated. Door jams will be sealed and thresholds will be caulked.
4. Provide caulking around exterior doors and windows, at the foundation/sill plate union, and at other air-infiltration areas.
5. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces.

APPENDIX 14

Similarly, distribution piping for general use hot water shall also be protected from heat loss where such piping is located in unheated spaces. All water distribution piping shall be protected from freezing.



City of Houston Housing and Community Development Department Minimum Property Standard for Rehabilitation Construction for Multifamily Rental Housing

OVERVIEW

The standards contained in this document establish the minimum property standard for Rehabilitation Construction under the City of Houston's Multifamily Rental Housing Program.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing rehabilitation projects. It is to provide guidance to achieving those **minimum standards in the areas of work which your project may address**. This document **does not mandate that all the outlined areas are undertaken as a part of your project**. This minimum standard is designed to ensure that the property is free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, and those conditions which may impair the customary use of the property. Fire safety and the structural soundness of the dwelling must be insured as well. In addition to these standards all units must comply with the more restrictive of the following for any work undertaken:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required by the pertaining Municipality.
- The Lead Based Paint regulations as described in 24 CFR, Part 35 for units built before 1978.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing
- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

APPENDIX 14

MINIMUM STANDARDS FOR PROPERTY EXTERIOR

GRADING AND DRAINAGE OF PROPERTY

1. Entire property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, within or around any building or structure located on the premises.
 2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
 3. All rainwater shall be drained and conveyed from every roof so as not to cause dampness/ damage to walls, ceilings, or floors of any habitable rooms, bathroom, toilet room, laundry room, or any other type of room therein.
 4. If present, all rainwater draining devices such as gutters and downspouts shall be kept in a state of maintenance and repair.
- Nowhere on the property shall there be standing water that causes a public health hazard.

NON-DWELLING STRUCTURES

Every foundation, wall, roof, window, door, hatchway, and every other entryway of every non-dwelling structure shall be constructed in a way to prevent the structure from becoming a harborage for rodents, snakes, vermin, and insects.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. All walkways, sidewalks and parking lots are to be designed and monitored in accordance with section 504 of the Rehabilitation Act of 1973 (24 CFR§8.22 & 23) and the Fair Housing Act (24 CFR§100.205).
2. A walkway shall be maintained from the principal entrance of every building to a public street or parking lot area.
3. Parking lots shall be appropriately sloped so as to prevent ponding of water and to direct the flow of water to the appropriate storm drainage infrastructure.
4. Paved parking lots shall have clearly visible and suitable markings to indicate parking spaces and fire lanes.
5. Parking stops or a 6" vertical curb shall be provided where parking spaces are adjacent to a building, property line, sidewalks or walking paths, shall be properly anchored and secured, and properly aligned and positioned to each parking space.
6. Parking lots shall contain adequate lighting.

MISCELLANEOUS

1. Swimming pools, decorative fountains or retention ponds must be enclosed by a fence suitable to prevent unwanted activities or unsupervised children access to those areas. Entrance locations must have acceptable locking hardware.

2. The entire property must be maintained and enclosed by a minimum 6' fence constructed of masonry, wood, wood composite, chain link, or metal. Fence structure must be secure enough to withstand wind and rain.

FOUNDATIONS, EXTERIOR WALLS, ROOFS, SOFFITS & FASCIA

1. Every building shall have a foundation acceptable under the provisions of the local building codes and shall be sound, reasonably plumb, and adequate to carry the loads imposed on them. At the City's sole discretion, reports from certified/licensed professionals commenting on the condition/suitability of the foundations may be required.
2. Every foundation, exterior wall, roof, soffit, fascia and all component parts shall be maintained to be weather tight, watertight, rodent proof, and insect-proof.

EXTERIOR WALL SURFACES

1. All exterior wood surfaces of all non-dwelling structures shall be properly protected from the elements and from decay and rot by lead-free paint or other approved protective coatings. If units are constructed on or before 1978, treatment of all applicable surfaces shall be in full compliance with the Lead Base Paint regulations as found at 24 CFR Part 35, including all future amendments as published by HUD.
2. A lead-based paint analysis must be conducted on structures constructed prior to 1978. If testing reveals the existence of lead-based paint surfaces, they must be removed or covered as prescribed by HUD Lead-Based Paint regulations.
3. All exterior walls framing, exposed during the course of the rehabilitation must be of standard construction with a minimum 2x4's at 16 inches on center, when appropriate. Insulation sheathing shall be installed on the exterior, covered with an approved exterior siding material.
4. All exterior surface material shall be protected from weather and the elements by lead-free paint or other protective coatings i.e., stain, in accordance with industry recognized standards. The exception to painting shall be all types of exterior materials acceptable to weathering without deterioration, i.e., siding.
5. Every exposed ceiling or exterior wall of a residential building when opened or replaced during the course of alterations or renovations shall be insulated, in order to minimize heat loss, air infiltration and moisture condensation on the interior surfaces, in accordance with the local building codes.

WINDOWS & EXTERIOR DOORS

1. All windows and doors being replaced must be Energy Star rated.
2. Every habitable room shall have at least one (1) open air space. The minimum total window area, measured between stops, for every habitable room shall be as follows:
 - a. 1/12 of the floor area if two or more separate windows exist, or;
 - b. 1/10 of the floor area if only one window exists;
 - c. A minimum of 12 square feet of window area is required in habitable rooms other than kitchens;

3. Every window sash shall be fully equipped with glass windowpanes, which are without cracks or holes, and all panes shall be secured with an adequate amount of putty. Said putty shall not be cracked, broken or missing.
4. Every window, door and frame shall be constructed and maintained in such relation to the adjacent wall construction, so as to exclude rain, as completely as possible and to the maximum extent feasible substantially exclude wind from entering the dwelling or structure, i.e., it must have adequate weather-stripping. Every window sash shall be in good condition and shall fit tightly within its frame.
5. Every window, other than a "fixed window", shall be capable of being easily opened and shall be held in position by window hardware in accordance with manufacturer's design.
6. Every front, rear and side door shall be not less than 2' 4" in width and not less than 6' 6" in height, except where larger doors and doorways are required to accommodate handicapped access.
7. All exterior doors to the outside or to a common public hall shall be solid core and be equipped with adequate security locks.
8. All windows shall have a security device/lock.
9. Every exterior and interior door, door hinge, and door latch and/or lock shall be in good working condition, function as originally intended, and when closed, shall fit well within its frame.

ROOF COVERING

1. All pitched roofs must have a minimum 4" to 1'-0" roof pitch.
2. Whenever feasible, in one to three story stick and brick construction, flat roofs over dwelling units should be eliminated in favor of pitched roofs.
3. Reconstruction of the roof should occur whenever the damaged area is wider than 9 feet on the stooped side and leaking cannot be prevented by installation of rolled roofing or rubberized roofing membrane.
4. Every roof of a building, and all its components, shall be weather-tight, free from leaks, prevent ponding of water, be free from unsecured or unsafe objects and materials, and have a 25 year minimum life on the materials.

VENTILATION

1. Every window opening to outdoor space, intended to provide for required ventilation, shall be supplied with screens covering the required ventilation area.
2. The material used for all such screens shall be not less than 16 mesh per inch and shall be properly installed, to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed, provided, they are properly installed and are bug and insect tight.
3. A kitchen or bathroom is acceptable without a window area, provided, there is a mechanical means of ventilation in working order.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Every interior and exterior stairway, every porch, and every appurtenance thereto shall be so constructed as to be safe to use and capable of supporting the load that normal use may cause to be placed thereon.
2. Handrails are not required for interior stairs having not more than 2 risers and serving a single dwelling unit and exterior stairs having not more than 3 risers and serving a single dwelling unit.
3. All balconies and platforms, which are 30" or more above grade, shall have a protective railing not less than 36" in height above the balcony or platform level.
4. All multiple dwellings shall have a second exit stairway or approved fire escape available to all occupants from the second floor and above of all such structures.

ELECTRICAL & EXTERIOR LIGHTING

1. Public halls, buildings and stairways shall be lighted at all times with an artificial lighting system. The said system shall provide at least 2 foot candles of illumination on all parts thereof, at all times, by means of properly located electric light fixtures, provided, that such artificial lighting may be omitted from sunrise to sunset where an adequate amount of natural light is provided. Whenever the occupancy of the building exceeds 100 persons, the artificial lighting system as required herein, shall be on an emergency circuit.
2. The required intensity of illumination shall apply to both natural and artificial lighting.
3. All electric panel boxes shall be properly labeled and accessible from either the interior or exterior of the dwelling unit. The electrical switch boxes on the exterior must be capable of being locked, but must allow emergency access. If the unit's panel box is located on the exterior of the unit, it must be locked, but access by the tenant must be provided at all times to address tripped breakers.

PLUMBING - WATER SUPPLY

All dwelling units shall be connected to a municipal water supply..

MINIMUM STANDARDS FOR PROPERTY INTERIOR

MINIMUM CEILING HEIGHT

1. Wherever possible, all habitable room in a dwelling or dwelling unit shall have a minimum ceiling height of 7'-6".
2. All rooms, except kitchen and/or kitchenettes and baths, shall have a minimum width of 7'-0" unless such provision would require major additional reconstruction.
3. At least 1/2 of the floor area of every habitable room located above the 1st floor shall have a ceiling height of 7'-6", and the floor area of that part of any room where the ceiling height is less than 5' shall not be considered as part of the floor area in computing the total floor area of the room for the purpose of determining maximum floor area.

DWELLING ROOMS, FLOORS & DOORS

1. If the project includes redesigning floor plans Minimum Room configurations and sizes shall be as follows:
 - a. single bedrooms shall be at least 100 square feet in area with the room having a minimum dimension on one side of 8'-0".
 - b. Bedrooms accessed solely through another bedroom shall not count as a separate room.
 - c. Living rooms shall be at least 80 square feet in area. Rooms of less than 50 square feet cannot be used as living rooms or bedrooms.
 - d. All bedrooms must have access to closets for storage of clothing. On existing housing, closets in adjoining hall areas are acceptable.
2. Every occupant of every dwelling unit shall have unrestricted access to a toilet, to a bath, and to a kitchen sink and lavatory basin located within that dwelling unit. No dwelling or dwelling unit containing 2 or more sleeping rooms shall have such room arrangement that access to a bathroom or toilet room intended for use by the occupants can be had only by going through another sleeping room or bathroom or toilet room.
3. Every bathroom, toilet room, kitchen and utility room floor surface shall be constructed and maintained so as to be substantially impervious to water and so as to permit such floor to be easily kept in a clean and sanitary condition.
4. Carpeting in bathrooms is generally not considered an appropriate floor material.
5. Laminate, wood, vinyl, or other similar types of flooring is not acceptable in flats above the ground floor level (except for kitchens and bathrooms), due to potential noise disturbance to tenants below.
6. Floor covering in bathroom shall be vinyl type or tile and shall be free from defects. Floor finishes shall be slip resistant when wet and shall be sealed around their edges with silicone sealant. Any flooring material that permits water to seep into the subfloor is unacceptable.
7. When possible, dwelling units with 2 or more bedrooms shall have a storage floor area of at least 4 square feet per bedroom. This storage requirement does not necessarily have to be located in the bedrooms.

APPENDIX 14

8. All bedrooms must have a functional door, which may be of hollow core material, which closes, and can be locked from the inside. The width must be at least 32".
9. All bathroom doors must be at least 24" wide by 6'-0" in height and have locking doorknobs from the inside of the bathroom or have other ways of locking the door (standard bathroom door knobs).

KITCHEN FACILITY (EXCEPT FOR SINGLE ROOM OCCUPANCY (SRO))

1. Every dwelling unit, shall have a kitchen room or kitchenette equipped with the following:
 - a. **Kitchen Sink** - an approved kitchen sink, properly connected to both hot and cold running water lines, under pressure, and maintained in working order.
 - b. **Stove** - a stove (gas or electric), properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended. Installation of overhead fans is required over the cooking area. (Stoves may not be required in some efficiency size apartments when approved by the Director.)
 - c. **Refrigerator** - a refrigerator, properly connected to the source of power, maintained in working order, and capable of supplying the service for which it is intended.
 - d. **Work Space & Utilities** - if tenants are required to furnish their own appliances, the landlord shall furnish sufficient space and all required electrical connections, properly installed, to facilitate the use of said appliances.
2. Every room in which meals are prepared in a dwelling unit shall have a sink that is installed in a counter having a backsplash and a drain board made of material impervious to water. The sink shall be connected to an adequate supply of potable running hot and cold water and be connected to the drainage system of the dwelling unit.
3. Sinks and faucets must meet minimum applicable standards. Sink and backsplash shall be water and grease resistant. P-traps and other drain components under the sink shall be metal and or PVC material.
4. Every dwelling unit in which meals are prepared shall have a work surface of at least 8 square feet, which shall be impervious to grease and water.
5. All counter tops showing evidence of wear, water damage, uplifting of surface material, etc. must be replaced. Replacement counter tops may include prefabricated laminated counter tops when walls are sufficiently square. When walls are not square and constructed of plaster materials, counter tops must be built in place, using acceptable materials and designed appropriately for functional use. Granite may be used when cost is not substantially greater than other commonly used materials.
6. Every reasonable effort shall be made to provide cabinets, cupboards or pantry for the storage of food, dishes, and cooking utensils.
7. When a cabinet's level of wear makes it unsanitary or nonfunctional, it shall be replaced.
8. Stove shall be either gas or electric and oven shall be clean and provided with shelves. Installation of overhead fans may require installation of a cabinet for attachment of the fan.
9. Each kitchen in a dwelling unit shall have an approved, connected and operating gas or electrical supply for cooking and refrigeration appliances.

APPENDIX 14

10. GFCI (ground fault circuit interrupter) outlet receptacles will be required on all counter tops within 6'-0" of sink areas.
11. Minimum lighting in kitchens will consist of 1 lighting fixture in the kitchen cooking area and one lighting fixture in an adjoining eating/dining area.
12. Every reasonable effort shall be made to provide space in the kitchen sufficient to accommodate a refrigerator/freezer having a minimum capacity of at least 18 cubic feet (refrigerator) and 4 cubic feet (freezer) without impeding accessibility to other areas of the kitchen.

BATHROOM FACILITIES

1. Every dwelling unit shall contain a bathroom equipped with the following items:
 - a. **A toilet** equipped with adequate running water connected to the water supply. The toilet shall be clean, secure, free of defects, with a secure seat, and the bowl shall fill at a reasonable rate. Toilet needs to be connected only to a cold water supply. No toilet or urinal shall be located within a habitable room.
 - b. **A wash basin/sink** that shall be located in or adjacent to every room that contains a toilet or urinal. Fixtures shall be connected with an adequate supply of potable, hot and cold running water and must have hot and cold water knobs and must be in good functioning condition. The sink must have a proper drain with P-trap and be vented to the outside. A water resistant back splash shall be provided of a minimum height of 4" that is sealed around the edges with bathroom grade silicone sealant.
 - c. **A bathtub/shower** may be in the same room as the toilet and lavatory or in a separate room. The bathtub shall be of a reasonable design so as not to give rise to a slipping hazard to those who use the shower. Bathtub and shower walls shall be covered to a height sufficient to protect the walls from water penetration. Bathtub shall be fitted securely and there shall be no leaks. All shower bases shall be adequately sealed and a curtain rod or door shall be provided of a sufficient standard to prevent water damage to the floor.
 - d. **A toilet roll holder & towel bar** shall be provided within 12" of toilet or tub.
 - e. **Medicine cabinet & mirror** Medicine cabinets that will limit access by children and a minimum 2'x2' mirror are required in all full baths.
 - f. **Light fittings** shall be of a sealed type appropriate for bathrooms.
 - g. **Ventilation** shall be provided.
2. Every toilet and every bath shall be contained in a room or within separate rooms, which affords privacy to a person within said room or rooms.
3. All bathrooms and toilet rooms shall be located within an area accessible from within the building.
4. Every communal bath shall be located within a room or rooms accessible to the occupants of each dwelling unit sharing such facilities, without going through a dwelling unit of another occupant and without going outside of the dwelling.
5. Toilets and bathrooms shall have doors with a privacy-type lock and such doors, locks and hardware shall be operable.

APPENDIX 14

6. When there is decaying ceramic or plastic tile in bath or shower areas, the deteriorated area must be removed. Water proof sheetrock must be installed, and old or new tile reinstalled, grouted, and caulked. Backsplashes above sinks may also be required depending on the condition and layout of sinks and other plumbing.

PLUMBING

1. Every dwelling unit shall contain a minimum number and type of working plumbing fixtures, consisting of a water closet, a hand wash basin, and a bathtub or shower.
2. Every supplied facility, piece of equipment, or utility which is required under this section, shall be constructed or installed in safe, sanitary working condition, free from leaks, defects and obstructions.
3. Potable water supply piping, water discharge outlets, backflow prevention devices or similar equipment shall not be so located as to make possible their submergence in any contaminated or polluted liquid or substance.
4. Every dwelling and every building shall be provided with piping for hot and cold water connected to every kitchen fixture, every washbasin, bathtub, shower, sink and laundry area; and piping for cold water connected to every toilet and hose bib.
5. Water taps shall be free of defects with no leaks or drips and in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems. Traditional screw machine head taps should be avoided. The type of water tap to be fitted should have a ceramic disc washer and should be quarter turn or lever operated.
6. Every dwelling shall be connected to adequate water-heating facilities which are properly connected to any required hot water lines; and capable of heating water to be drawn for every bath, as well as general usage.
7. Hot water storage associated with water heating facilities shall be not less than the following minimum capacities:
 - a. One (1) dwelling unit - 30 gallons
 - b. Two (2) dwelling units - 40 gallons
 - c. Three (3) or more dwelling units and rooming houses - 50 gallons or more
 - d. or the property must contain appropriately sized boilers.
8. No water heaters shall be allowed in sleeping rooms, bathrooms or closets, unless closet is dedicated for the purpose of housing plumbing and mechanical equipment. Water heaters in a utility room are acceptable. All water heaters shall be properly vented and sealed and shall be equipped with a pressure relief valve and drip leg.

VENTILATION

1. Every bathroom, toilet room, and kitchen shall comply with the light and ventilation requirements for habitable rooms contained above, except that no window shall be required in adequately ventilated bathrooms, toilet rooms or kitchens equipped with a ventilation system installed and located to ensure its proper operation.
2. Every habitable room shall have at least 1 window or skylight which can easily be opened, or be equipped with such other acceptable device to adequately ventilate the room.

APPENDIX 14

3. All bedrooms must have an egress window in addition to the door. Egress windows must be no more than 44" from the floor and permit at least 5.7 square feet of egress area. Windows must be operable, have locking mechanisms, and provide for ventilation. If there are living accommodations in a basement, an egress window is required.
4. All bathrooms must have an operational window, a functional electric vent fan, or other acceptable method of ventilation.
5. Ceiling fans installed in general living areas shall be Energy Star rated and installed to manufacturer's requirements.

ELECTRICAL & LIGHTING

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. Every habitable room within such dwelling shall contain at a minimum, 2 separate and remote wall type electric convenience outlets.
3. Habitable rooms over 120 square feet, shall contain, at a minimum, 3 separate and remote wall type electric convenience outlets. All newly installed outlets shall be grounded type outlets.
4. Temporary wiring or extension cords shall not be used as permanent wiring.
5. All receptacles in the kitchen, bathroom and lavatory, must be GFCI type (Ground Fault Circuit Interrupter) outlets and must be provided within 6'-0" from any sink or lavatory.
6. Receptacle convenience outlets installed on the exterior of the structure or on open porches, breezeways, garages, utility rooms, etc. shall be of the GFCI type. All electric lighting fixtures installed on the exterior shall be of the type approved for exterior use.
7. All heavy duty appliances, i.e., window air conditioners, freezers, refrigerators, electric stoves, washers, electric dryers, microwaves, etc., shall be supplied with their own dedicated outlet(s) on separate circuits, as applicable.
8. Outlets are required to permit coverage of the entire room by an appliance with a 6 foot cord. Use of extension cords is discouraged and additional outlets should be provided whenever possible to avoid their use.
9. Every habitable room shall have at least 1 ceiling or wall type electric light fixture, controlled by a wall switch, or a wall type grounded electric convenience outlet controlled by a remote switch preferably in the interior of the room next to the entrance.
10. Every toilet room, bathroom, laundry, furnace room, and hallway (where applicable) shall contain at least 1 supplied ceiling or wall type electric light fixture, controlled by a wall switch, and at least 1 wall type grounded electric convenience outlet. Wall type convenience outlets used in bathrooms and kitchens shall be the GFCI type.
11. Light switches in an open staircase, must be double switched at the top and bottom of the stairs. Living quarters should be electrically switched at entrances, unless impractical.

- e. A thermostat that controls both heating and cooling should be located near the return air grill.
- 6. A/C condenser units that will be replaced shall meet the minimum 14 SEER rating. All units shall be installed in a non-obstructed area, level and be well supported on a level surface.
- 7. The condenser unit's refrigerant line (larger line) must be insulated and have secured wiring and connections. An electric disconnect switch shall be installed for maintenance and repairs.

SMOKE DETECTORS

- 1. All residential structures shall have U.L. approved "hard wired" smoke detectors or battery operated smoke detectors, properly installed in all bedrooms and in area adjacent to bedrooms in accordance with manufacturer's instructions.
- 2. When more than one smoke alarm is required in an individual dwelling unit, the alarm devices shall be interconnected in such a manner that the actuation of one alarm will activate all of the alarms in the individual unit.
- 3. All smoke detectors shall be operable. The alarm shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed.

ENERGY CONSERVATION

All structures shall comply with certain energy conservation measures (U.S. Department of Energy recommendations). These measures include, but are not necessarily limited to, the following:

- 1. Installation of insulation or the installation of additional insulation, especially in the attic/ceiling areas. The recommended level for ceiling insulation is to a resistance factor of R-30, wherever possible.
- 2. When siding is being replaced and/or interior wall finishes of exterior walls are being replaced on a dwelling, such exterior walls are to be provided with insulation and at the recommended resistance factor (r-value) of R-11, or that which is allowed by the stud cavity space. In addition, an air infiltration barrier, such as Tyvek or approved equal, shall be installed on all exterior walls. If new walls are being framed and insulated, the minimum R factor is R-19 or R-13 plus R-5 foam. The installation of fan-fold foam or foam sheathing may be added to increase household R-ratings.
- 3. The installation of weather stripping at all exterior doors, windows, ground-entry basement doors, etc. is required. Doors, when replaced, shall be Energy Star rated. Door jams will be sealed and thresholds will be caulked.
- 4. Provide caulking around exterior doors and windows, at the foundation/sill plate union, and at other air-infiltration areas.
- 5. All heat ducts and hot water or steam heat distribution piping shall be insulated or otherwise protected from heat loss where such ducts or piping runs are located in unheated spaces. Similarly, distribution piping for general use hot water shall also be protected from heat loss where such piping is located in unheated spaces. All water distribution piping shall be protected from freezing.
- 6. Replacement of single pane window units with thermal units or, the installation of combination storm windows if the single window units will not be replaced.

APPENDIX 14

12. Exterior lighting at the front and back doors must be provided. These lights must be weather proof and switched from the interior at the entrance. All old pendant type lighting fixtures shall be removed and replaced with properly installed non-pendant type fixtures
13. All broken and/or missing switch plates and/or receptacle plates shall be replaced.
14. All outlets and fixtures shall be properly installed and connected to the source of electric power in a proper manner
15. If a unit does not have a central air-conditioning system and central air will not be installed, at a minimum a proper grounded outlet shall be installed under 1 window in each habitable room to allow the occupant(s) to install window air conditioning units.
16. Unit specific lights switched from the outside generally do not need to be moved, unless rewiring to be conducted in the house.

HEATING & AIR CONDITIONING FACILITIES

1. Each dwelling unit supplied with its own heating & air condition system, that system is to be properly installed, in safe and good working condition, and be capable of adequately heating and cooling all habitable rooms, bathrooms, and toilet rooms contained therein to a temperature of at least 72°F measured at a distance of 36" above floor level under ordinary winter and summer conditions. Heating & air conditioning system must be adequate for healthful and comfortable living conditions.
2. All existing heating systems, including but not limited to, chimneys and flues, cut-off valves and switches, limit controls, heat exchangers, burners, combustion and ventilation air, relief valves, drip legs and air, hot water, or steam delivery components (ducts, piping, etc.) that are not being replaced, shall be inspected by certified professionals to be in a safe and proper functioning condition at the time of inspection, by means of written project file documentation.
3. Any dwelling unit having as its only source of heat, space heaters or floor furnaces shall have such units removed and replaced with a proper central heating system.
4. Air conditioning equipment shall be installed in accordance with the manufacturer's specifications.
5. Every central heating & air condition unit shall be located and installed with the following:
 - a. Every heat duct, steam pipe and hot water pipe shall be free of leaks and shall function such that an adequate amount of heat is delivered where intended and in such a manner so as to afford protection against involvement of egress facilities or egress routes in the event of uncontrolled fires in the structure;
 - b. No fuel-burning furnace shall be located in any sleeping room or bathroom unless provided with adequate ducting for air supply from the exterior, and, the combustion chamber for such heating unit shall be sealed from the room in an airtight manner.
 - c. Every fuel burning heating unit or water heater shall be effectively vented in a safe manner to a chimney or duct leading to the exterior of the building. The chimney duct and vents shall be of such a design as to assure proper draft, and shall be adequately supported.
 - d. Every steam or hot water boiler and every water heater shall be protected against overheating by appropriate temperature and pressure limit controls.

APPENDIX 14

7. Any attic access passage ways in individual units should be addressed accordingly so as not to significantly reduce the efficiencies created by the other energy conservation measures being undertaken.

ADDITIONAL REQUIREMENTS

APARTMENT UNIT & BUILDING AND PARKING TABULATION

The construction drawings shall include an Apartment Unit Tabulation that summarizes the building square footage for all types of apartment units and common areas. This would include the total number of living units per floor; unit descriptions (1 bedroom/1bath, etc.) and total square footage of each unit. Parking space tabulation shall include handicap spaces.

GENERAL NOTES

A statement shall be included in the general notes section of the drawings stating that all design and proposed renovation work for the project is in compliance with all applicable requirements for the project.

REHAB/RENOVATION DRAWINGS

All project designs and drawings for work requiring permits are to be performed by certified professionals. The type of work being performed will dictate the types of drawings that will be required. Please contact the City of Houston Planning Department or other certified professionals for details related to your individual project. One set of approved drawings shall be submitted to COH Housing & Community Development Department prior to the start of project and 1 set of "as-built" drawings at the end of the project.

Regardless of the types of drawings required, the following items are to be included in the set of working drawings:

1. A layout drawing of the entire apartment property, including all apartment buildings/units, common areas, laundry facilities, boiler rooms, access entryways, parking areas, wheel chair ramps, parking spaces, etc.;
1. The location(s) and nature of rehab work that will be performed;
3. Apartment Unit Tabulation that summarizes the building square footage for all types of apartment units and common areas. This would include the total number of living units per floor; unit descriptions (1 bedroom/1bath, etc.) and total square footage of each unit. See attachment 1 for a sample template.
4. Parking Space Tabulation showing the total number of parking spaces, including those spaces designated for handicap parking.
5. All ADA living units on the property, specifying those for individuals with mobility impairments and individuals with sensory impairments.



**City of Houston Housing and Community Development Department
Minimum Property Standard for
Affordability Maintenance
for Multifamily Rental Housing**

OVERVIEW

The standards contained in this document establish the minimum property habitability (MPS) standard for Affordability Maintenance for the City of Houston's Multifamily Rental Housing Program that receives assistance through federal funding from U.S. Department of Housing and Urban Development (HUD).

APPLICABILITY

This minimum standard applies to multifamily rental housing units that currently receive federal assistance or were acquired/developed/rehabilitated using federal assistance.

PURPOSE

This document serves as the minimum standard for City of Houston multifamily rental housing. As a result, the property must be free of those foreseeable hazards and adverse conditions that may affect the life, health, and safety of the occupants, fire safety, and the structural soundness of the dwelling or which may impair the customary use of the property. In addition to these standards all units must comply with the following:

- COH Building Code and Code of Ordinances
- The International Building Code (IBC) 2006 adopted by the City of Houston or the latest adopted edition of the IBC and any applicable code required by the pertaining Municipality.
- The International Residential Code (IRC) 2000 adopted by the City of Houston or the latest adopted edition of the IRC and any applicable code required by the pertaining Municipality.
- The International Energy Conservation Code (IECC) 2006 adopted by the City of Houston or the latest adopted edition of the Model Energy Code (MEC) and any applicable code required by the pertaining Municipality.
- The Lead Based Paint regulations as described in 24 CFR, Part 35 for units built before 1978.
- HUD 24 C.F.R Part 200.925a-c/296 Rules for Multifamily and Care-Type Housing

APPENDIX 14

MINIMUM STANDARDS FOR EXTERIOR PROPERTY

TREES, BUSHES & LAWN

1. All lawns and any other part of a property shall be kept clean and free from accumulations of junk, rubbish, brush, refuse, litter, garbage and other debris, and any conditions that are health, fire or other hazards.
2. All lawns shall be provided with suitable ground cover to prevent instability and erosion of the soil. Holes or depressions of more than 6" in diameter should be filled to correct drainage problems and remove safety hazards.
3. All lawns, shrubs, hedges, trees and plants shall be planted and maintained in a manner that does not:
 - a. obstruct the safety of the public;
 - b. affect the safety of vehicular or pedestrian traffic;
 - c. constitute an obstruction of view for vehicular traffic;
 - d. wholly or partially conceal or interfere with the use of any hydrant or water valves;
 - e. overhangs or encroach upon any pavement, sidewalk or travelled portion of any street or highway.
4. Trees or parts thereof that are dead, diseased, decayed or damaged, shall be removed or maintained in a condition that is not hazardous to persons expected to be on or about the property.
5. Trees that present a safety hazard because electrical wiring running through them must be trimmed. Trees that could damage the structural integrity of an adjoining building above or below the foundation shall be removed.
6. HVAC condenser units and electrical panels shall be free of shrubs, hedges, weeds, trees and plants that interfere with its operation and access for repairs and maintenance.

GARBAGE & DEBRIS

1. Property shall be kept free of garbage, rubbish, debris or accumulations of such materials that prevent access to or exit from the property in the case of emergency or other safety or health hazard.
2. Every apartment project shall be provided with sufficient trash receptacles to contain all garbage, debris or rubbish which accumulates on the property, and such materials shall be placed for collection in proper receptacles in compliance with applicable local ordinances, and not allowed to accumulate in a manner that would present a life, health and safety issue.
3. Trash receptacles shall be containers that are water-tight, equipped with a tight-fitting cover, rodent-and pest-proof, and shall be maintained in a clean condition without holes or spillage; and closed, or emptied, rinsed and cleaned when not in use, to prevent the escape of offensive odor or debris.
4. Where commercial or on site garbage containers are visible from a public street or land, or the property abuts residential properties, the area where the receptacles are stored shall be enclosed on all sides by wall or solid fence not less than 6' high. Such wall or fence shall contain an adequate door or gate to allow for the removal of garbage or refuse. They shall be

- HUD C.F.R Part 8 Section 504 of the Rehabilitation Act of 1973, ADA, UFAS, FHA, and TAS where applicable.
- The requirements from other governing entities such as Homeowners Associations and Local and Federal regulations pertaining to zoning, traffic, drainage, flood plains and fire prevention (NFPA)

maintained in a manner that will not attract pests, create a health or other hazard, or obstruct an emergency route, recreation facility, parking area, driveway or walkway.

5. Every unenclosed porch, balcony, and every exterior or interior hallway, stairway and common area shall be kept free of garbage, debris, furniture or appliances, except furniture which is outdoor grade or made weather and water resistant may be placed for use on balconies or porches.
6. Bulk trash, including refrigerators, stoves, washers, dryers and other appliances; unlicensed automobiles and other vehicles; and improperly stored construction materials or firewood should be removed or appropriately stacked as prescribed by City of Houston ordinances.

GRADING & DRAINAGE OF PROPERTY

1. Property shall be graded and maintained so no stagnant water will accumulate or stand on the premises, or within or around any building or structure located on the premises or create unstable soil conditions or erosion.
2. Ground areas around buildings shall be sloped away from walls to eliminate low areas where standing water may collect.
3. All catch basins, storm drains, ditches and swales shall be maintained free from defects and obstructions.
4. Condensation from air conditioners shall not be permitted to discharge onto the exterior wall of a building, pedestrian walkways, sidewalk or street.

STORM GUTTERS & SPLASH BLOCKS

1. Gutters and downspouts shall be maintained watertight and free from leaks, in good working order, and free from any obstructions and hazards, and in a stable condition and shall be securely fastened to the structure.
2. Any above-ground discharge from a downpipe or pipe shall be directed to discharge and be contained on the property in a manner that is not likely to cause damage to any adjoining property or create a hazardous condition on any stairway, walkway, street or boulevard.
3. Gutters and downspouts shall be protected by a suitable finishing material. Deteriorated gutters that impede drainage or cause a safety hazard shall be reinstalled.

PEST CONTROL

The entire property shall at all times be kept free of rodents, vermin, insects and other pests and from conditions which may encourage infestation by pests.

FENCE MAINTENANCE

1. All fences and other enclosures around or on a property shall be maintained in a structurally sound condition and plumb, unless specifically designed to be other than vertical, with a uniform construction, in good repair and free from hazards.

5. Parking lots are to be provided with suitable markings to indicate parking spaces, and the markings shall be maintained so as to be clearly visible. Signs, decals, pavement markings should be clear, visible and distinctive.
6. Parking stops shall be installed where parking spaces are adjacent to a property line to protect fences and neighboring properties from physical damage and shall be properly anchored and secured and properly aligned and positioned to each parking space.
7. Handicap parking areas shall be maintained so that individuals with disabilities can approach, enter, and exit the areas easily.

MISCELLANEOUS

1. The water in swimming pools shall be kept clean and in a sanitary condition free from obnoxious odors and conditions likely to create a breeding environment for insects. Surrounding surface areas for walking and relaxing shall be kept clean of dirt, mold, mildew, etc.
2. Property and building signs and faces shall be maintained without any visible deterioration of the sign or its structure so that the information conveyed by the sign by color, form, graphic, illumination, symbol or writing is clearly legible.
3. Property and building signs and any fastening/supporting structures that are damaged, broken or excessively weathered or faded, or that have a worn, peeled or cracked finish, shall be removed or refinished and put in a good state of repair so that the signs are free from defects or faded lettering.
4. Every dwelling unit shall have a separate and secure mail box or mail receptacle that is maintained in good condition at all times. Identification information on the mail box should be clearly visible.
5. All antennas, satellite dishes, lightning rods and other similar structures and their supporting members shall be maintained in a safe condition and in good repair.
6. Elevators shall be maintained in a clean condition and certified to be in good working order.
7. All elevator parts and appendages, including lighting fixtures, lamps, elevator buttons, floor indicators and ventilation fans, shall be kept in good repair and operational.
8. Coolant lines of HVAC condenser units shall be insulated to insure optimum performance. Insulation shall not be torn or worn out and shall be tightly secured to the gas line.

BUILDING STRUCTURE

1. Every building structure on the property shall be maintained in structurally sound and safe condition.
2. Every part of a building or structure shall be maintained in good repair and in a structurally sound condition so as:
 - a. To be capable of safely sustaining its own weight and any load to which, normally, it might be subjected;
 - b. To be capable of safely accommodating all nominal structural movements without damage, decay or deterioration; and
 - c. To prevent the entry of moisture that would contribute to damage, decay or deterioration.

2. Fences, barriers, retaining walls shall be kept free of posters and graffiti and shall be maintained in compliance with all City of Houston ordinances. Any part of a fence or enclosure that creates an illegal entry and access ways has to be repaired immediately.

VACANT BUILDINGS

1. The owner shall protect vacant or unoccupied buildings against the risk of fire, accident or intentional damage to the property, or such damage as may be caused to other properties, arising from the entry of unauthorized persons to the building, by effectively preventing entrance by unauthorized persons.
2. The owner shall protect buildings damaged by accident, storm, neglect or other causes or intentional damage, against further risk of further damage, accident or other danger, and shall effectively prevent entrance thereto by all unauthorized persons, by closing and securing opening(s) to the building(s) with boarding which completely covers the opening.
3. Any structure that is in a state of disrepair or collapse must be repaired or demolished, and any collection of building materials must be removed from the property. Such demolition does not reduce the number of units restricted under Loan Agreements.

NON-DWELLING STRUCTURES

1. Every accessory building shall be maintained with suitable and uniform materials, kept in good repair, free from hazards, and protected by paint, preservatives or other weather-resistant material.
2. All laundry rooms, recreation rooms and any other ancillary rooms, and the facilities, amenities and associated equipment for those rooms, shall be kept clean and maintained in a safe condition and in good repair.
3. All laundry rooms shall be provided with hot and cold running water and properly connected to the drainage system.
4. All laundry rooms shall have a trapped floor drain connected to the drainage system and capable of adequately draining the floor.

STEPS, SIDEWALKS, DRIVEWAYS, PARKING LOTS & PAVING

1. The surfaces of steps, sidewalks & driveways and similar areas of the yard shall be maintained in good repair so as to afford safe passage under normal use.
2. All sidewalks, service walks driveways & patios shall be kept in a state of maintenance and repair, free from obstructions, defects, uneven joints, tripping hazards, etc.
3. All areas used for vehicular traffic or the parking or storage of a vehicle shall be paved with asphalt or concrete or other environmentally safe and dust-free equivalent surface and shall be kept free from dirt, surface dust and refuse; maintained in good repair and free from cracks, holes and ruts.
4. Parking lots are to be properly maintained in a way to prevent ponding of water and to direct the flow of water away from the walls of all buildings.

FOUNDATION

1. The foundation walls and floors shall be maintained in good repair and structurally sound.
2. Foundation walls and crawl spaces and other supporting members of a building or structure shall be stable and not sinking and maintained in good repair and structurally sound.
3. Foundation cracks should be identified, particularly at window areas. All cracks must be filled with epoxy, cement, and rubbed with appropriate cement materials. All cracks exceeding ¼" wide must be investigated by a certified professional to determine the extent of repair work.
4. Areas of the foundation that are spalling (crumbling gravel or rock), have decaying concrete, have collapsed, or are in any other state of disrepair must be addressed to prevent further deterioration or damage to the buildings.
5. Collapsed sections of foundations must be reconstructed as per the written recommendation of a certified professional.
6. Exposed foundation rebar should be cleaned and prepared and surface area patched thoroughly to avoid water penetration.

EXTERIOR WALL SURFACES

1. All exterior surfaces of buildings, structures, fences and retaining walls, including mobile structures and buildings shall be maintained and kept weather resistant so as to prevent their deterioration and entry of vermin and birds. Surfaces shall be free of dirt, mold, mildew, algae and water stains.
2. Exterior walls shall contain no holes or cavities, separation of siding materials, collapse of siding or deterioration of exterior siding materials or openings at the rafters and at the rim joist.
3. All exterior surfaces of buildings, structures, fences and retaining walls, including mobile structures and buildings, shall be repaired by the painting, restoring or repairing of the walls, coping or flashing or by the waterproofing of the joints and of the walls itself.
4. Markings, stains, graffiti, painted slogans, smoke damage or other markings or defacement appearing on any exterior surface shall be removed. If necessary, to maintain the exterior surface, the surface of these areas shall be restored and, resurfaced to the exterior finish of the building or structure.
5. All canopies, marquees, signs, awnings, screens, grilles, stairways, pipes, ducts, standpipes, air conditioners and all similar equipment, attachments and their supporting members shall be maintained in good repair, properly anchored and protected from the elements, so as to prevent decay and rust, by paint or other protective coating.

WINDOWS & EXTERIOR DOORS

1. Windows, skylights, exterior doors and frames and attic access doors shall be maintained in good repair and shall be of such construction so as to minimize drafts and heat losses through the infiltration of outside cold air.

APPENDIX 14

2. All exterior openings for doors and windows shall be fitted with doors or windows that are maintained in a weather-tight condition to prevent drafts or leakage and protected by suitable materials to prevent the entry of rodents, vermin and insects.
3. Rotted or damaged doors, door frames, window frames, sashes and casings, weather-stripping, caulking, broken glass and missing or defective door and window hardware shall be repaired or replaced.
4. All exterior doors and the entrance door to a dwelling unit shall have hardware so as to be capable of being locked from the outside, and locked or otherwise secured from the interior of the space.
5. All windows in a dwelling unit that are capable of being opened shall be fitted and equipped with screens that are maintained in good repair and free from defects and missing components.
6. All exterior doors and windows capable of being opened shall be free from defective hardware and be capable of being locked or otherwise secured from inside the building.
7. Glazed doors, windows and other transparent surfaces shall be kept reasonably clean in order to permit unimpeded visibility and unrestricted passage.
8. Doors, passageways and exits shall be maintained free from hazardous conditions, obstructions and impediments.

STAIRWAYS, BALCONY'S & HALLWAYS

1. Interior and exterior stairs, landings, balconies, porches and any other means of access shall be maintained so as to be free of holes, cracks and other defects which may constitute possible accident hazards. Treads or risers that show excessive wear or are broken, warped or loose and all supporting structural members that are rotted, rusted or deteriorated shall be repaired or replaced. Treads that have become loose need to be securely anchored to stairwell.
- 2.
3. Handrails shall be installed and maintained in good repair on all exterior stairs which have more than 3 risers and on all interior stairs within dwelling units which have more than 2 risers.
4. Handrails on porches, balconies or raised floor surfaces shall be securely anchored to the floor and/or to the nearest exterior wall so as to not allow any horizontal movement of the handrail.
5. Wood balconies and walkways need to be maintained in good repair and in a structurally sound condition. Structural components that have deteriorated, rotted or are in disrepair shall be replaced to maintain the structural integrity.

ROOF COVERING

1. All structural components of a roof shall provide adequate support for all designed loads, and form a suitable base for the roof covering. If the roof is subjected to a load for which it may not be adequate, the roof shall be cleared of the load to prevent collapse or structural damage.

APPENDIX 14

2. A building roof, including the fascia board, soffit, cornice and flashing around the perimeter of a roof, should be inspected for deterioration and be maintained in a weather-tight condition and able to prevent the leakage of water into the building.
3. On structures over 50 years of age, the truss and support system of roofs must be inspected to ensure adequate construction. When deficiencies are identified, appropriate supports and truss systems must be reconstructed.

PLUMBING

1. The plumbing system in every building shall be maintained in good working order and free from leaks and defects.
2. All water pipes and appurtenances thereto shall be protected from freezing.
3. All clean-out drains shall be enclosed with insert covers that contain no holes.
4. Any sanitary sewage discharged from buildings on the property constitutes a life, health and safety danger to the residents and needs to immediately be repaired.

ELECTRICAL & EXTERIOR LIGHTING

1. The capacity of the electrical connection to a building and the system of circuits and electrical outlets distributing the electrical supply within the building shall be maintained at all times and free from unsafe conditions.
2. Electrical panel boxes must have cover plates and covers for all unused breakers.
3. Every stairway, exterior exit and entrance doorway, bathroom, toilet room, kitchen, hallways, laundry, furnace room and non-habitable work room in a suite, dwelling unit or building shall have a permanently installed lighting fixture that shall be maintained in good working order to provide safe passage.
4. Exterior flood lighting shall be maintained in a good state of repair without any damage to light fixture and its components. Wires shall be properly enclosed to avoid contact with water.
5. Outdoor receptacles must be maintained to be impervious to water intrusion and in a condition that permits easy access and not interfere with lawn maintenance.
6. All exterior electrical wires shall be enclosed in conduit. Conduit that is cracked, broken or is deteriorated shall be replaced.

MINIMUM STANDARDS FOR INTERIOR PROPERTY

WALLS, FLOORS, CEILINGS, DOORS & WINDOWS

1. Floors and floor coverings shall be maintained free from any trip or other hazardous condition and shall be kept in a clean and sanitary condition and free from holes, stains, rubbish and debris.
2. Any repair, replacement or painting required on walls & ceilings shall be such that the material used shall have a finish and facing similar to that of the original covering.
3. Floors of rooms in which plumbing fixtures are installed shall be maintained to be reasonably impervious to water and in a condition that permits easy cleaning.
4. Every wall and ceiling shall be maintained clean and free of holes, cracks and damaged and deteriorated surface material, and each repair shall be finished to reasonably match the existing walls or ceilings.
5. Previously finished walls and other surfaces in public areas of property shall be maintained in good repair and shall be renewed or refinished, when necessary, to maintain a similar appearance.
6. In bathrooms, water proof green rock, blue rock or other similar drywall material must be utilized. Interior walls with decayed sheetrock must be replaced by installing new sheetrock, taping cracks, texturing and repainting.
7. Interior doors, their frames, glass panels and hardware shall be maintained in good repair, and all doors shall be of a good fit in their frames.
8. All damaged or deteriorated door trim and baseboard must be removed and replaced.
9. All doors and hatches to the roof that provide access for the purpose of maintenance shall be kept free of obstructions and locked at all times.
10. All cracked or deteriorating ceilings require an inspection to determine the cause that generated the problem. Every effort should be made to correct the problem before the ceiling is repaired. Cracks must be filled and retextured, and the ceiling completely repainted when treated.
11. When there is decaying ceramic or plastic tile in bath or shower areas, the deteriorated area must be replaced with water proof sheetrock and new tile reinstalled, grouted, and caulked.

KITCHEN FACILITIES

1. All counter tops showing evidence of wear and tear, water damage, uplifting of surface material, etc. must be replaced. Replacement counter tops may include prefabricated laminated counter tops when walls are sufficiently square.
2. Sinks and worktops shall be sealed around edges with silicone sealant to be impervious to water and in a condition that permits easy cleaning.
3. All kitchen plumbing must be inspected to ensure that faucets and drain pipes work properly. All waste pipes and traps shall be free of defects with no leaks or drips.

APPENDIX 14

4. Water taps shall be in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems.
5. Any holes around waste pipes and traps shall be sealed so as to prevent the ingress of vermin and pests.
6. Waste disposal unit shall be maintained in operating condition. Electrical connection wires and drain lines should be properly sealed.
7. The refrigerator/freezer or refrigerator and freezer shall be clean and in good working order.
8. All stove gas rings or burners shall be clean and in operating condition. The oven shall be clean and properly working.
9. Kitchen cabinets must have properly functioning doors and/or drawers. Cabinet doors must be in good condition and properly open and close.

BATHROOM FACILITIES

1. The toilet shall be clean, secure, and free of defects, with a secure seat and the tank shall fill at a reasonable rate. All bathroom flooring must be inspected at the base of the toilets to ensure that leaking is not occurring. When leaking has occurred and sub floor has rotted, the sub floor must be removed and replaced.
2. Bathtub or shower and washbasin shall be in good condition and should show no signs of surface build-up, cracks or chips. They shall be sealed around the edges to prevent water intrusion.
3. Waste pipes and taps shall be free of defects with no leaks or drips.
4. Water taps shall be in good condition (i.e. no dripping) and easy to operate by children or people with finger mobility problems.

BEDROOM & LIVING ROOM REQUIREMENTS

1. All bedrooms must have a functional door that closes, which, preferably can be locked from the inside.
2. All switchable light fixtures and electrical outlets in the bedrooms shall be operating condition.

ELECTRICAL

1. The capacity of the system of circuits and electrical outlets within a building shall be adequate for the intended use of all rooms, and adequate electrical outlets shall be installed to prevent the need for extension cords or other extensions being used as a permanent wiring system.
2. All electrical fixtures, switches, receptacles and connections to them shall be maintained in a safe and complete condition and in good working order.
3. All electrical connections must be in enclosed metal or plastic electrical boxes. No hanging wires are permitted.

4. All light fixtures should be inspected to ensure that they are solidly hung and that the electrical connections have not been loosened. All electrical fixtures that evidence wear must be replaced with new fixtures.
5. All electrical outlets and switches must have tight cover plates. Any switches or outlets that are nonfunctional must be inspected by a certified professional to correct.
6. Smoke detectors must be fully operational and shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed. Installation of smoke alarms should be in accordance with the recommendations of the manufacturer. Unacceptable smoke detectors must be removed, properly reinstalled in an acceptable location, and all affected wall or ceiling areas repaired to match surrounding.

MISCELLANEOUS

1. The heating and cooling system and all associated mechanical equipment shall be operated and maintained in good working order, free from unsafe conditions, and in accordance with the requirements of the local building code.
2. All systems of mechanical ventilation shall be maintained in good working order.
3. Every dwelling unit shall be kept free of infestation of pests.
4. Fire extinguishers should be located in the kitchen and be fully loaded and shall be maintained in good working order.
5. Boiler rooms shall be good working condition with drain lines at the temperature and pressure relief valves properly sized and terminated in an acceptable location.

Appendix I

APPENDIX 14

ADDITIONAL REQUIREMENTS BY THE CITY OF HOUSTON

HABITABILITY ORDINANCE 2009-1043

As per the City of Houston's Ordinance 2009-1043 for Habitability Inspections – All apartment communities with 3 or more units (Sec 10-151 of the Houston Code of Ordinances) are required to register with The City of Houston for Habitability Inspection purposes (Habitability Inspection Checklist). To obtain detailed information regarding the program, log on to www.houstonmultifamily.org. For more information, please contact the Habitability Inspections Section at 713-535-7900. See appendix II for Habitability Ordinance 2009-1043.

APARTMENT SECURITY ORDINANCE 2006-1124

As per the City of Houston's Ordinance 2006-1124 for Apartment Security – All apartment communities of ten or more units (Sec 28-282 City of Houston Code of Ordinances) are required to register the ownership of the apartment community with the Multifamily Administrative Unit of the Houston Police Department. To obtain detailed information regarding the program, log on to www.houstonmultifamily.org. For more information, please contact the Habitability Inspections Section at 713-535-7900.

CERTIFICATE OF OCCUPANCY RENEWAL

All properties are required to have a Certificate of Occupancy from the City of Houston Code Enforcement located at 3300 Main Street, Houston, TX 77002.

FIRE INSPECTION

All inspections related to City of Houston Fire Department are coordinated through the City of Houston Habitability Inspection.

PROJECT SUMMARY:

Apartments:

Type	Description	Qty.	Area
A1	One Bedroom, 1 Bath	46	581 s.f.
B1	One Bedroom, 1 Bath	24	620 s.f.
C1	One Bedroom, 1 Bath	131	660 s.f.
C2	One Bedroom, 1 Bath (H.C.)	9	660 s.f.
Total One Bedroom Units		210 Units	130,006 s.f.
D1	Two Bedroom, 1 Bath	41	857 s.f.
D2	Two Bedroom, 1 Bath (H.C.)	3	857 s.f.
E1	Two Bedroom, 2 Bath	63	950 s.f.
E2	Two Bedroom, 2 Bath (H.C.)	5	950 s.f.
F1	Two Bedroom, Den, 2 Bath	2	1,007 s.f.
Total Two Bedroom Units		114 Units	104,332 s.f.
Apartments Total		324 Units	234,328 s.f.
Amenity Center			2,400 s.f.
Leasing Office			1,240 s.f.
Laundry, Boiler, Storage			2,500 s.f.
Project Total			240,468 s.f.

Parking:

Parking Required

210 One Bedroom Units @ 1.333 cars/unit =	279.93 cars
114 Two Bedroom Units @ 1.667 cars/unit =	190.04 cars
Total Required	469.97 cars

Parking Provided

Open Parking (secured)	293 cars
Carport Parking (secured)	150 cars
Total Secured Parking	443 cars
Amenity & Other Parking (non-secured)	27 cars
Total Parking Provided	470 cars

Total Parking Provided:	Van Accessible	HC Accessible	Standard	Total
Open Parking (secured)	6	11	425	442 cars
Amenity Center	1	0	27	28 cars
Total Parking Provided	7	11	452	470 cars

Appendix II

APPENDIX 14

City of Houston, Texas, Ordinance No. 2009- 1043

AN ORDINANCE AMENDING CHAPTER 10 OF THE CODE OF ORDINANCES, HOUSTON, TEXAS, RELATING TO THE HABITABILITY OF MULTI-FAMILY RENTAL BUILDINGS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; CONTAINING A SAVINGS CLAUSE; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the 81st Texas Legislature (Regular Session) passed House Bill 1819 ("HB 1819"), which bill became law on June 19, 2009; and

WHEREAS, HB 1819 added Section 214.219 ("Section 214.219") to the Texas Local Government Code; and

WHEREAS, Section 214.219 requires a municipality with a population of 1.7 million or more to "adopt an ordinance to establish minimum habitability standards for multi-family rental buildings, including requiring maintenance of proper operating conditions" and to "establish a program for the inspection of multi-family rental buildings to determine if the buildings meet the minimum required habitability standards"; and

WHEREAS, HB 1819 requires a municipality subject to Section 214.219 to enact the said ordinance and to establish the said program not later than December 31, 2010; and

WHEREAS, the City is a municipality subject to Section 214.219; and

WHEREAS, the City Council finds that Article V and Divisions 3 and 4 of Article IX of Chapter 10 of the Code of Ordinances, City of Houston, Texas (the "Code of Ordinances") constitute habitability standards for multi-family rental buildings, which standards should be supplemented and strengthened as provided herein; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are adopted as a part of this Ordinance.

Section 2. That Chapter 10 of the Code of Ordinances, Houston, Texas, is amended by adding a new Article IV that reads as follows:

"ARTICLE IV. HOUSTON MULTI-FAMILY HABITABILITY CODE

Sec. 10-151. Title; purpose; conflict with other municipal laws.

This article is, and may be cited as, the 'Houston Multi-Family Habitability Code.' One purpose of this Habitability Code is to comply with Section 214.219 of the Texas Local Government Code. The provisions of this Habitability Code are cumulative of all other laws and regulations of the city, as well as all applicable state and federal laws and regulations. In the event of a conflict between this Habitability Code and another law or regulation of the city, the provisions of this Habitability Code shall control.

Sec. 10-152. Definitions.

In addition to definitions appearing elsewhere in this article, the following words and phrases when used in this article shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Building official means the building official and all persons designated in writing by the building official to act on his or her behalf to construe and to enforce this article.

Habitability refers to the character of a multi-family rental building free of any condition constituting a material risk to the physical safety or health of the building's ordinary tenants. A multi-family rental building substantially free of such conditions is *habitable*.

Multi-family rental building or MFRB means a building that has three or more units. Only for the purposes of the Inspection Program established by this article, *multi-family rental building or MFRB* includes all MFRBs and all accessory buildings (such as a boiler room, laundry room, club house, or garage) on the same tract.

Owner means the current owner (or, collectively, the current owners) of the real property on which a multi-family rental building is located. For the purposes of this article, records available for public view at an official website maintained by the appraisal district in which the MFRB is located are presumed to be accurate with regard to the ownership of real property, but the presumption of ownership may be rebutted by documents properly recorded in the real property records of the county in which the MFRB is located.

Tract means the parcel or parcels of real property on which a

multi-family rental building is located.

Unit means one or more rooms rented for use as a permanent residence under a lease to one or more tenants, except that none of the following shall constitute a *unit*:

- (a) A room or rooms rented primarily for the purpose of receiving services regulated by a department or agency of the federal government or of the State of Texas (including, but not limited to, the Texas Department of State Health Services);
- (b) A room or rooms owned or operated by a public or private college or university accredited by a recognized accrediting agency within the meaning of Section 61.003, Texas Education Code;
- (c) An 'apartment' in a 'condominium' within the meaning of Chapter 81, Texas Property Code; or
- (d) A 'unit' in a 'condominium' within the meaning of Chapter 82, Texas Property Code.

Sec. 10-153. Construction of this Habitability Code.

This article shall not be construed to alter the terms of any lease or other agreement between an owner and a tenant relating to an MFRB, except that no provision of any such lease or other agreement shall be construed to excuse compliance with this article or with any other law or regulation of the city. It is not the purpose of this article to prescribe legal rights or liabilities as between an owner and a tenant.

Sec. 10-154. MFRB Registration.

- (a) The building official shall promulgate a form for the registration of MFRBs, which form shall require disclosure of:
 - (1) The physical address of the MFRB;
 - (2) The account number(s) assigned to the tract by the appraisal district in which the MFRB is located;
 - (3) The number of buildings on the tract;
 - (4) The number of units in each building on the tract;

- (5) A brief description of the intended use of each building on the tract (residential building, boiler room, laundry room, club house, garage, etc.);
- (6) The Project Number(s) appearing on the face of either the Certificate of Occupancy or the Life Safety Compliance Certificate issued by the city for each building on the tract; and
- (7) The name, mailing address, physical address, telephone number, and e-mail address (if available) of at least one owner of the MFRB.

(b) The form promulgated by the building official shall provide a physical address and a mailing address for filing completed MFRB Registration Forms. In addition, the building official shall establish a means by which MFRB Registration Forms may be completed and filed electronically.

(c) An owner of an MFRB shall register the MFRB by completing and filing an MFRB Registration Form with the building official.

(d) An owner of an MFRB shall post a hard copy of the current, completed MFRB Registration Form in or on the MFRB.

(e) If an MFRB was not in existence on January 1, 2010, the owner of the MFRB shall register the MFRB by completing and filing the MFRB Registration Form with the building official no later than 30 days after the MFRB receives a Certificate of Occupancy.

(f) Registration of an MFRB as required by this section shall constitute:

- (1) Registration of the MFRB under section 28-283 of the Code of Ordinances; and
- (2) Compliance with sections 250.003 and 250.004 of the Texas Local Government Code.

(g) No later than 30 days after an owner of an MFRB knows or reasonably should know that a statement on the MFRB Registration Form was incomplete or inaccurate when filed, or has become incomplete or inaccurate since filed, the owner must complete and file an amended MFRB Registration Form.

Sec. 10-155. Habitability standards.

In addition to the habitability standards established by article V and by divisions 3 and 4 of article IX of chapter 10 of this Code:

- (1) An owner of an MFRB violates this article if the MFRB does not comply with:
 - a. All applicable provisions of the Fire Code;
 - b. Sections L102 through L108 of appendix L of the Building Code (which provisions are part of the Building Code's 'Life Safety Appendix');
 - c. Sections 10-211 through 10-215 of this Code (which provisions pertain to the numbering of buildings);
 - d. Sections 43-18 through 43-20 and section 43-23 of this Code (which provisions pertain to swimming pools); and
 - e. Sections 92.153 through 92.162 of the Texas Property Code (which provisions pertain to security devices).
- (2) An owner of an MFRB at all times must post in or on the MFRB:
 - a. A valid Certificate of Occupancy or a valid Life Safety Compliance Certificate; and
 - b. A 'NOTICE TO ALL RESIDENTS' legibly typed or printed in a font 28 points or larger, in both English and Spanish, the substance of which Notice is as follows: 'IF ANY CONDITION of this building CREATES A HAZARD to human safety or health, REPORT THE CONDITION to the building's manager or owner. You also may report the condition to the City of Houston by calling the City's Service Helpline at 311.'
- (3) Any document required by this article to be posted in or on an MFRB must be posted either (a) as provided by the Building Code or (b) by posting an accurate copy of the document in a manner reasonably protected from weather and in a place conspicuous to ordinary tenants no more than five feet from each mailbox facility at which the United States Postal Service delivers mail to tenants or, if no such facility exists, in some

other place equally conspicuous to ordinary tenants of the MFRB.

Sec. 10-156. Powers and duties of building official.

(a) Except for applicable provisions of the Fire Code incorporated herein by reference, the building official has primary responsibility for the enforcement of this Habitability Code.

(b) With regard to MFRBs only, the terms 'director' and 'neighborhood protection official' as used in article V and in divisions 3 and 4 of article IX of chapter 10 of this Code refer to the building official.

(c) With regard to MFRBs only, the building official has powers and duties equal to and concurrent with the health officer for the enforcement of sections 43-18 through 43-20 and section 43-23 of this Code (which provisions pertain to swimming pools).

Sec. 10-157. MFRB Inspection Program.

(a) The building official shall inspect MFRBs pursuant to an inspection program (the 'Multi-Family Rental Building Inspection Program' or the 'MFRB Inspection Program'), as provided in this section.

(b) The building official shall promulgate a checklist (the 'Multi-Family Rental Building Checklist' or the 'MFRB Checklist') of criteria by which the building official shall determine the habitability of MFRBs.

(1) The MFRB Checklist shall have no force or effect until ninety days after copies of City of Houston Ordinance No. 2009-2009-1043 and the MFRB Checklist have been available for public view in the office of the city secretary and at a website maintained by the city.

(2) The building official may amend the MFRB Checklist; however, an amendment of the MFRB Checklist shall have no force or effect until ninety days after the MFRB Checklist has been available for public view in the office of the city secretary and at a website maintained by the city.

(c) No MFRB shall be inspected under the MFRB Inspection Program until at least forty-five days after the building official has mailed to

¹ The City Secretary shall insert the number of this Ordinance.

the owner a letter stating:

- (1) The first day of thirty consecutive days during which the building may be inspected under the MFRB Inspection Program;
 - (2) The physical address of the office of the city secretary and the internet address of the website at which copies of the MFRB Checklist are available for public view;
 - (3) The amount of the fee (the 'MFRB Inspection Fee') to be paid to the city prior to the first day of the said thirty consecutive days during which the building may be inspected; and
 - (4) The mailing and physical addresses at which the MFRB Inspection Fee may be paid.
- (d) The building official shall mail by first-class mail duplicate originals of the letter required by subsection (c) of this section to the owner of the MFRB at the respective addresses:
- (1) Of the owner, according to MFRB Registration Form filed with the building official, or, if the MFRB has not been registered with the building official, according to records available for public view at an official website maintained by the appraisal district in which the MFRB is located; and
 - (2) Of the MFRB.
- (e) No inspection of an MFRB under the MFRB Inspection Program shall be delayed solely because the owner did not receive or did not understand a letter prepared and sent as required by subsections (c) and (d) of this section.
- (f) Notwithstanding anything to the contrary in this article, no employee of the city inspecting an MFRB under the MFRB Inspection Program shall enter a unit without the written permission of a person who has a legal right to occupy the unit.

Sec. 10-158. Fees.

For the inspection of an MFRB under the MFRB Inspection Program the owner shall pay to the city the MFRB Inspection Fee, which fee shall be in the amount of either \$4.00 per unit or \$100.00 (total), whichever amount is greater, plus an administrative fee in the amount of \$10.00.

Sec. 10-159. Remedies.

An owner who violates, or whose MFRB is in violation of, any provision of this article shall be guilty of a misdemeanor punishable upon conviction by a fine of not less than \$500 nor more than \$2,000. Each violation, and each day that a violation continues, shall constitute and be punishable as a separate offense."

Section 3. That nothing in this Ordinance shall delay or otherwise hamper a timely inspection of a multi-family rental building ("MFRB") by the City in response and relating to credible complaints by tenants or other members of the public, such inspections ("reactive inspections"), although not part of the Multi-Family Residential Building Inspection Program ("MFRB Inspection Program") established by this Ordinance, being essential to the public welfare.

Section 4. That, except as otherwise provided by this Ordinance, an owner of an MFRB shall register the MFRB by filing a completed registration form (the "the MFRB Registration Form") with the building official no later than January 31, 2010.

Section 5. That the building official shall use appropriate public and non-public databases to compile a list (the "MFRB List") of the City's MFRBs in numerical order, according to the following priorities:

First, MFRBs not registered with the building official as required by this Ordinance;

Second, MFRBs whose owners have not obtained Certificates of Occupancy or Life Safety Compliance Certificates as required by the Building Code;

Third, MFRBs that were subjects of one or more citations issued during 2009 for violations of the Building Code; and

Fourth, all other MFRBs.

Within the four groups described immediately above, MFRBs shall be ordered in a manner reasonably consistent with their respective dates of construction, older MFRBs first. For the purposes of this Ordinance, the date of an MFRB's construction is the most recent of (a) the date of construction according to the registration required by this Ordinance, unless the building official reasonably concludes that such information is not reliable; or (b) the date of construction according to an official website maintained by the appraisal district in which the MFRB is located; or (c) the date on which the building official issued a Certificate of Occupancy or a Life Safety Compliance Certificate for the MFRB.

Section 6. That the MFRB List shall be available for public view in the office of the City Secretary and at a website maintained by the City at least forty-five days before the building official conducts an inspection pursuant to the MFRB Inspection Program. The office of the City Secretary and said website both shall provide a mailing address for the submission of additional buildings that members of the public believe should be included on the MFRB List. Any building so added to the MFRB List shall be assigned the next consecutive number. In addition:

- (1) A newly constructed or rehabilitated multi-family rental building shall be added to the MFRB List four years after the date on which a Certificate of Occupancy is issued for the building;
- (2) For the purposes of subsection (1) immediately above, a Life Safety Compliance Certificate is not a substitute for a Certificate of Occupancy;
- (3) The building official may add a building to, or delete a building from, the MFRB List as long as the addition or deletion is consistent with the purposes and requirements of this Ordinance; and
- (4) If the building official deletes a building from the MFRB List, the number to which the building had been assigned shall be marked "Deleted," and the building official shall make a reasonable effort to avoid reassigning numbers to buildings on the MFRB List.

Section 7. That the building official's enforcement of the MFRB Inspection Program shall include inspections conducted in the order the buildings appear on the MFRB List, except that, with regard to buildings to whose owners the building official properly has sent letters stating that the buildings will be inspected during the same thirty-day period, the building official may inspect the said buildings in any order during the said period.

Section 8. That, as soon as reasonably possible, the building official shall schedule for a reactive inspection any building added to the MFRB List after February 15, 2010, for which neither a Certificate of Occupancy nor a Life Safety Compliance Certificate has been issued.

Section 9. That, when all buildings on the MFRB List have been inspected under the MFRB Inspection Program, the building official shall reinspect the buildings in the order the buildings appear on the MFRB List, repeating the inspection cycle *ad infinitum*, except that the building official shall omit from the then-current reinspection cycle any building that during the preceding four years:

- (1) Has been inspected at least once pursuant to the MFRB Inspection Program;
- (2) Has not been the subject of a "notice of violation" within the meaning of the Building Code; and
- (3) Has not been the subject of a citation alleging a violation of the Building Code or of Division 3 or Division 4 of Article IX of Chapter 10 of the Code of Ordinances.

Section 10. That, if any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not

be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 11. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect at 12:01 a.m. on the ninetieth day next following the date of its passage and approval by the Mayor.

PASSED AND APPROVED this 4th day of November, 2009.

Bill White

Mayor of the City of Houston

Requested by Michael S. Marcotte, P.E., Director
Department of Public Works & Engineering

Prepared by Legal Dept.

Tom M. Allen
First Assistant City Attorney

AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
✓		ADAMS
✓		SULLIVAN
✓		KHAN
✓		HOLM
	ABSENT	GONZALEZ
✓		RODRIGUEZ
	ABSENT	BROWN
✓		LOVELL
✓		NORIEGA
✓		GREEN
✓		JONES
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURIER
REVIEW
DATE: NOV 10 2009

11

APPENDIX 14

Appendix 15:

City Workforce Protection Measures

Appendix 15

City Workforce Protection Measures

The City is committed to ensuring that the construction it finances protects workers on these projects by making sure they are safe, are compensated in accordance with applicable law and have access to pathways for sustainable careers in the construction industry. Contractors who work on developments financed under this NOFA will be required to implement certain policies designed to ensure every worker on the project is safe, receives appropriate pay, and has a path toward building a career in construction. All contractors of any tier that perform work on the development, unless otherwise specified, will be required to comply with the following workforce protection program and employment measures.

The City acknowledges many of these provisions may require additional costs. The department will consider award requests sufficient to cover additional costs associated with the new requirements. However, the City will still require the limitation of CDBG-DR awards to no greater than 50% of total development costs. The City reserves the right to revise the requirements of the workforce protection measures on an as-needed basis before and after issuance of CDBG-DR awards.

Pay or Play

In an effort to create a level playing field for competing contractors, the Pay or Play program (POP) mandates City Contractors to offer their employees a minimum level of health benefits or contribute a prescribed amount towards "Contractors Responsibility Fund" to defray the costs of providing health care to uninsured people in the Houston and Harris County area.

This program applies to contracts for services in which the total expenditure by the City, including contingencies, amendments, supplemental terms and/or change orders equals or exceeds \$100,000. This program also applies to subcontracts for services in which the total value of the subcontract, including contingencies, amendments, supplemental terms and/or change orders equal or exceeds \$200,000.

All project contractors (of any tier) must comply with the City's Pay or Play policies with regard to every Section 3 worker and apprentice-level worker that they employ for work on the project. Prior to the commencement of a covered contract, the contractor will declare its intent to comply with the Program and will submit a plan for compliance. Contractors will report to the City regarding the identity of covered subcontracts and covered employees working under subcontracts in the form and manner prescribed by the Administer (060).

Pay

If the contractor elects to comply by paying, the contractor will pay to the City \$1 for each regular hour of work performed by covered employees, including covered employees of covered subcontractors. All payments will be deposited into the City shall be deposited in the Contractor Responsibility Fund.

Play

If the contractor elects to comply by "playing", the contractor will provide documentary proof in a form acceptable to the Administrator that it provides the requisite level of health benefits

to each covered employee, and that covered employees of covered subcontractors are provided with health benefits. A contractor must contribute no less than \$150 per covered employee per month toward the total premium cost; and the covered employee may not contribute more than \$150 per month toward the premium. A contractor is deemed to have complied with this provision with respect to a covered employee who is not provided health benefits if the employee refuses the benefits and the employee's contribution to the premium is no more than \$40 per month. Program exceptions such as waivers and types of contracts that do not require participation can be found in Executive Order 1-7. For additional information regarding the City of Houston, Housing and Community Development Department compliance requirements you may visit: <http://www.houstontx.gov/housing/multifamilycompliance.html>

Workers' Compensation

The owner and general contractor will provide workers' compensation coverage provided with either project level policy or umbrella policy provided by the owner or GC HCDD will require that the owner and GC place signage onsite to properly inform workers of their benefits under this coverage. Developer must provide the Director of HCDD or his or her designee with evidence of worker's compensation coverage at the time of loan closing.

Awardees will be subject to these terms which will be included within the loan agreement.

Safety Training and Hourly Base Wage Rate

The owner and general contractor will be required to ensure that (1) all individuals performing project work, regardless of job designation or employment status, have received OSHA 10 certification and (2) at least one (1) on-site supervisor with OSHA 30 certification is present on the job site at all times that work is being performed.

In addition, any individual performing project work, regardless of job designation or employment status, will receive a minimum hourly wage of no less than the higher of (1) \$15.00 per hour or (2) the Federal prevailing wage.

If the applicant elects to include their statement on safety training, they will be required to certify within the HCDD contract they will employ contractors with adequate OSHA training. HCDD will require the construction contract with the general contractor include this provision as an addendum. HCDD will test compliance during onsite visits and payment applications.

If the applicant elects to include their statement on an hourly base wage rate, they will be required to certify within the HCDD contract they will comply with the Hourly base rate requirement of \$15.00 per hour for each worker. HCDD will require the construction contract with the general contractor include the Hourly Base Rate of \$15.00 requirement along with the applicable DBRA wage scale as an addendum. HCDD will test compliance during construction.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Training and Apprenticeships

HCDD expects project contractors to commit to the development of their craft workforce and invest in skills training linked to construction career paths. A minimum of 10% of all labor hours on each project must be performed by individuals enrolled in apprenticeship or craft training programs that are certified by the U.S. Department of Labor.

Owners will be required to certify within the HCDD contract they will employ contractors that adhere to the employment and apprenticeship policy. HCDD will require the construction contract with the general contractor include acknowledgement that 10% of all labor hours will be performed by apprentices enrolled in apprenticeship or craft training programs that are certified by the Department of Labor. HCDD will test compliance during construction. Awardees will be subject to these terms which will be included within the loan agreement.

Section 3

Awardees must, to the greatest extent feasible, employ Section 3 Residents (as defined in Title 24 CFR Part 135) for 30 percent (30%) of the aggregate number of new hires for each year over the duration of the project. At a minimum, awardees must, to the greatest extent feasible, ensure that 10 percent (10%) of all project work hours are performed by Section 3 Residents.

Awardees will be subject to these terms which will be included within the loan agreement.

Employment Classification

HCDD expects its awardees to hire responsible contractors who can reliably verify the proper employment classification of all individuals they engage to perform work on covered projects and provide verified reporting of wages owed and paid to employees and monthly certified payroll data to the City.

All Section 3 workers and apprentice-level workers must be directly employed by a project contractor. In addition, all self-employed workers will be subject to the same compensation standards and protections as other employees/contractors outlined in this policy.

Awardees will be subject to these terms which will be included within the loan agreement.

Davis Bacon and Related Acts (DBRA)/Labor Standards Provisions

All City financed developments require compliance with the Davis-Bacon Labor Standards no matter the use of HCDD's funds. Davis-Bacon and Related Acts require that prevailing wage rates be paid to all construction laborers regardless of job designation or employment status.

Compliance Plan

The Borrower and Owner will be required to submit a plan for implementing these measures. The plan is not required to have detailed procedure, but at minimum an acknowledgement that the applicant will inform general contractors that they and all subcontractors of any tier will be subject to these terms when solicited for the referenced development.

EXHIBITS TO CONSTRUCTION CONTRIBUTION AGREEMENT

EXHIBIT A	Legal Description of the "Land"
EXHIBIT B	Commitments for "Other Financings"
EXHIBIT C	Preliminary Construction Budget
EXHIBIT C-1	Final Project Budget
EXHIBIT D	Scope of Work
EXHIBIT E	Construction Schedule
EXHIBIT F	Permitted Encumbrances

EXHIBIT A

PROPERTY

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. [698434](#) of the Map Records of Harris County, Texas.

EXHIBIT B

Commitments for "Other Financing"

N/A

EXHIBIT C

Preliminary Construction Budget

(To Be Inserted)

EXHIBIT C-1

Final Project Budget

SUMMARY SOURCES AND USES OF FUNDS

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants Applicants must describe the financing plan for the Development. This must include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to

Enter all of the Permanent Period Sources necessary to complete the project in the Yellow highlighted area below.

Source #	Funding Description	Amount	Interest Rate	Amortization	Term	Timing of contribution	Source of Financing	Lien Position	Status	Payment Obligation
1	Request from HCDD	\$ 5,000,000	1.00%	0		During construction	HCDD	TBD	Pending	Soft Debt
2	Conventional Loan									
3	LIHTC Syndication Proceeds									
4	Historic Tax Credit Syndication Proceeds									
6	Other Federal Loan or Grant (non HCDD)	\$ 20,000,000				At closing	HCCSD	TBD	Committed	Grant
7	Private Loan or Grant	\$ 9,004,938				During construction	ARPA Funds		Committed	Grant
8	Cash Equity									
9	In-Kind Equity/Deferred Developer Fee									
10	Consultant Fee	\$ 1,288,788				At construction completion	Architectural Consultant		Committed	Grant
11	In-Kind Services	\$ 1,050,000				At closing	In-Kind Services		Committed	Equity
12	HAY Center Funds	\$ 3,000,000				During construction	HAY Center Funds		Committed	Equity
TOTAL SOURCES OF FUNDS		\$ 39,343,726								
Use #										
1	Acquisition	\$ 9,250,617								
2	Development Costs	\$ 30,093,109								
TOTAL USES OF FUNDS		\$ 39,343,726								
HCDD CDBG DR Request		\$ 5,000,000								
Percentage of Total Uses		13%								

Enter all information of any interim Construction Period Sources that will not be included as a Permanent Period Source

Source #	Funding Description	Amount	Interest Rate	Amortization	Term	Timing of contribution	Source of Financing	Lien Position	Status	Payment Obligation
1	Conventional Loan									
2	LIHTC Syndication Proceeds									
3	Historic Tax Credit Syndication Proceeds									
4	Other Federal Loan or Grant (non HCDD)									
5	Private Loan or Grant									
6	Cash Equity									
7	In-Kind Equity/Deferred Developer Fee									
8	Other (specify):									
9	Other (specify):									
10	Other (specify):									
TOTAL SOURCES OF FUNDS		\$ -								

EXHIBIT D

Scope of Work

Scope of Work Narrative

Overview

The site is located at 3131 Gulf Freeway, on the east side of Interstate 45 (Gulf Freeway). It is part of an eight-acre property, which is divided into three Tracts. All three tracts are vegetated areas with no buildings remaining onsite. The Hays site is located on Tract 2 and is approximately three acres. It is bounded by I-45 Frontage Road, Leland Road, Velasco Street, and Ennis Street as shown on Exhibits 1. Previously, there were various buildings and parking lots on each of them, which have since been demolished. There is an existing railway easement along the northwest side of Velasco Street between Tracts 2 & 3 and the Velasco Street right-of-way. The project will consist of the design of The Hay Center, non-profit that provides housing, service and support for current and former youth.

Topography

Tract 2 is generally a high point of the surrounding area. Its highest point is elevation 43 with a low of 40. Tract 1 also has a high point of 43, with majority of sheet drainage directed at both I-45 Frontage, and the existing neighborhood to the north-northwest. The Tract 2 site drainage generally flows to the southeast, in the direction of the I-45 Frontage/Velasco intersection as shown on Exhibit 2. The existing neighborhood to the northwest has a high point of elevation 42.

Driveways/Access

Driveway access to the site will consist of two driveway locations located along the I-45 Frontage road. Both driveways will provide two-way access to the site with minimum width of 24 feet. The proposed driveway pavement will consist of 7-inch concrete with 6-inch lime stabilized subgrade. Driveway locations will need to be reviewed and approved by TXDOT. This process typically takes 9-months to complete.

Proposed Sidewalks

Proposed sidewalks are required within the City Right-of-way and must be designed to comply with ADA Accessibility Standards. The site consists of an existing 4-foot wide sidewalk along the I-45 Frontage road and an existing 10' wide bike trail called "Columbia Tap Rail Trail" along Velasco Street. The City of Houston standard is to provide a minimum 5-foot wide sidewalk. The existing sidewalk along I-45 Frontage road will be required to be replaced with a 5-foot wide sidewalk per City of Houston current standards. The sidewalk will consist of 4.5-inch concrete pavement with 4-inches of compacted subgrade.

Utilities-Wastewater

An 8" PVC sanitary sewer pipe is available along Ennis Street for potential future connection. GIMS identifies this as being installed in 1984, with a slip-line rehabilitation in 1999. The Ennis Street main will likely be the system that the City of Houston will recommend for The Hay's connection. This pipe is approximately 6.5 feet deep. Velasco Street has no sanitary sewer pipe. An 18" diameter sanitary sewer pipe is also located on Leeland Road, however connection to this will likely not be financially feasible due to its distance from the site and potential utility conflicts within the right-of-way. The GIMS map is available on Exhibit 3. The existing manhole on Ennis

Street will provide the point of connection for service to the development. A proposed wastewater line will need to extend from this manhole to the property. The wastewater line will be extended to the proposed buildings. The proposed sanitary sewer pipe material to be PVC conforming to ASTM D3034, ASTM F 679 SDR35. A proposed sanitary clean out will be located every 90 feet along the proposed sanitary sewer and a manhole at every junction for maintenance. A proposed clean out will be installed 5 feet outside each sanitary sewer point of entry to the proposed buildings. As with all utilities, capacity for connections will need to be further evaluated to determine their adequacy.

Utilities-Water

A water main exists on all streets that front The Hay Center's site and each are eight inches in diameter. The oldest appears to be along Velasco Street, which was installed in 1960, over 10 years beyond its life expectancy. It is made up of cast iron pipe. One concern is that the nominal diameter will be much less than eight inches due to its age and likely calcification reducing the effective pipe diameter. Along Ennis Street, there exists an eight-inch asbestos concrete pipe. Although the pipe is slightly newer than the one on Velasco Street, the environmental concerns would most likely make it cost-prohibitive. Leeland Road does have an eight-inch PVC water main, which was installed in 1990. Although this is further away, the newer pipe may prove to be what the City will recommend for connection. As opposed to the sanitary sewer pipe, making a water connection is less concerning because it is a pressure pipe and has the ability to route around various conflicts between connections. The City of Houston requires a 15'x25' area dedicated for a water easement. Typically, this is adjacent to the existing right-of-way. If the connection to the water main is along Velasco, an easement will need to be obtained for the water lateral to go either through or along the railroad easement. The proposed waterline material shall be C-900, DR18 PVC with a minimum of 4 feet of cover. A new water meter and vault will be required for the domestic use of the proposed development. The water meter and waterline will require an easement dedicated to the City of Houston. A backflow preventer will be installed after the meter for the water line protection. A separate meter and backflow preventer will be installed for the irrigation system. This will require a separate tap to the existing waterline main. Fire Hydrants exist at the corner of Ennis street and IH-45 Gulf Freeway frontage road and two are located on Velasco street. The existing fire hydrants provide adequate coverage for The Hay Center development. A pressure flow test should be performed around the site to better understand the potential water service capacity particularly related to the ability to provide adequate fire protection.

Utilities-Storm Sewer

The I-45 Frontage road has a 96" wide concrete box culvert that appears to have an invert approximately five feet deep. It is located within a 20' wide easement. While the box culvert is large, the five-foot depth is fairly shallow. This shallow depth could be a limiting factor for future storm connections, which could affect the depth of detention. If the detention needs to be shallow, a standard surface detention pond would need to be wide to reach necessary volume. Low Impact Development (LID) techniques may need to be utilized to help alleviate this issue and can work better with a shallow system. Velasco Street has a shallow roadside ditch, which could be utilized for sheet drainage, but not effective for a direct surface detention connection. A new 24-inch RCP storm sewer connection will be proposed to connect to the existing 96-inch storm sewer. According to the City of Houston GIMS, the 96" box culvert was installed in 1948, over 20 years past a reasonable life expectancy. Making any new connections to the old box culvert may be risky due to potential damages that could result. It is recommended that if connections to this culvert are desired, they be made to the existing manholes along that box culvert. Connection to this 96" box culvert will require TXDOT approval. Currently, acquiring approval to connect to TXDOT owned storm sewer is a nine-month process. New inlets are being proposed at low spots of the site which will be based on the proposed grading and will be connected to various size PVC storm sewer

pipes. No inlets will be proposed within the parking lot areas due to the pervious concrete paver system. All proposed storm sewer will be installed at a required minimum slope of 3 ft/sec of flow velocity needed for self-cleaning capability. In addition, the proposed storm sewer will have minimum of 12 inches of cover in non-vehicular traffic or pedestrian area and 24 inches of cover in vehicular traffic areas.

Wastewater/Water Capacity Reservation (WCR)

The availability of municipal utilities is determined through the City of Houston wastewater capacity reservation (WCR) application process. This application for services identifies any existing development on the site to be removed and the intended development parameters including building square footage, type of use, and high-water usage programmed spaces and equipment. This information is used to determine any utility impact fees associated with the service units (SU) needed. Service units for water and wastewater service are determined by using a land use equivalency table. Wastewater Fee are \$1,199.11/SU and water fees are \$790.55/SU. Credit will be given for existing development capacity. The development would require approximately 31 service units for a total of \$61,000. There is a separate stormwater information form that addresses impervious cover, the need for stormwater detention, any floodplain requirements, and the stormwater drainage impact fee. The storm drainage impact fee is based on the tract being part of a certain watershed which is associated with a drainage impact fee rate per service unit (1 service unit -1,000 sf of impervious area) of increased impervious area. Since this tract is in the Brays Bayou watershed, it is subject to a drainage impact fee rate of \$8.63 per service unit.

Stormwater Detention

Current City of Houston drainage criteria requires that all new development and development provide stormwater detention. All disturbed area resulting in new impervious surface is required to provide stormwater detention at a rate of 0.5 ac-ft/ac. However, the City is soon adopting to require detention at a rate of 0.65 ac-ft/ac. This is nearly a 20% increase in required volume. The City of Houston has stated that they plan to announce this new requirement early to mid-February. They have stated that they will likely offer a three-month grace period before it will be enforced for all projects. If an 'administratively complete' submittal is made to the City prior to the end of this grace period, the 0.5 ac-ft/ac rate could be accepted. Administratively complete means that all design disciplines are complete and are submitting their plans. An early civil package in advance of the other disciplines is not acceptable to grandfathered into the less rate. Also, if any changes are made by the design disciplines that require altering the civil submittal, the City could then enforce the 0.65 ac-ft/ac requirement. As a result, we recommend utilizing the new rate. In anticipation of this regulation change the proposed develop will require approximately 59,000 Cubic Feet of volume. The proposed site does not offer green areas that are adequate for surface detention, especially with shallow pipe connections available. As a result, Low Impact Design (LID) is recommended. This will be provided utilizing two LID features such as rain gardens and a pervious concrete paver system. There is a significant amount of detention required and it will require these to achieve the volume required. The additional benefit of these are that they will also serve as the Storm Water Quality Management (SWQM) required by the state for site water treatment. The pervious concrete pavers are proposed within the limits of the proposed parking lot. Angular stone and an underground module detention system such as R-Tank or approved equal will be underneath the proposed paver system. The proposed depth of the module system will be 3 feet. The entire parking lot will be required to accommodate the amount of detention required. The permeable concrete paver system will act as the inlets for the parking lot and provides a cost savings from those purchases. This system will discharge directly to the existing 96-inch public storm system of the 20-foot-wide storm easement with a restrictor to reduce flow. To achieve storm water quality requirements, the proposed planting areas may be converted to storm water rain gardens. By depressing the planting area, additional detention volume is held within the garden. In limited areas (25 square feet) within the rain garden is a high infiltration rate soil media which filters, treats, and restricts the outflow of

the incoming storm water. The filter media can be sized to treat the 'first flush' (one-inch) rainfall and can be scaled up to treat in excess of the first flush with minimal additional cost, if desired. Under the soil media is a French drain that connects to the storm sewer system. The media and French drain will be wrapped in a geotextile fabric. Both LID strategies serve to reduce peak runoff and increase its time of concentration. The result will be mitigation of urban flooding. These strategies exceed the City of Houston's minimum storm water detention and storm water quality requirements at no additional cost when compared to a standard piped inlet with surface detention approach.

Franchise Utilities

Overhead electric and telecommunications lines are available on both Ennis Street and Velasco Street. We are not aware of the underground along I-45 Frontage. Gas utility maps are pending from CenterPoint Energy.

Floodplain

The site is located within FEMA's "X-Unshaded" designation, which means that the site is above the 500-year (0.2% chance) flood elevation. This means that the site is not located within the floodplain.

Storm Water Quality

The proposed site development is over one acre and therefore will require a Storm Water Quality Management Plan (SWQMP). The strategy to achieve the water quality requirements are as mentioned in the Detention section above. A SWQM permit will be required with annual renewals.

INTERIM REVIEW ONLY

Document Incomplete: Not intended
for permit or construction.

Engineer: ERICA A. SANCHEZ, P.E.

P.E. Serial No.: 133946

Date: 01/17/2020

Walter P. Moore and Associates, Inc.
TBPE Firm Registration No. 1856

EXHIBIT E

Construction Schedule

(To Be Inserted)

EXHIBIT F

Permitted Encumbrances

PERMITTED ENCUMBRANCES

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):

Those recorded in Film Code No. 698434 of the Map Records of Harris County, Texas.

Omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner Policy only.)
4. Any title or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.(Applies to the Owner Policy only.)
5. Standby fees, taxes and assessments by any taxing authority for the year 2022 and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership; but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax years. (If Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2022 and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R).
10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception):
- a. Rights of parties in possession.
 - b. Rights of tenants in possession, as tenants only, under unrecorded lease agreements.
 - c. Intentionally deleted.
 - d. Intentionally deleted.
 - e. Intentionally deleted.
 - f. The Land has frontage or abuts Interstate Highway No. 45 (Gulf Freeway), which is a controlled access highway. This policy does not insure against the exercise of power by competent governmental authority to limit, control or deny access, ingress or egress to the Land from said highway or service road which the Land abuts, nor does it insure that the Insured has or shall continue to have access, ingress or egress from such property to and from said highway and service road.
 - g. A building set-back line, as disclosed by said map/plat.
Affects: 25 feet wide along the southwesterly property line
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - h. A building set-back line, as disclosed by said map/plat.
Affects: 10 feet wide along the southeasterly property line
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - i. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract/plat;
Purpose: visibility triangle
Affects: 15 feet by 15 feet at the most southerly corner
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - j. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
Granted to: City of Houston
Purpose: storm sewer easement
Recording No: Volume 2681, Page 165 of the Deed Records of Harris County, Texas, and as shown on the plat recorded at Film Code No. 698434 of the Map Records of Harris County, Texas
Affects: 20 feet wide traversing across the subject property.
 - k. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication on the recorded plat

Purpose: drainage easement
Affects: 15 feet wide on each side of the centerline of all natural drainage courses
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.

l. Notice of Storm Water Quality Requirements.

Recording Date: October 6, 2021
Recording No.: Harris County Clerk's File No. RP-2021-576049.

- m. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
- n. The Land is located within the City of Houston or within its extra territorial jurisdiction (within 5 miles of the city limits but outside another municipality). It is subject to the terms, conditions, and provisions of City of Houston Ordinance No. 85-1878, pertaining to among other things, the platting and replatting of real property and to the establishment of building lines (25 feet along major thoroughfares and 10 feet along other streets). A certified copy of said ordinance was filed August 1, 1991, at Harris County Clerk's File No. N253886.
- o. If any portion of the proposed loan and/or the Owner's Title Policy coverage amount includes funds for immediately contemplated improvements, the following exceptions will appear in Schedule B of any policy issued as indicated:

Owner and Loan Policy(ies): Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the insured against loss, if any, sustained by the Insured under this policy if such liens have been filed with the County Clerk of County, Texas, prior to the date hereof.

Owner Policy(ies) Only: Liability hereunder at the date hereof is limited to \$ 0.00. Liability shall increase as contemplated improvements are made, so that any loss payable hereunder shall be limited to said sum plus the amount actually expended by the insured in improvements at the time the loss occurs. Any expenditures made for improvements, subsequent to the date of this policy, will be deemed made as of the date of this policy. In no event shall the liability of the Company hereunder exceed the face amount of this policy. Nothing contained in this paragraph shall be construed as limiting any exception or any printed provision of this policy.

Loan Policy(ies) Only: Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy insures only to the extent of the amount actually disbursed, but increase as each disbursement is made in good faith and without knowledge of any defect in, or objections to, the title up to the face amount of the policy. Nothing contained in this paragraph shall be construed as limiting any exception under Schedule B, or any printed provision of this policy.

- p. Any rights, interests, or claims which may exist or arise by reason of the following matters disclosed by survey,

Dated: March 04, 2021, revised September 29, 2022
Prepared by: Chris Rhodes, R.P.L.S. No. 6532

Matters shown:

1. Manhole with valve, sign, monitor well, together with the rights of utilities and servicing companies in and to the access, use, maintenance and removal of same.

Fences do not follow property lines.

ATTACHMENTS TO CONSTRUCTION CONTRIBUTION AGREEMENT

- A. City's Restrictive Covenants
- B. Purchase Option
- C. Reserved
- D. Reserved
- E. Reserved
- F. Reserved
- G. Reserved
- H. Reserved
- I. Intercreditor Subordination and Funding Agreement
- J. Reserved
- K. Collateral Assignment of Property Management Agreement
- L. Assignment of Architect's Contract, Plans and Specifications, and Consent
- M. Assignment of Construction Contract
- N. Environmental Covenant
- O. Form of the Performance Bond, Maintenance Bond, and Payment Bond
- P. Reserved

**ATTACHMENT A
TO CONSTRUCTION CONTRIBUTION AGREEMENT
RESTRICTIVE COVENANTS**

RESTRICTIVE COVENANTS

THESE RESTRICTIVE COVENANTS ("Declaration") are executed this _____ day of _____, 2023, by Harris County, a body politic and corporate under the laws of the State of Texas ("Owner").

RECITALS

Owner has title to certain land described on **EXHIBIT A** attached hereto and incorporated herein by reference, together with any improvements situated thereon or to be constructed thereon, located at 3131 Gulf Freeway, Houston, Harris County, Texas (said land and improvements being hereinafter collectively referred to as the "Property" or the "Project").

Pursuant to a certain Construction Contribution Agreement ("City Contribution Agreement") by and between the City of Houston ("City") and Owner effective as of _____, 2023, Owner has agreed to comply with certain occupancy and rent restrictions on the Property for the Affordability Period (as defined herein), and, in consideration of the mutual benefits to the City and Owner set out in the City Contribution Agreement, Owner has agreed to execute this Declaration to further evidence its agreement to comply with such restrictions.

Owner has executed that certain Regulatory Agreement and Declaration of Covenants and Restrictions dated April 21, 2021 ("County Restrictions") which also affect the Property and is being recorded of even date herewith.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. Capitalized terms used in this Declaration shall have, unless the context clearly requires otherwise, the meanings specified in this Article I. Certain additional terms may be defined elsewhere in this Declaration.

a. Affordability Period means the forty (40) year period, which commences upon Project Completion, as defined in the City Contribution Agreement, during which all Designated Units in the Project must remain affordable (in accordance with the provisions of Section 3.1 hereof) without regard to the term of the City Contribution Agreement or transfer of ownership of the Project (the "City Affordability Requirements"). The Affordability Period includes a twenty (20) year HUD required affordability period as set forth in 83 Fed. Reg. 5844 and 83 Fed. Reg. 40314 (the "HUD Affordability Requirements"), in addition to a supplemental twenty (20) year affordability period required by the City. While the Owner's obligation to comply with the HUD Affordability Requirements and related obligations shall end at the close of the initial twenty (20) year affordability period, the Owner shall be required to comply with the City Affordability Requirements for the forty (40) years, as maybe extended, in accordance with this Declaration.

b. City is defined in the preamble to this Declaration.

c. City Contribution means the grant made by the City to Owner in the amount of \$5,000,000.00.

d. City Contribution Agreement shall mean that certain grant agreement by and between the City and Owner, which governs the City Contribution.

e. City Contribution Documents shall mean all of the documents executed by Owner that governs, secures, and/or evidences the City Contribution, including without limitation, the City Contribution Agreement and this Declaration.

f. Designated Unit(s) means those units in the Project which have been designated by the Owner and approved by the Director as subject to all occupancy, rent and affordability requirements contained in the City Contribution Agreement and this Declaration. The Designated Units for the Project covered by this Agreement shall consist of twenty-six (26) Project units, as more particularly described in Article III hereof, and which may "float" within the Project.

g. Director means the Director of the City's Housing and Community Development Department or any other person that the Director may designate to monitor compliance with this Declaration.

h. Float means that the location of the Designated Units may vary within the Project. The income eligible tenants must occupy the Designated Units. If at any time during the Affordability Period the income of the tenant household increases above the threshold eligible area median income level for which the Designated Unit has been designated, then Owner must substitute said unit with the next available comparable unit and house a household whose income is consistent with the area median income for the Designated Unit in which the tenant household became over-income.

i. GLO means the General Land Office of the State of Texas.

j. HUD means the United States Department of Housing and Urban Development.

k. Income and/or Family Income or any similar term, including without limitation, annual income, adjusted income, monthly income and monthly adjusted income shall have the meanings assigned to such terms in 24 CFR Part 5.

l. LMI Persons shall mean households whose annual incomes do not exceed eighty (80%) percent of the area median income, as determined by HUD with adjustments for family size.

m. Owner is defined in the preamble to this Declaration.

p. Project means the land described in **EXHIBIT A** together with all buildings and other improvements located thereon. Project shall also include all personal property of the Owner located on, incorporated into, or used in connection with the land and improvements, including without limitation, all appliances, air conditioning, heating, ventilation, plumbing and electrical fixtures and equipment.

q. Regulations mean all federal regulations applicable to the Project, including, without limitation, any federal or state regulations related to any loans or grants made pursuant to or in connection with the HUD Community Development Block Grant Disaster Recovery program, as amended from time to time as administered by the GLO.

Section 1.2 Generic Terms. Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural, and the masculine shall include the feminine or neuter and vice versa, to the extent necessary to give the terms defined in this Article I and/or the terms otherwise used in this Declaration their proper meanings.

ARTICLE II

USE AND OCCUPANCY OF THE PROPERTY

Section 2.1 Use and Occupancy of the Property. During the Affordability Period, Owner will maintain the Designated Units located at the Property as multi-family rental housing for qualified LMI Persons and will rent or hold available for rental twenty-six (26) Designated Units on a continuous basis.

a. During the Affordability Period, Owner will make continuously available for occupancy each and every Designated Unit in the Project as provided in Section 3.1 below.

b. The determination of whether the income of a family or individual occupying or seeking to occupy a Designated Unit exceeds the applicable income limit shall be made prior to admission of such family or individual to occupancy in a Designated Unit. Thereafter, such determinations shall be made at least annually on the basis of an examination or reexamination of the current income of the family or individual.

ARTICLE III

RENT

Section 3.1 Designated Units; Compliance With Affordability Requirements.

a. The Director has determined that the number of Designated Units for the Project covered by this Agreement shall consist of twenty-six (26) units, being at least fifty-one percent (51%) of the fifty total residential units in the Project, the location of which may float during the Affordability Period.

b. With respect to the Designated Units, Owner shall comply with the following affordability requirements:

- (1) Each of the Designated Units shall be rented or be available for rent only to the City's LMI Persons, being those households whose gross income does not exceed eighty percent (80%) of the Area Median Income ("AMI"), as determined by HUD.
- (2) Designated Units shall be rent restricted based upon the following criteria:
 - a. eighteen percent (18%) or 9 of the Designated Units shall be restricted to households at rents that do not exceed thirty percent (30%) of AMI.

- b. twelve percent (12%) or 6 of the Designated Units shall be restricted to households at rents that do not exceed fifty percent (50%) of AMI.
 - c. twenty-two percent (22%) or 11 of the Designated Units shall be restricted to households at rents that do not exceed sixty percent (60%) of AMI.
 - (3) The rental amount for each Designated Unit shall not exceed the applicable maximum rental limitations published annually by HUD for the low-income housing tax credit program, adjusted for household and unit size and applicable to the City, as such rental limitation is further described at 26 U.S.C. §§ 42(g)(2)(A) and (B).
 - (4) The location of the Designated Units shall "float" within the Project. No later than ninety (90) days prior to the initiation of rental activities at the Project, Owner shall contact the Director to establish a procedure for identifying the initial Designated Units to be occupied by qualified tenants and a procedure for identifying the floating Designated Units on a periodic basis thereafter.
- c. The Owner will not refuse to lease a Designated Unit to a recipient of federal housing assistance or to the holder of a document evidencing participation in a tenant-based assistance program because of the status of the prospective tenant as a holder of such certificate of participation, rental voucher, or comparable tenant-based assistance document (unless such rental is in conflict with other applicable federal or state requirements).

ARTICLE IV

ADMINISTRATION

Section 4.1 Tenant Lease Requirements. The Owner shall enter into a lease agreement (in the form approved by the Director) with each new or renewal tenant ("Tenant") of the Project's Designated Units. The term of each lease shall not be less than one (1) year unless the Owner and the Tenant mutually agree otherwise. No lease of any Designated Unit may contain any of the following provisions:

- a. An agreement by the Tenant to be sued, to admit guilt or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
- b. An agreement by the Tenant that the Owner may take, hold, or sell personal property of household members without notice to the Tenant and a court decision on the rights of the parties. This provision does not apply to an agreement by the Tenant concerning disposition of personal property remaining in a housing unit in the Project after the Tenant has moved out of a unit. The Owner may dispose of this personal property in accordance with applicable state law;
- c. An agreement by the Tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

- d. An agreement of the Tenant that the Owner may institute a lawsuit without notice to the Tenant;
- e. An agreement by Tenant that the Owner may evict the Tenant or household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or prior to a court decision regarding the rights of the parties;
- f. An agreement by the Tenant to waive any right to a trial by jury;
- g. An agreement by the Tenant to waive the Tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; or
- h. An agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the Owner against the Tenant. The Tenant, however, may be obligated to pay costs if the Tenant loses.

Section 4.2 Limitations on Termination of Leases. Owner shall not terminate any tenancy or refuse to renew the lease of any Tenant in the Project except for one of the following reasons: (a) violation of the terms and conditions of the lease; (b) violation of applicable federal, state or local law; (c) if the Project is a transitional housing facility, for completion of the transitional housing tenancy period established by mutual agreement of the Owner and the City; or (d) other good cause. Any termination or refusal to renew must be preceded by the Owner providing the affected Tenant with not less than thirty (30) days prior written notice specifying the grounds for such termination or refusal to renew.

Section 4.3 [Reserved]

Section 4.4 Annual Reevaluation of Rents. For purposes of monitoring compliance with the affordability requirements of Section 3.1 above, Owner shall, prior to the occupancy of any Tenant in a Designated Unit and thereafter annually, submit to the City for approval, the rents proposed by the Owner for the coming year as well as the monthly allowances proposed by the Owner for the coming year for utilities and services to be paid by the Tenant. In connection with the Owner's annual submittal of proposed rents, the Owner shall re-examine the income of each Tenant household living in a Designated Unit. The maximum monthly rent must be recalculated by the Owner in accordance with the requirements of Section 3.1 above and reviewed and approved by the City. Any increase in rents for Designated Units is subject to the provisions of the leases in any event, and the Owner must provide Tenants not less than thirty (30) days prior written notice before implementing any increase in rents.

Section 4.5 Maintenance of Project. Owner must maintain the Project in compliance with (i) the City's Minimum Property Standards as defined in the City Contribution Agreement and (ii) all applicable, local codes, rehabilitation standards, ordinances and zoning ordinances (including without limitation, the City's Building, Housing and Fire Codes).

Section 4.6 Maintenance of Documents. All tenant lists, applications, leases, waiting lists, income examinations and reexaminations relating to the Property shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Property, and shall be maintained in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of the City, GLO or other federal agency.

Section 4.7 Compliance Review. The City or its designee will monitor Owner's compliance with the requirements of this Declaration. In conducting its compliance review the City will rely primarily on information obtained from Owner's records and reports, findings from on-site monitoring and audit reports.

Section 4.8 Releases. Upon the expiration of the Affordability Period as provided in Section 1.1(a) hereof, Owner shall request that the City execute such documents as may be required to evidence release of the Property from the covenants and restrictions set forth in this Declaration and the other Contribution Documents.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF OWNER

Section 5.1 Representations and Warranties. Owner represents and warrants to the City that:

a. Valid Execution. Owner has validly executed this Declaration and the same constitutes the binding obligation of Owner. Owner has full power, authority and capacity:

- (i) to enter into this Declaration;
- (ii) to carry out Owner's obligations as described in this Declaration; and
- (iii) to assume responsibility for compliance with all applicable local, state and federal rules and regulations, including, without limitation, the Regulations.

b. No Conflict or Contractual Violation. To the best of Owner's knowledge, the making of this Declaration and Owner's obligations hereunder:

- (i) will not violate any contractual covenants or restrictions (A) between Owner and any third party or (B) affecting the Property;
- (ii) will not conflict with any of the instruments that create or establish Owner's authority;
- (iii) will not conflict with any applicable public or private restrictions;
- (iv) do not require any consent or approval of any individual or entity which has not already been obtained; and
- (v) are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against (A) Owner without regard to capacity, (B) any person with whom Owner may be jointly or severally liable, or (C) the Property or any part thereof.

c. No Litigation. No litigation or proceedings are pending or, to the best of Owner's knowledge, threatened against Owner which if adversely determined could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation of this Declaration.

d. No Bankruptcy. There is not pending or, to Owner's best knowledge, threatened against Owner any case or proceeding or other action in bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for Owner under any federal, state or other statute, law or regulation relating to bankruptcy, insolvency or relief for debtors.

Section 5.2 **INDEMNIFICATION.** OWNER AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY, GLO AND HUD FROM AND AGAINST ALL LIABILITIES, LOSSES, CLAIMS, DAMAGES, JUDGMENTS, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) INCURRED BY THE CITY, GLO OR HUD AS A RESULT OF ANY MATERIAL INACCURACY IN ANY OF THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 5.1.

ARTICLE VI

ENFORCEMENT AND REMEDIES

Section 6.1 Remedies of the City.

a. A default under this Declaration or the City Contribution Agreement, shall constitute a default under the City Contribution Documents and the City Contribution Documents which were collaterally assigned to the City. The rights set forth in this Section 6.1 are in addition to any rights the City may have under the City Contribution Agreement, at law or in equity. In the event of a default hereunder, Owner shall have the cure rights provided it under Section 10.1.2 of the City Contribution Agreement.

b. This Declaration shall be enforceable by actions at law or in equity including, without limitation, actions for specific performance by the City of Houston, its successors and assigns and/or one or more third-party beneficiaries. For the purpose of this Restrictive Covenant, a third-party beneficiary shall be any member of a Low-Income Family meeting the eligibility requirements for a Designated Unit under Section 3.1 of this Declaration.

c. Each right, power and remedy of the City provided for in this Declaration now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise and the exercise or beginning of the exercise by the City of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the City of any or all such other rights, powers or remedies.

d. Owner shall be fully and personally liable and subject to legal action to the full extent of the losses of the City caused by (a) misappropriation of insurance proceeds; (b) misappropriation of proceeds from condemnation or a conveyance in lieu of condemnation; (c) misappropriation of tenant security deposits or other refundable deposits of tenants; (d) misappropriation of rents and other payments received from leases after an Event of Default; (e) waste or damage to the Project as a result of the intentional misconduct or gross negligence of Owner; (f) for all obligations and indemnities of Owner under the City Contribution Documents

relating to hazardous or toxic substances or compliance with environmental laws; and (g) for fraud or material intentional misrepresentation by Owner.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Priority. In the event of a conflict between the County Restrictions and this Declaration, the most restrictive of the two documents shall apply.

Section 7.2 Amendments. This Declaration may not be amended, modified or rescinded except pursuant to written instrument executed by Owner and approved by the City.

Section 7.3 Notices. All notices required or permitted to be given under this Declaration must be in writing and will be deemed to have been duly given if delivered personally or three (3) days after mailed postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following addresses:

If mailed or delivered
to the City:

CITY OF HOUSTON
Housing & Community
Development Department
2100 Travis Street, 9th Floor
Houston, TX 77002
Attention: Director

If mailed or delivered
to Owner:

HARRIS COUNTY
C/o Community Services Department
8401 Lantern Point Drive
Houston, TX 77053
Attention: Director of Community Services Department

Any party may change its address for notice purposes by giving notice to the other parties in accordance with this Section 7.2.

Section 7.3 Governing Law and Venue. This Declaration shall be construed and interpreted in accordance with the laws of the City, the State of Texas, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction. Venue shall be proper for any dispute with respect to this Declaration in the United States District Court for the Southern District of Texas or the state circuit court sitting in Harris County, Texas.

Section 7.4 Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 7.5 Binding Effect; Covenants Running with the Land. During the Affordability Period, this Declaration and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land for the benefit of the City and its successors and shall pass to and be binding upon Owner's assigns and successors in title to the Property, or if the Property shall not include title to land, but shall include a leasehold interest in land, this Declaration and the covenants, reservations, et al., shall bind the leasehold interest as well as the Property and shall pass to and be binding upon all heirs, assigns and successors to such interest; provided, however, that upon expiration of the Affordability Period this Declaration and said covenants, reservations and restrictions shall expire. During the Affordability Period, each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. If a portion or portions of the Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property. Owner, at its cost and expense, shall cause this Declaration to be duly recorded or filed and re-recorded or refiled in such places, and shall pay or cause to be paid all recording, filing or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of the City to enforce this Declaration.

Section 7.6 Counterparts. This Declaration and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy.

Section 7.7 Section Titles. Section titles and the table of contents are for descriptive purposes only and shall not control or limit the meaning of this Declaration as set forth in the text.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have executed this Declaration to be effective as of the _____ day of _____, 2023.

COUNTY :

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENESEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this ____ day of _____, 2023 by _____, the _____ of _____, a _____, on behalf of said _____.

NOTARY PUBLIC - THE STATE OF TEXAS

Printed Name of Notary

My commission expires:_____.

ATTACHMENTS:

EXHIBIT "A" Property Description

EXHIBIT A

Property Description

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

**ATTACHMENT B
TO CONSTRUCTION CONTRIBUTION AGREEMENT
PURCHASE OPTION AGREEMENT**

When recorded, return to:

THE CITY OF HOUSTON

P. O. Box 1562

Houston, TX 77251-1562

Attention: Director, Housing and Community Development Department

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PURCHASE OPTION AGREEMENT

From

HARRIS COUNTY, TEXAS

a political subdivision of the State of Texas
as Seller

to

CITY OF HOUSTON, TEXAS

a home-rule city organized under the laws of the State of Texas
as Buyer

PURCHASE OPTION AGREEMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This **PURCHASE OPTION AGREEMENT** ("**Option Agreement**") is made as of _____, 2023 by and between **HARRIS COUNTY, TEXAS**, a political subdivision of the State of Texas ("**Seller**") and the **CITY OF HOUSTON, TEXAS**, a home-rule city organized under the laws of the State of Texas ("**Buyer**").

RECITALS

A. Seller is the fee simple owner of the land and any improvements located on certain real property located at 3131 Gulf Freeway, Houston, Texas, (such land and improvements collectively known as the "**Property**") and which Property is more particularly described in **Exhibit A**, attached hereto and made a part hereof.

B. Seller and Buyer executed that certain Construction Contribution Agreement (the "Contribution Agreement") dated as of approximate date herewith and which provides the terms and conditions of a contribution of up to Five Million Dollars (\$5,000,000) by Buyer to Seller.

C. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Contribution Agreement.

NOW, THEREFORE, for and in consideration of the covenants and obligations contained herein, ten dollars, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby grants to Buyer an exclusive option to purchase the Property. The parties hereby agree as follows:

1. Grant of Option. The Grantor hereby grants to the Beneficiary an option (the "**Option**") to acquire the real estate, fixtures, and personal property comprising the Property or associated with the physical operation thereof, located at the Property and owned by the Grantor at the time of purchase on the terms and conditions set forth in this Option Agreement.

2. Option Term. This option to purchase ("**Option to Purchase**") shall be effective as of the date first written above and shall remain in effect until the later to occur of: the termination of the Contribution Agreement or the termination of the Restrictive Covenants.

3. Notice Required to Exercise Option. If Buyer elects to exercise the Option to Purchase in accordance with the Contribution Agreement, Buyer shall deliver written notice to Seller in accordance with Section 15 of the Contribution Agreement. Such notice may be given at any time during the option term.

4. Price for Option. The price for acquiring the Property pursuant to the Option will be equal to Ten and No/100 Dollars (\$10.00) plus the consideration of the release of Seller from its obligations under the Contribution Agreement, other than any continuing obligations under such agreement or liabilities or obligations arising from the Seller's default under such Agreement.

5. Parties' Obligations. Upon Buyer's acquisition of the Property pursuant to this Option Agreement, Buyer shall assume any existing affordability restrictions or grant obligations on the Property and any remaining responsibilities for completion of construction and/or Property operation; provided Buyer shall not assume any liability for actions by Seller which pre-date the Property transfer to Buyer. Seller will remain liable for any matters that pre-date the Property transfer.

6. Closing. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Property or another mutually acceptable title company. Each party shall pay its own legal fees.

7. Option Runs with the Land. This Option to Purchase shall be senior to any other options to purchase the Property and shall not be terminated in the event the Property is transferred voluntarily or involuntarily by Seller to another entity so long as the Contribution Agreement or the Restrictive Covenants are in effect, provided that the Property transfer was not caused solely by the gross negligence or willful misconduct of Buyer.

8. Representations, Warranties, Covenants and Agreements of Seller. Seller represents that, at the time of the execution and delivery of this Option Agreement, Seller is the sole and lawful owner of the Property in fee simple, and Seller has the authority to execute this Option Agreement. The Property is free from all encumbrances and charges whatsoever except for the Permitted Encumbrances. Seller shall not make any additional encumbrance, assignment, or pledge thereof without Buyer's prior written consent, which shall not be unreasonably withheld.

9. Assignment. The Buyer may assign all or any of its rights under this Option Agreement to (a) a nonprofit organization or (b) a government agency or affiliate of Buyer (each a "***Permitted Assignee***") that demonstrates its ability and willingness to maintain the Property as low-income housing in accordance with the Restrictive Covenants. Prior to any assignment or proposed assignment of its rights hereunder, the Buyer shall give written notice thereof to the Seller. Upon any permitted assignment hereunder, references in this Option Agreement to the Buyer shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Option Agreement and so assigned. No assignment of the Buyer's rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of the Buyer's obligations under this Option Agreement and copies of such written agreement are delivered to the Seller. Except as specifically permitted herein, the Buyer's rights hereunder shall not be assignable.

10. Captions. The captions contained in this Option Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Option Agreement.

11. Notices. All notices shall be sent pursuant to this Option Agreement shall be sent in accordance with the Contribution Agreement.

12. Counterparts. This Option Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement.

13. Severability. If any provision in this Option Agreement is invalid or unenforceable in whole or in part, this instrument shall in all other respects remain in full force and effect.

14. Successors and Assigns. All of the provisions hereof shall apply to, inure to the benefit of, and be binding upon Buyer and Seller and their respective successors and assigns (provided the foregoing shall not be construed as consent to any transfer by Seller of the Property that is not permitted under the Contribution Agreement or this Option Agreement).

15. Choice of Law. This Option Agreement shall be performable and enforced in Harris County, Texas, and shall be liberally construed in accordance with the laws of the State of Texas from time to time in effect except to the extent preempted by the United States federal law. Venue shall be appropriate in Harris County, as applicable.

16. Conflicts. In the event of a conflict between this Option Agreement and the Contribution Agreement, the Contribution Agreement shall control.

17. JURY WAIVER. SELLER AND BUYER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS OPTION OR THE CONTRIBUTION AGREEMENT.

ATTACHMENTS:

EXHIBIT "A" Land

EXHIBIT "B" Permitted Encumbrances

[Signatures on following pages]

***Signature Page
Option Agreement***

IN WITNESS WHEREOF, Seller has executed this Option Agreement on the date set forth in the acknowledgments below but to be effective as of _____, 2023.

SELLER:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 2023, by ____
_____, the _____ of _____, a _____
_____, on behalf of such _____.

NOTARY PUBLIC, State of Texas

PRINTED NAME OF NOTARY
My COMMISSION EXPIRES: _____

***Signature Page
Option Agreement***

IN WITNESS WHEREOF, Buyer has executed this Option Agreement on the date set forth in the acknowledgments below but to be effective as of _____, 2023.

BUYER:

SEAL/ATTEST:

CITY OF HOUSTON, TEXAS

Pat Jefferson Daniel, City Secretary

Sylvester Turner, Mayor

APPROVED:

COUNTERSIGNED:

Keith Bynam, Director
Housing and Community Development
Department

Chris B. Brown, City Controller

APPROVED AS TO FORM:

COUNTERSIGNATURE DATE:

Senior Assistant City Attorney
LD# _____

STATE OF TEXAS

§
§

COUNTY OF HARRIS

§

This instrument was acknowledged before me on the ____ day of _____, 2023, by ____
_____, the _____ of _____, a _____
_____, on behalf of such _____.

NOTARY PUBLIC, State of Texas

PRINTED NAME OF NOTARY

My COMMISSION EXPIRES: _____

EXHIBIT A
LAND

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

EXHIBIT B
PERMITTED ENCUMBRANCES

Attachment C

Reserved

Attachment D

Reserved

Attachment E

Reserved

Attachment F

Reserved

Attachment H

Reserved

Attachment G

Reserved

**ATTACHMENT I
TO CONSTRUCTION CONTRIBUTION AGREEMENT
INTERCREDITOR, SUBORDINATION AND FUNDING AGREEMENT**

INTERCREDITOR, SUBORDINATION, AND FUNDING AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, the CITY OF HOUSTON, TEXAS, a home-rule city organized under the laws of the State of Texas ("City") has made a grant to HARRIS COUNTY, TEXAS, a political subdivision of the State of Texas ("County") of up to Five Million Dollars (\$5,000,000) ("City Contribution") for the purpose of assisting with the acquisition and/or construction of replacement affordable housing located at 3131 Gulf Freeway, Houston, Harris County, Texas, as more particularly described in Exhibit A attached hereto and incorporated herein ("Property") in accordance with the terms and conditions of the Construction Contribution Agreement dated on or about even date herewith ("Contribution Agreement"), and secured by a Purchase Option, covering the Property ("Purchase Option"). The Purchase Option, and all documents evidencing, securing, guaranteeing or evidencing the Contribution Agreement, are collectively referred to herein as the "Contribution Documents";

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, including the mutual promises contained herein, City and County agree as follows:

Article I. LURA.

Section. 1.01 As required by the terms of the City Contribution, County has also executed the Restrictive Covenants dated as of the Effective Date, which imposes certain land use restrictions of the Property (together with all renewals, modifications, consolidations, replacements and extensions thereof, collectively, the "LURA").

Article II. Security Documents.

Section 2.01 Subordination to LURA. The LURA shall at all times be superior to any deeds of trust on the Property and all other liens, security interests, assignments, and pledges (collectively, "Security Documents") now or hereafter given. The City's Purchase Option is expressly subordinate to the LURA. Notwithstanding anything herein to the contrary, in the event of the foreclosure of any of the Security Documents, the Affordability Restrictions shall remain in full force and effect with respect to the Property.

Article III. Representations.

Section 3.01 By County. County represents and warrants to City that:

(a) County has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement.

(b) All action on the part of County that is required for the authorization, execution, delivery, and performance of this Agreement has been duly and effectively taken.

(c) This Agreement has been duly executed and delivered by County and constitutes the legal, valid, and binding obligation of County, enforceable against County in accordance with the terms hereof, except as such enforceability (i) may be limited by applicable laws affecting the enforcement of creditors' rights and remedies generally, and (ii) is subject to general principles of equity.

(d) As of the date hereof, no Default or Event of Default (as such terms are used in the Contribution Documents), or any facts or circumstances which with the passage of time or giving of notice or both could result in the occurrence of a Default or an Event of Default exist under the Contribution Documents or the LURA.

Article IV. Reserved.

Article V. Conditions Precedent; Effective Date. This Agreement shall not become effective until the date (such date being the "Effective Date") when all of the following conditions precedent have been satisfied or waived:

- (a) This Agreement shall have been duly executed by City and County; and
- (b) County has executed all of the Contribution Documents in addition to the Contribution Agreement.

Article VI. Controlling Agreements; LURA. In the event of any conflict between the terms and conditions of this Agreement and the terms and provisions of the Contribution Documents, then the terms and provisions of this Agreement shall control. Notwithstanding anything contained in this Agreement, in no event shall the LURA be deemed subordinate to any other land use restrictions and shall in all events be senior to all documents recorded on the property on this date or hereafter unless agreed to, in writing, by the City. This includes any subsequent financing County may obtain.

Article VII. No Third-Party Beneficiary. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any party other than the parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition, or stipulation thereto; and the covenants, stipulations, and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns.

Article VIII. City Council Approval.

Section 8.01 This Agreement shall not be effective until the Contribution Agreement has been approval by the City of Houston City Council ("City Council") and is signed by the Mayor of the City of Houston ("Mayor") and countersigned by the Controller of the City ("Controller") and the remaining Contribution Documents are signed by the Director of the Housing and

Community Development Department of the City. Notwithstanding anything in this Agreement to the contrary, the cure of the Defaults or Events of Default under the Contribution Documents by the City are all subject to City Council approval.

Section 8.02 Notwithstanding anything contained herein to the contrary, this Agreement does not, nor shall it be construed to, foreclose or waive the application of all lawful requirements under the applicable laws of the State of Texas for the approval or issuance of future agreements, permits or licenses by the City.

Section 8.03 Any provision of this Agreement which contemplates (i) the payment of money by the City, which payment would require the appropriation of funds over and above any sums appropriated prior to the Effective Date of this Agreement in connection with this Agreement (and the transactions contemplated herein), or (ii) any other future action, decision, agreement, waiver or approval which by its nature must be approved by the City Council, including without limitation, the issuance of permits or licenses, shall be subject to the approval of any subsequent City Councils to which such matter is presented and to the appropriation by such City Council of the required funds, in the exercise of its legislative discretion.

Article IX. Miscellaneous.

Section 9.01 Notices. All notices, demands, certificates, or other communications hereunder shall be in writing and shall be deemed sufficiently given or served for all purposes when delivered personally, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the proper address as indicated below; provided that any such notices, demands, certificates, or other communications shall be deemed effective only upon receipt. Each party may, by written notice given to the other parties, designate any other address or addresses to which notices, certificates or other communications to them shall be sent as contemplated by this Agreement. Until otherwise so provided by the

respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

CITY:

City of Houston
c/o Department of Housing and Community Development
2100 Travis, 9th floor
Houston, TX 77002
Attention: Director

With copy to:

City of Houston Legal Department
900 Bagby, 4th Floor
Houston, TX 77002
Attention: City Attorney

With copy to:

Housing and Community Development Department
2100 Travis, 9th Floor
Houston, TX 77002
Attention: Director

County:

Harris County
c/o Community Services Department
8401 Lantern Point Drive
Houston, Texas 77054
Attention: Division Manager, Multifamily

Section 9.02 Successors and Assigns. Whenever in this Agreement any party hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all rights, benefits, covenants, promises, and agreements in this Agreement by or on behalf of the respective parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 9.03 Counterparts. The parties have executed this Agreement in multiple originals, each having full force and effect, as of the date of this Agreement. Facsimile or electronically transmitted signatures shall be deemed originals for all purposes hereunder.

Section 9.04 Governing Law. This Agreement shall be performable and enforced in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas, without regard to the conflicts of laws rules of the State of Texas. Venue shall be exclusively in Harris County, Texas.

Section 9.05 Amendments. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party or parties against whom it is to be enforced, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay on the part of City in the exercise of any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial waiver by City of any right, power, or remedy preclude any further exercise thereof, or the exercise of any other right, power or remedy.

Section 9.06 Survival. This Agreement shall remain in full force and effect until the County has fully performed under the Contribution Agreement.

Section 9.07 Entirety. This Agreement, including the documents referred to herein, embodies the entire agreement and understanding of the parties hereto and supersedes all prior agreements and understandings of the parties hereto relating to the subject matter herein contained.

Section 9.08 Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected and/or impaired thereby.

Section 9.09 Funding. City (subject to the terms and conditions of the Contribution Documents) and County agree that the funding for the construction of the Property, as it relates to budget categories that are jointly funded by the County and the City, shall occur as follows:

- (1) County shall first expend County Community Development Block Grant-Disaster Relief (“CDBG-DR”) funds on the hard and soft costs covered under the Final Construction Budget in the amount of \$_____ until such funds are fully exhausted;
- (2) Once County has exhausted the County CDBG-DR funds, the City shall advance the City Contribution until it is fully advanced (net of required retainage). The City Contribution shall only be used to cover hard costs and the residential portion of the Property;
- (3) After the City Contribution is fully advanced (net of required retainage), City shall have no further financial obligation, and County shall look to other (or its own) sources, which may include but are not limited to American Rescue Plan Act State and Local Fiscal Recovery Funds.

The purpose of this Section is to designate funding order and not to create funding obligations on the part of City. The obligations of the City is subject to the terms and conditions of the Contribution Documents.

[SIGNATURE PAGE FOLLOWS]

Signature Page

Intercreditor, Subordination and Funding Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of the date of the countersignature by the Controller of the City of Houston, as set forth below.

COUNTY:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

STATE OF TEXAS

COUNTY OF HARRIS_

The foregoing instrument was acknowledged before me this _____ day of _____,
20__ by _____, the _____ of _____, a _____, on behalf of
such _____.

NOTARY PUBLIC - THE STATE OF TEXAS

Printed Name of Notary

My commission expires:_____.

CITY:

SEAL/ATTEST:

CITY OF HOUSTON, TEXAS

Pat Jefferson Daniel, City Secretary

Sylvester Turner, Mayor

APPROVED:

COUNTERSIGNED:

Keith W. Bynam, Director
Housing and Community Development
Department

Chris B. Brown, Controller

APPROVED AS TO FORM:

COUNTERSIGNATURE DATE:

Senior Assistant City Attorney
LD# _____

STATE OF TEXAS §
§
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on the ____ day of _____, 20__, by _____ for Sylvester Turner, Mayor of the CITY OF HOUSTON, a municipal corporation, on behalf of said corporation.

Notary Public, State of Texas

Printed Name of Notary
My commission expires: _____

EXHIBIT A

PROPERTY

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

Attachment J

RESERVED

**ATTACHMENT K
TO CONSTRUCTION CONTRIBUTION AGREEMENT
ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT**

ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT

THIS ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT (this "**Assignment**") is made as of _____, 2023 by and between Harris County, a body politic and corporate under the laws of the State of Texas ("**Owner**") and HCHA Management, LLC, a Texas limited liability company, having an address at _____ Houston, Texas ("**Manager**").

RECITALS

A. Owner is the owner of the real property located at 3131 Gulf Freeway, Houston Texas 77003 ("**Project**") and is making certain improvements to the Project.

B. Manager is the property manager of the Project pursuant to that certain Property Management Agreement dated as of _____ 2023 between Owner and Manager (as from time to time amended in accordance with the terms thereof and hereof, the "**Management Agreement**").

C. Owner has requested a \$5,000,000.00 contribution ("**Contribution**") from the City of Houston, Texas ("**City**") to provide funds for the construction of the Project.

D. The Contribution will be (i) advanced pursuant to the terms of a certain Construction Contribution Agreement dated as of the date hereof between City and Owner (as the same may be amended from time to time, the "**Contribution Agreement**"); and (ii) secured by a Contingent Option ("**City Option**") covering the Project.

E. City has required, as a condition to making the Contribution and as additional security for the obligations of Owner under the Contribution, (i) that Owner assign to City all of Owner's right, title and interest in and to the Management Agreement; (ii) that Owner and Manager subordinate, to the extent herein provided, their respective right, title and interest in and to the Management Agreement to the City Option securing performance of the Contribution; and (iii) that Owner and Manager agree to the terms, covenants and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Terms.** Terms defined in the Contribution Agreement have the same meanings when used herein unless otherwise defined herein or the context hereof otherwise requires.

2. **Assignment.** Subject to the terms and conditions hereof, to further secure the performance of the obligations under the Contribution Agreement and documents executed in connection with or securing the Contribution Agreement ("**Contribution Documents**"), Owner hereby collaterally grants, transfers and assigns to City all of Owner's right, title and interest in, to and under the Management Agreement together with all right, power and authority of Owner to alter, modify or change the terms of the Management Agreement or to surrender, cancel or terminate the same, and Manager consents to such assignment pursuant to and in accordance with the agreements set forth herein. So long as no Default exists under the Contribution Agreement or any of the Contribution Documents, Owner shall have the license to perform under and receive performance under the Management Agreement. Neither this Assignment nor any action taken by City under or pursuant to this Assignment shall be deemed to impose any obligation or liability upon City to Manager under or with respect to the Management Agreement or any covenants of Owner thereunder; except that from and after the date upon which City (a) agrees in writing to assume performance of Owner's obligations under the terms of the Management Agreement, or (b) acquires title to the Project by foreclosure or otherwise, Manager shall be entitled to the management fees and other sums provided in the Management Agreement which are due and payable after acquisition of the Project by City so long as Manager is performing its duties thereunder.

3. **Representations and Warranties.** Owner and Manager hereby represent and warrant to City that as of the date hereof (a) the only agreement affecting the management of the Project (as more particularly set forth in the Management Agreement) is the Management Agreement, (b) the Management Agreement constitutes the full agreement between Owner and Manager, and there are no amendments thereto, (c) the Management Agreement is in full force and effect, and (c) neither Owner nor Manager is in default under the Management Agreement, and no event has occurred which, with the giving of notice and/or the passage of time would constitute a default thereunder. Owner represents and warrants that but for this Assignment and the other Contribution Documents and pursuant to the Contribution Documents (as defined by the Contribution Agreement) if any, Owner has not transferred, assigned or encumbered, in whole or in part, the Management Agreement or any of Owner's rights or interests thereunder. Owner further represents that Owner has not performed any act or executed any instrument which might prevent or limit City from proceeding under any of the terms and conditions hereof.

4. **Covenants.**

(a) Owner, at its sole cost and expense, shall fully perform every obligation under the Management Agreement by Owner to be performed, and shall enforce or secure the performance of every obligation of the Management Agreement by Manager to be performed for or on behalf of Owner (unless in Owner's good faith, prudent business judgment, it would not be in the best interest of the Project to do so and such obligation is not material). Owner shall not waive or release Manager from Manager's obligations to be performed under the Management Agreement. Owner shall not enter into any agreement other than the Management Agreement for the management of the Project. Except pursuant to the Contribution Documents (if any), Owner will not transfer, assign or encumber, in whole or in part, the Management Agreement or any of Owner's rights or interests thereunder. Any violation of any of such covenants on the part of Owner without the prior written consent of City shall constitute a Default entitling City to exercise the remedies available to it hereunder and under the Contribution Documents.

(b) Owner and Manager shall not modify or amend, in any material respect, or terminate, the Management Agreement without City's prior written consent; *provided*, however, that in the event City is given written notice of Owner's default and opportunity to cure in accordance with the first sentence of Section 5 below and such default is not cured by Owner or City within the applicable time period, Manager shall be permitted (subject to the third sentence of Section 7) to terminate the Management Agreement in accordance with the provisions thereof.

(c) Owner and Manager hereby agree that notwithstanding any provision to the contrary set forth herein or in the Management Agreement, Manager shall not receive any management fee in excess of five percent (5.0%) of gross annual income at any time.

(d) At Owner's sole cost and expense, Owner shall appear in and defend any action or proceeding connected with the Management Agreement and shall pay all necessary costs and expenses of City, including reasonable attorneys' fees, in any such action or proceeding in which City may appear.

5. **Default by Owner Under Management Agreement.** In the event of any material default by Owner under the Management Agreement, Manager shall give City written notice of such default, and City shall be permitted an opportunity (not less than forty-five (45) days from receipt of said notice) to cure such default by Owner, during which time Manager shall have no right to terminate the Management Agreement; *provided*, however, that City shall in no event be required to effect any such cure, and any cure by City shall not release Owner or Manager from any of its obligations under the Management Agreement. City shall have the right to appear in and defend any action or proceeding purporting to affect the Project or the rights and powers of City hereunder. To the fullest extent permitted by law, Owner agrees to protect, defend, indemnify and hold City harmless from and against any and all losses, damages, claims, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees) incurred in connection with any such actions or measures taken by City or otherwise incurred in the

exercise of any other rights or remedies of City under this Assignment. Owner agrees that all sums so expended by City in curing any default by Owner, or in appearing in or defending any action or proceeding, or in taking any other action permitted hereby, in each case together with interest thereon at the Default Rate (as defined in the Contribution Agreement) shall payable by Owner upon demand and shall be added to any obligations owing by Owner under the Contribution Agreement and shall be secured by the City Option and any other security held for the Contribution.

6. **No Duty to Perform; Indemnity.** City shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Management Agreement, or under or by reason of this Assignment, and, to the fullest extent permitted by law, Owner shall and does hereby indemnify and hold City harmless against and from any and all liability, loss or damage arising or occurring prior to foreclosure which City may or might incur under the Management Agreement or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Management Agreement, except as a result of or in connection with the gross negligence or willful misconduct of City. Should City incur any such liability, loss or damage under the Management Agreement or under or by reason of this Assignment, or in the defense of any such claims or demands, except as a result of or in connection with the gross negligence or willful misconduct of City, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured by the Contribution Documents, and Owner shall reimburse City therefor immediately upon demand, and upon the failure of Owner to do so, same shall constitute a Default and City may, upon thirty (30) days notice to Owner, if the amounts properly due and owing to City have not been paid, exercise the remedies available to it under the Contribution Documents.

7. **Subordination.** Manager hereby subordinates any and all right, title and interest it may now or in the future have in the Management Agreement and/or to receive payment of any management or other fees set forth therein to the liens and security interests securing the obligations under the Contribution Agreement; *provided*, however, that until the occurrence of a Default, Owner shall be entitled to pay, and Manager shall be entitled to receive, the management fee in accordance with the terms of the Management Agreement. Further, Manager agrees that any and all liens, rights, and interest owned, claimed, or held by it, in and to the Project, are and shall be in all respects subordinate to the lien and security interest created by the City Option. In the event of any sale of the Project pursuant to a deed in lieu of foreclosure, Manager agrees that it will not exercise any rights it may have to terminate the Management Agreement by reason of such sale. Notwithstanding the foregoing, Manager agrees that such foreclosure or deed in lieu of foreclosure shall operate to cut off, extinguish, and otherwise terminate all liens that Manager, and those claiming by, through, or under Manager, may now or hereafter have in and to the Project, and Manager agrees that City or any purchaser at a foreclosure sale may terminate the Management Agreement upon foreclosure or at any time thereafter.

8. **Default.** Upon the occurrence of a Default under the Contribution Agreement or other Contribution Documents or the occurrence of a default on the part of Owner hereunder or under the Management Agreement, then, without regard for the adequacy of the security for the Contribution, City shall have the right (but not the obligation) to: (a) take possession of the Project and exercise and enjoy all right, title and interest of Owner under the Management Agreement; (b) whether or not possession of the Project is taken, to receive all funds, issues, and profits under the Management Agreement (other than management fee payable to and earned by Manager in accordance with the terms and provisions thereof) and apply the same, less costs and expenses of taking possession of the Project, operation and collection, including reasonable attorneys' fees, upon any obligations due under the Contribution Documents whether or not then due and in such order as City may determine; (c) enforce or terminate (with or without cause) the Management Agreement; (d) require Owner to install substitute management acceptable to City; and (e) do any acts which City deems proper to protect the Project or City's security interest therein or lien thereon, and thereupon and without further notice to Owner, Owner shall not have any further rights under the Management Agreement which would conflict with, impair, or interfere with any rights of City hereunder. Neither City's entering upon and taking possession of the Project nor the exercise of any of the aforesaid remedies shall cure or waive any such default on the part of Owner or

waive, modify or affect any notice of default under the Contribution Agreement or invalidate any act done pursuant to such notice. Any exercise by City of the right to terminate the Management Agreement shall be without liability to City for payment of any fees, charges or otherwise, notwithstanding any provisions in the Management Agreement to the contrary. After any such termination, City shall have the right to replace Manager with a manager selected by City in its sole discretion. Upon any termination of the Management Agreement, whether or not pursuant to this section, Manager agrees to deliver copies of all records, files, financial statements, and any other documents pertaining to management, construction, design and operation of the Project which are in the possession or under the control of Manager to Owner excluding, however, documents pertaining solely to the operation systems or procedures owned by Manager.

9. **Notice by City.** A notice in writing by City to Manager advising Manager that a Default exists and requesting that all future performance under the Management Agreement be made to City (or its agent), shall be construed by Manager as conclusive authority to Manager that such performance is to be made to City (or its agent) and Manager shall be fully protected in making such performance to City; and Owner hereby irrevocably constitutes and appoints City the attorney-in-fact and agent of Owner for the purpose of endorsing the consent of Owner on any such notice. The foregoing power is coupled with an interest and shall survive the liquidation, bankruptcy or insolvency of Owner.

10. **Attornment by Manager.** Manager hereby agrees that in the event of notification to Manager by City that City has acquired possession of the Project or obtained the appointment of a receiver for same, Manager shall, at City's request, attorn to City as owner thereunder; *provided*, however, that in no event shall City be liable for, or be obligated to cure, any default of Owner occurring prior to the date of such notification.

11. **No Limitations.** Owner and Manager agree that (a) nothing in this Assignment shall be construed to limit or restrict in any way the rights and powers granted to City under any of the Contribution Documents, and (b) an action to foreclose may be commenced, notwithstanding that Owner continues in possession of the Project, both real and personal, herein referred to, and continues to collect the rents, issues and profits thereof.

12. **No Waiver.** This Assignment can be extended, modified or amended only in writing executed by Manager and Owner and consented to by the City, and none of the rights or benefits of City can be waived permanently except in a written document executed by City. City's rights, powers, privileges and remedies under or in connection with this Assignment are cumulative and not exclusive and shall not be waived, precluded or limited by any failure or delay in the exercise thereof or by the parties exercise thereof or by any course of dealing between Manager and/or Owner and City. No notice to or demand on Manager or Owner in any case shall entitle Manager or Owner to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of City to any other or further action in any circumstances without notice or demand.

13. **Counterparts.** This Assignment and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed, including by transmission of facsimile, in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. In the event this Assignment or any amendment, waiver, consent or supplement shall have been executed by transmission of facsimile, any party may request that the parties thereto execute original documents for record purposes, but no failure of any party to do so shall invalidate or in any other way affect the validity of such document. This Assignment shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the parties of written or telephonic notification of such execution and authorization of delivery thereof.

14. **Descriptive Headings; Recitals.** The descriptive headings used in this Assignment are for convenience only and shall not be deemed to affect the meaning or construction of any provision hereof. The Recitals set forth at the beginning of this Assignment are hereby incorporated into the substantive provisions of this Assignment.

15. **Notices.** Any notice, report, demand or other instrument authorized or required to be given or furnished hereunder shall be given in conformity with the terms and conditions of the Contribution Agreement and to the parties hereto at the addresses set forth above.

16. **Benefit of Agreement.** This Assignment shall be binding upon each party hereto and its successors and assigns, and shall inure to the benefit of Owner, City, and Manager and their respective successors and/or assigns, except the rights and remedies of Owner, City, and Manager under this Assignment shall not inure to the benefit of (a) any purchaser of the Project at a foreclosure sale, (b) any Person taking title to the Project by deed in lieu of foreclosure, or (c) any successor or assign of any Person described in clauses (a) and (b) above, except that Owner's, City's, and Manager's rights shall inure to the benefit of the parties described in clauses (a), (b) and (c) hereof if such parties are City (including, for these purposes, its successors and assigns as holder of the Contribution Documents), and any participant's or any of City's (or such successors, assigns, beneficiaries or participant's) affiliates or nominees.

17. **Inconsistencies.** In the event of any inconsistency between the terms and conditions hereof and the terms of the Management Agreement, the terms and conditions set forth herein shall govern.

18. **Severability.** In the event that any of the covenants, agreements, terms or provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms and provisions contained herein shall be in no way affected, prejudiced or disturbed thereby.

19. **Further Assurances.** At any time, and from time to time, upon City's request, Owner and Manager shall make, execute and deliver, or cause to be made, executed and delivered, to City and, where appropriate, shall cause to be recorded or filed, and from time to time thereafter to be re-recorded and refiled, at such time and in such offices and places as shall be deemed desirable by City, such documents and/or instruments as City may consider necessary or desirable in order to effectuate, or to continue and preserve, the obligations of Owner and Manager under this Assignment. Upon any failure by either Owner or Manager to do so, City may make, execute, record, file, re-record or refile any and all such documents and/or instruments for and in the name of either Owner or Manager, and Owner and Manager hereby irrevocably appoint (which appointment is coupled with an interest with full power of substitution) City the agent and attorney-in-fact of either Owner or Manager to do so; and Owner and Manager shall reimburse City, on demand, for all costs and expenses (including reasonable attorneys' fees and expenses) incurred by City in connection therewith.

20. **Choice of Law and Venue.** **THIS ASSIGNMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS (BUT NOT THE RULES GOVERNING CONFLICTS OF LAWS) OF THE STATE OF TEXAS AND SHALL BE PERFORMABLE IN HARRIS COUNTY, TEXAS.**

21. **WAIVER OF JURY TRIAL.** THE PARTIES TO THIS ASSIGNMENT HEREBY, UNCONDITIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR ARISING OUT OF, OR IN ANY WAY RELATING TO THIS ASSIGNMENT.

**SIGNATURE PAGE
COLLATERAL ASSIGNMENT
OF PROPERTY MANAGEMENT CONTRACT**

IN WITNESS WHEREOF, each of the parties hereto has executed and delivered this Assignment or has caused the same to be executed and delivered by its duly authorized representative as of the date first above written.

The parties agree that each party may sign and deliver this agreement electronically or by electronic means and that an electronic signature will be as good, binding, and effective as an original or manual signature.

OWNER:
HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

MANAGER:
HCHA MANAGEMENT, LLC

By: _____
Name: _____
Title: _____

**ATTACHMENT L
TO CONSTRUCTION CONTRIBUTION AGREEMENT**

**ASSIGNMENT OF ARCHITECT'S
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT**

**ASSIGNMENT OF ARCHITECT'S
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT**

FOR VALUE RECEIVED, Harris County, a body politic and corporate under the laws of the State of Texas ("**Owner**"), whose mailing addresses is: 1001 Preston St., Houston TX 77002, as additional security for the obligations incurred by Owner, pursuant to that certain Construction Contribution Agreement (as heretofore amended, extended, modified or renewed, the "**City Contribution Agreement**"), between Owner and **THE CITY OF HOUSTON** ("**City**"), whose mailing address is c/o Department of Housing and Community Development, 2100 Travis St, 9th Floor, Houston, TX 77002, Attention: Director, which City Contribution Agreement evidences a contribution from City to Owner in the amount of \$5,000,000.00 ("**City Contribution**") for the construction of the project located at 3131 Gulf Freeway, Houston, Harris County, Texas ("**Project**"). Owner hereby transfers, assigns and conveys to City, and the successors and assigns of City, all of the right, title and interest of Owner in and to that certain architect contract by and between Owner and M. Arthur Gensler Jr. & Associates, Inc. ("**Architect**"), dated July 14, 2020 ("**Contract**") and in and to those certain architectural drawings and plans and specifications ("**Plans and Specifications**") therefor, all inclusive, all of which were prepared by Architect, a true and correct copy of the Contract and Plans and Specifications having been deposited with and held by City. Upon the satisfaction in full of the obligations of Owner to City evidenced by the City Contribution Agreement and the Restrictive Covenants and other documents executed in connection therewith ("**City Contribution Documents**"), this Assignment of Architect's Contract, Plans and Specifications, and Consent ("**Assignment**") shall become null and void.

Owner and Architect, by executing the Consent to this Assignment which follows this Assignment, agree that City does not assume any of Owner's obligations or duties concerning the Contract and Plans and Specifications, including, but not limited to, the obligation to pay for the preparation of the Contract and Plans and Specifications, until and unless City shall exercise its rights, granted hereby, to the use of the Contract and Plans and Specifications.

Owner hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce Owner's rights with respect to the Contract and Plans and Specifications, to give appropriate receipts, releases and satisfactions for and on behalf of Owner and to do any and all acts in the name of Owner or in the name of City with the same force and effect as Owner could do if this Assignment had not been made.

City shall not exercise any rights hereunder unless a Default shall have occurred, as such is defined in the City Contribution Documents.

Unless Other Financing is to be utilized to fund a portion of the Project Improvements (as defined in the City Contribution Agreement), Owner hereby represents and warrants to City that no previous assignment of its interest in the Contract and Plans and Specifications has been made; and Owner agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Contract and Plans and Specifications so long as this Assignment is in effect.

Capitalized terms utilized herein which are not defined herein shall have the meaning specified in the City Contribution Agreement.

[THE BALANCE OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Signature Page

Assignment of Architect's Contracts, Plans and Specifications and Consent

The parties agree that each party may sign and deliver this agreement electronically or by electronic means and that an electronic signature will be as good, binding, and effective as an original or manual signature.

DATED to be effective as of _____, 2023.

OWNER:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

[ARCHITECT'S CONSENT FOLLOWS]

CONSENT OF ARCHITECT

The undersigned ("**Architect**") represents to City that (i) to the best of Architect's knowledge, the Plans and Specifications are the plans and specifications to be used in the actual construction of the Project; (ii) Architect, or all applicable principals or agents of Architect, are duly licensed to perform, conduct and engage in such activities and business as are contemplated under the Contract in the jurisdiction or jurisdictions where such activities, business or work is to be performed and in which the Project is, or will be, located or constructed; (iii) the Project has been designed, as evidenced by the Plans, in accordance with all applicable architectural barriers law including, without limitation, the Americans With Disabilities Act (42 U.S.C. §§ 12131-12165; 47 U.S.C. §§ 155, 201, 218 and 255), The Architectural Barriers Act of 1968 (42 U.S.C. §§ 415-4157), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.) and Tex. Gov't Code Ann. § 469.001 et seq., as amended, ordinances, rules and regulations, and that all permits, certificates or other licenses evidencing same have been obtained and will be delivered to City upon request therefore; and (iv) the Contract is in full force and effect and is valid, binding and enforceable against Architect in accordance with its terms and there is no default by Architect thereunder.

Architect hereby expressly consents to the above and foregoing Assignment and agrees that, in the event of any default by Owner under the City Construction Contribution Agreement ("Contribution Agreement") or any City Construction Contribution Document ("Contribution Document(s)") executed pursuant thereto, City is authorized to use the Contract and Plans and Specifications for the purpose of the inspection or completion of the construction of the Project and for the maintenance and protection of the Project contemplated by the Contribution Agreement.

To induce City to enter into the Contribution Agreement with Owner, Architect hereby agrees that all of the liens which Architect may have or be entitled to either against such Contract and Plans and Specifications or against the Project contemplated by the Contribution Agreement (including the real property described in Exhibit A attached hereto and incorporated herein by reference) shall be and are hereby made subordinate and inferior to the City's Contingent Option and any liens and security interests securing the contribution to be made pursuant to the Contribution Documents.

Architect acknowledges that City is relying and is entitled to rely on Architect's professional skill and competence in the provision of construction management services under the Contract.

The parties agree that each party may sign and deliver this agreement electronically or by electronic means and that an electronic signature will be as good, binding, and effective as an original or manual signature.

DATED to be effective as of _____, 2023.

ARCHITECT:

M. ARTHUR GENSLER JR. & ASSOCIATES, INC.

By: _____
Name: _____
Title: _____

Exhibit List

Exhibit A - Legal Description

**EXHIBIT A
LEGAL DESCRIPTION**

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

ATTACHMENT M
TO CONSTRUCTION CONTRIBUTION AGREEMENT

**ASSIGNMENT OF CONSTRUCTION
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT**

**ASSIGNMENT OF CONSTRUCTION
CONTRACT, PLANS AND SPECIFICATIONS, AND CONSENT**

FOR VALUE RECEIVED, Harris County, a body politic and corporate under the laws of the State of Texas ("**Owner**"), whose mailing addresses is: 1001 Preston St., 9th Floor, Houston, Texas 77002 as additional security for the obligations incurred pursuant to that certain Construction Contribution Agreement (as heretofore amended, extended, modified or renewed, the "**Contribution Agreement**"), between Owner and **THE CITY OF HOUSTON** ("**City**"), whose mailing address is c/o Department of Housing and Community Development, 2100 Travis St, 9th Floor, Houston, TX 77002, Attention: Director, which Contribution Agreement evidences the contribution from City to Owner in the amount of \$5,000,000.00 ("**City Contribution**"), the proceeds of which will be used for the construction of the project located at 3131 Gulf Freeway, Houston, Harris County, Texas ("**Project**"). Owner hereby transfers, assigns and conveys to City, and the successors and assigns of City, all of the right, title and interest of Owner in and to that certain construction contract by and between Owner and [_____] ("**Contractor**"), dated _____ ("**Contract**"), a true and correct copy of the Contract having been deposited with and held by City. Upon the satisfaction in full of the obligations of Owner to City under the contribution documents executed in connection with the City Contribution ("**Contribution Documents**") and upon delivery of written confirmation by City of such satisfaction, this Assignment of Construction Contract, and Consent ("**Assignment**") shall become null and void.

Owner and Contractor, and [Primary Subcontractor,] by executing the Consent to this Assignment which follows this Assignment, agree that City does not assume any of Owner's obligations or duties concerning the Contract, including, but not limited to, the obligation to pay for the preparation of the Contract, until and unless City shall exercise its rights, granted hereby, to the use of the Contract.

Owner hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce Owner's rights with respect to the Contract to give appropriate receipts, releases and satisfactions for and on behalf of Owner and to do any and all acts in the name of Owner or in the name of City with the same force and effect as Owner could do if this Assignment had not been made.

To be effective during such time as a Default (as defined in the Contribution Agreement) then exists, Contractor hereby irrevocably constitutes and appoints City as its attorney-in-fact to demand, receive and enforce Contractor's rights with respect to the Primary Subcontract to give appropriate receipts, releases and satisfactions for and on behalf of Contractor, and to do any and all acts in the name of Contractor or in the name of City with the same force and effect as Contractor could do if this Assignment had not been made.

City shall not exercise any rights hereunder unless a Default shall have occurred, as such is defined in the Contribution Documents.

Unless Other Financing is to be utilized to fund a portion of the Project Improvements (as defined in the Contribution Agreement), Owner hereby represents and warrants to City that no previous assignment of its interest in the Contract has been made; and Owner agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Contract so long as this Assignment is in effect.

Capitalized terms utilized herein which are not defined herein shall have the meaning specified in the Contribution Agreement.

[THE BALANCE OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Signature Page

Assignment of Construction Contract and Consent

The parties agree that each party may sign and deliver this agreement electronically or by electronic means and that an electronic signature will be as good, binding, and effective as an original or manual signature. Executed to be effective as of the date first set forth above.

DATED to be effective as of _____, 2023.

OWNER:

HARRIS COUNTY,

a Political Subdivision of the State of
Texas

By: _____

Name: LINA HIDALGO

Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFE
HARRIS COUNTY ATTORNEY

BY: _____

Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

[CONTRACTOR'S CONSENT FOLLOWS]

CONSENT OF CONTRACTOR

The undersigned ("**Contractor**") represents to **THE CITY OF HOUSTON** ("**City**") that the Contract (as defined in that certain Assignment of Construction Contract and Consent ("**Assignment**") which immediately precedes this Consent of Contractor (this "**Consent**") is the contract to be used in the actual construction and completion of the work for the Project; and Contractor hereby expressly consents to the above and foregoing Assignment and agrees that, in the event of any Default by Owner under the City Contribution Agreement ("**Contribution Agreement**") or any document or instrument executed pursuant thereto, City is authorized to use the Contract for the purpose of completing construction work for the Project contemplated by the Contribution Agreement.

Contractor acknowledges that City is relying and is entitled to rely on Contractor's professional skill and competence in the provision of construction services under the Contract. To induce City to enter into the Contribution Agreement and the other City Contribution Documents ("**Contribution Documents**") with Owner, Contractor hereby agrees that all of the liens which Contractor may have or be entitled to either against such Contract or against the Project contemplated by the Contribution Documents (including the real property described in Exhibit A attached hereto and incorporated herein by reference) shall be and are hereby made subordinate and inferior to the City's Contingent Option and any liens and security interests securing the grant or grants to be made pursuant to the Contribution Documents.

DATED to be effective as of _____, 2023.

CONTRACTOR:

By: _____

Name: _____

Title: _____

Exhibit List

Exhibit A - Legal Description

**EXHIBIT A
LEGAL DESCRIPTION**

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

ATTACHMENT N
TO CONSTRUCTION CONTRIBUTION AGREEMENT

ENVIRONMENTAL COVENANT

ENVIRONMENTAL COVENANT

This ENVIRONMENTAL COVENANT ("**Environmental Covenant**") is executed effective as of _____, 2023, by Harris County, a body politic and corporate under the laws of the State of Texas ("**County**") for the benefit of **THE CITY OF HOUSTON** ("**Contributor**").

W I T N E S S E T H:

WHEREAS, Contributor is making a grant ("**Contribution**") to County in the amount of FIVE MILLION AND NO DOLLARS (\$5,000,000.00) and further evidenced by that certain Contribution Agreement entered into by and between Contributor and County ("**Contribution Agreement**"), secured, inter alia, by a Contingent Option ("**City Option**") covering that certain real property ("**Land**") described in Exhibit "A" attached hereto, together with the improvements, buildings, facilities located thereon and certain personal property described in the Contribution Agreement (the Land, together with said improvements, buildings, facilities and personal property referred to herein as the "**Property**") The Contribution Agreement, the City Option, this Environmental Covenant and all other documents or instruments evidencing, securing or pertaining to the Contribution shall be collectively referred to as the "**Contribution Documents**"; and

WHEREAS, as a material inducement in order for Contributor to make the Contribution to County, County has agreed to execute and deliver this Environmental Covenant to and for the benefit of Contributor .

NOW, THEREFORE, for and in consideration of the making of the Contribution by Contributor to County, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, County hereby agrees as follows:

A G R E E M E N T:

Article I. DEFINITIONS

The following terms shall have the defined meanings ascribed to such terms, as set forth below:

"**Environmental Laws**" shall mean any federal, state, or local law, statute, ordinance, or regulation, whether now or hereafter in effect, pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the Mortgaged Property, including without limitation, the following, as now or hereafter amended: Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("**CERCLA**"), 42 U.S.C. § 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 ("**SARA**"), Pub. L. 99-499, 100 Stat. 1613; Resource, Conservation and Recovery Act ("**RCRA**"), 42 U.S.C. § 6901 et seq. as amended by the Superfund Amendments and Reauthorization Act of 1986 ("**SARA**"), Pub. L. 99-499, 100 Stat. 1613; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. § 1101 et seq.; Clean Water Act ("**CWA**"), 33 U.S.C. § 1251 et seq.; Clean Air Act ("**CAA**"), 42 U.S.C. § 7401 et seq.; Federal Water Pollution Control Act ("**FWPCA**"), 33 U.S.C. § 1251 et seq.; any related federal laws and authorities as required by the Housing and Community Development Act of 1974, as listed in 24 CFR § 58 et seq.; and any corresponding state laws or ordinances including but not limited to the Texas Water Code ("**TWC**") § 26.001 et seq.; Texas Health & Safety Code ("**THSC**") § 361.001 et seq.; Texas Solid Waste Disposal Act, Tex. Rev. Civ. Stat. Ann. art. 4477-7; and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines, and standards are amended from time to time.

"**Environmental Report**" means the Phase I environmental report delivered to Contributor in connection with the Contribution.

"Hazardous Substances" shall mean any substance, product, waste, or other material which is or becomes listed, regulated, or addressed as being a toxic, hazardous, polluting, or similarly harmful substance under any Environmental Law, including without limitation: (i) any substance included within the definition of "hazardous waste" pursuant to Section 1004 of RCRA; (ii) any substance included within the definition of "hazardous substance" pursuant to Section 101 of CERCLA; (iii) any substance included within (a) the definition of "regulated substance" pursuant to Section 26.342(9) of TWC; or (b) the definition of "hazardous substance" pursuant to Section 361.003(13) of THSC; (iv) asbestos; (v) polychlorinated biphenyls; (vi) petroleum products; (vii) underground storage tanks, whether empty, filled or partially filled with any substance; (viii) any radioactive materials, urea formaldehyde foam insulation or radon; (ix) any substance included within the definition of "waste" pursuant to Section 30.003(b) of TWC or "pollutant" pursuant to Section 26.001(13) of TWC; and (x) any other chemical, material or substance, the exposure to which is prohibited, limited or regulated by any Governmental Authority on the basis that such chemical, material or substance is toxic, hazardous or harmful to human health or the environment.

"Hazardous Substances Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on or of the Property by Hazardous Substances, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Substances at any time (whether before or after the date of the Note) emanating from the Property.

Article II. REPRESENTATIONS AND WARRANTIES

Except as set forth in the Environmental Report, County unconditionally represents and warrants to Contributor as follows:

(a) The Property does not contain any Hazardous Substances, and the Property is not subject to any Hazardous Substances Contamination.

(b) The Property and the operations conducted thereon do not violate any applicable law, statute, ordinance, rule, regulation, order, or determination of any governmental authority or any Environmental Laws.

(c) All notices, permits, licenses, or similar authorizations, if any, required to be obtained or filed in connection with the ownership, operation, or use of the Property, including, without limitation, the past or present generation, treatment, storage, disposal, or release of any Hazardous Substances into the environment, have been duly obtained or filed.

(d) Neither County nor, to the best knowledge of County, any other person, including, but not limited to, any predecessor owner, tenant, licensee, occupant, user, or operator of all or any portion of the Property, has ever undertaken, caused, permitted, authorized, or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial, or disposal on, under, from or about the Property of any Hazardous Substances or the transportation to or from the Property of any Hazardous Substances.

(e) To County's knowledge, no property adjoining the Property is or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Substances, nor, to County's knowledge, is any other property adjoining the Property affected by Hazardous Substances Contamination.

(f) Neither County nor, to the best knowledge of County, any other person, including, but not limited to, any predecessor owner, tenant, licensee, occupant, user, or operator of all or any

portion of the Property, has ever undertaken, caused, permitted, authorized, or suffered the presence, use, manufacture, handling, generation, transportation, storage, treatment, discharge, release, burial, or disposal of any Hazardous Substances on, under, from or about any other real property, all or any portion of which is legally or beneficially owned (or any interest or estate therein which is owned) by County in any jurisdiction now or hereafter having in effect a so-called "superlien" law or ordinance or any part thereof, the effect of which law or ordinance would be to create a lien on the Property to secure any obligation in connection with the "superlien" law of such other jurisdiction.

(g) To County's knowledge, no inquiry, investigation, administrative order, consent order and agreement, litigation or settlement is proposed, threatened, anticipated or in existence with respect to any allegations that there has been, there is currently, or there is a threat of a presence, release, threat of release, placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial, or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property. County has not received any notice, and has no actual or constructive knowledge, that any governmental authority has determined, or threatens to determine, or is investigating any allegations that there has been, there is currently, or there is a threat of a presence, release, threat of release, placement of any Hazardous Substances on, under, from or about the Property, or the manufacture, handling, generation, transportation, storage, treatment, discharge, burial, or disposal of any Hazardous Substances on, under, from or about the Property, or the transportation of any Hazardous Substances to or from the Property.

(h) County has taken all steps reasonably necessary to determine that no Hazardous Substances have been generated, treated, placed, held, located, or otherwise released on, under, from, or about the Property.

Article III. COVENANTS

County unconditionally covenants that and agrees with Contributor as follows:

(a) County will not use, generate, manufacture, produce, store, release, discharge, treat, or dispose of on, under, from or about the Property or transport to or from the Property any Hazardous Substances or allow any other person or entity to do so. Notwithstanding the foregoing or anything to the contrary set forth in this Environmental Covenant, reasonable quantities of Hazardous Substances as are customarily used in the construction, habitation, maintenance and/or operation of an apartment project, properly used and/or stored, shall be permitted (collectively, the "**Permitted Substances**").

(b) County will keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any Environmental Law.

(c) County will establish and maintain, at County's sole expense, a system to assure and monitor continued compliance with Environmental Laws and the exclusion of Hazardous Substances from the Property, by any and all owners or operators, including tenants, of the Property, which system shall include annual reviews of such compliance by employees or agents of County who are familiar with the requirements of the Environmental Laws and, at the request of Contributor no more than once each year, a detailed review of such compliance of the environmental condition of the Property (the "**Environmental Report**") in scope satisfactory to Contributor by an environmental consulting firm approved in advance by Contributor; provided, however, that if any Environmental Report indicates any violation of any Environmental Laws or a need for remedial work ("**Remedial Work**"), such system shall include at the request of Contributor a detailed review of the status of such violation (a "**Supplemental Report**") by such environmental consultant. County shall furnish an Environmental Report or such Supplemental Report to the Contributor within sixty (60) days after Contributor so requests, together with such additional information as Contributor may reasonably request.

(d) County will give prompt written notices to Contributor of: (i) any proceeding or

inquiry by any governmental or nongovernmental entity or person with respect to the presence of any Hazardous Substances on, under, from or about the Property, the migration thereof from or to other property, the disposal, storage, or treatment of any Hazardous Substances generated or used on, under or about the Property, (ii) all claims made or threatened by any third party against County or the Property or any other owner or operator, including a tenant, of the Property relating to any loss or injury resulting from any Hazardous Substances, and (iii) County 's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any investigation or cleanup of the Property pursuant to any Environmental Laws.

(e) County will permit Contributor to join and participate in, as a party if it so elects, any legal proceedings or actions initiated with respect to the Property in connection with any Environmental Laws or Hazardous Substances, and County, to the extent permitted by law, shall pay all attorneys' fees incurred by Contributor in connection therewith.

(f) In the event that any Remedial Work is reasonably necessary or desirable, County shall commence and thereafter diligently prosecute to completion all such Remedial Work within thirty (30) days after written demand by Contributor for performance thereof (or such shorter period of time as may be required under any Environmental Laws). All Remedial Work shall be performed by contractors approved in advance by Contributor, and under the supervision of a consulting engineer approved by Contributor. All costs and expenses of such Remedial Work shall be paid by County including, without limitation, Contributor's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event County shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Contributor may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof, or incurred in connection therewith, shall become payable to Contributor upon demand.

Article IV. DEFAULT

The term "Default", as used herein, shall mean the occurrence at any time and from time to time, of any one or more of the following:

(a) If either County or Contributor acquires knowledge or receives notice that Hazardous Substances or Hazardous Substances Contamination exists in, on, about or under any of the Property, and County fails, within thirty (30) days after acquisition of such knowledge or of such notice, to commence and thereafter diligently prosecute to completion any necessary remedial actions in compliance with Environmental Laws.

(b) If any representation or warranty contained herein shall be false or misleading, or erroneous in any material respect.

Article V. REMEDIES

If a Default shall occur, Contributor may, at Contributor's sole election exercise any or all of the following:

(a) Declare all unpaid amounts under the Contribution Agreement and any other unpaid portion of the Contribution immediately due and payable, without further notice, presentment, protest, demand or action of any nature whatsoever (each of which is hereby expressly waived by County), whereupon the same shall become immediately due and payable.

(b) Exercise any and all other rights, remedies and recourses granted under the Contribution Documents or as may be now or hereafter existing in equity or at law, by virtue of statute or otherwise, including actions for damages and specific performance.

Article VI. SITE ASSESSMENTS

If Contributor shall ever have good cause to believe that there are Hazardous Substances or Hazardous Substances Contamination affecting any of the Property or at the request of the United States Department of Housing and Urban Development and/or the Texas General Land Office, Contributor (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an Event of Default, may contract for the services of persons (the "**Site Reviewers**") to perform environmental site assessments ("**Site Assessments**") on the Property for the purpose of determining whether there exists on the Property any environmental condition which could result in any liability, cost or expense to the owner, occupier or operator of such Property arising under any state, federal or local law, rule or regulation relating to Hazardous Substances. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by County which do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon the Property for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of any Hazardous Substances on the Property and such other tests on the Property as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers, provided the same are conducted in a manner that does not unreasonably affect the operation of the facility. County will supply to the Site Reviewers such historical and operational information regarding the Property as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Contributor shall make the results of such Site Assessments fully available to County, which (prior to a Default) may at its election participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Site Reviewers. To the extent permitted by law, the cost of performing such Site Assessments shall be paid by County upon demand of Contributor. Contributor shall in no event be responsible for paying the costs of the Site Assessment.

Article VII. ADDITIONAL COVENANT

REGARDLESS OF WHETHER ANY SITE ASSESSMENTS ARE CONDUCTED HEREUNDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, COUNTY SHALL PROTECT, AND HOLD HARMLESS CONTRIBUTOR, ITS DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSS, DAMAGE, COSTS, EXPENSE, ACTION, CAUSES OF ACTION, OR LIABILITY (INCLUDING ATTORNEYS' FEES AND COSTS) DIRECTLY OR INDIRECTLY ARISING FROM OR ATTRIBUTABLE TO THE USE, GENERATION, MANUFACTURE, PRODUCTION, STORAGE, RELEASE, THREATENED RELEASE, DISCHARGE, DISPOSAL, OR PRESENCE OF ANY HAZARDOUS SUBSTANCES ON, UNDER, ABOUT OR FROM THE PROPERTY OTHER THAN PERMITTED SUBSTANCES, WHETHER KNOWN OR UNKNOWN AT THE TIME OF THE EXECUTION HEREOF AND REGARDLESS OF WHETHER OR NOT CAUSED BY, OR WITHIN THE CONTROL OF COUNTY, INCLUDING WITHOUT LIMITATION (I) DAMAGES FOR PERSONAL INJURY, OR INJURY TO PROPERTY OR NATURAL RESOURCES OCCURRING UPON OR OFF THE PROPERTY, FORESEEABLE OR UNFORESEEABLE, INCLUDING, WITHOUT LIMITATION, THE COST OF DEMOLITION AND REBUILDING OF ANY IMPROVEMENTS ON THE REAL PROPERTY, INTEREST AND PENALTIES; (II) THE COSTS OF ANY REQUIRED OR NECESSARY ENVIRONMENTAL INVESTIGATION OR MONITORING, ANY REPAIR, CLEANUP, OR DETOXIFICATION OF THE PROPERTY, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL, OR OTHER REQUIRED PLANS INCLUDING FEES INCURRED FOR ATTORNEYS, CONSULTANTS, CONTRACTORS, EXPERTS AND LABORATORIES; AND (III) LIABILITY TO ANY THIRD PERSON OR ANY GOVERNMENTAL AUTHORITY TO INDEMNIFY SUCH PERSON OR GOVERNMENTAL AUTHORITY FOR COST EXPENDED IN CONNECTION WITH THE ITEMS REFERENCED IN SUBPARAGRAPH (II) IMMEDIATELY ABOVE. THIS COVENANT SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THE CONTRIBUTION AGREEMENT BY FORECLOSURE OR ACTION IN LIEU THEREOF AND SHALL CONTINUE IN EFFECT SO LONG AS A VALID CLAIM MAY BE LAWFULLY ASSERTED AGAINST CONTRIBUTOR.

Article VIII.
CONTRIBUTOR 'S RIGHT TO REMOVE HAZARDOUS MATERIALS

Contributor shall have the right but not the obligation, without in any way limiting Contributor 's other rights and remedies under the Contribution Documents, to enter onto the Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Substances or Hazardous Substances Contamination on the Property following receipt of any notice from any person or entity asserting the existence of any Hazardous Substances or Hazardous Substances Contamination pertaining to the Property or any part thereof which, if true, could result in an order, notice, suit, imposition of a lien on the Property or other action and/or which, in Contributor 's reasonable opinion, could jeopardize Contributor 's grant under the Contribution Documents; provided, however, Contributor shall have no right to proceed with any of the rights granted to it in this paragraph until Contributor has provided County with written notice of Contributor 's intent to take any of the actions described in this paragraph and County fails to commence within thirty (30) days following County 's receipt of such notice and diligently proceeds thereafter to complete all action necessary to clean-up, remove or resolve any of the foregoing. All reasonable costs and expenses paid or incurred by Contributor in the exercise of any such rights shall be included in the indebtedness secured by the Contribution Documents and shall, to the extent permitted by law, be payable by County upon demand.

Article IX.
MISCELLANEOUS

The obligations under this Environmental Covenant are joint, several and unconditional and shall not be subject to any exculpation, non-recourse or other limitation of liability provisions in the Contribution Documents, and County acknowledges that its obligations under this Environmental Covenant are not limited by such exculpation, non-recourse or similar limitation of liability provisions in the Contribution Documents (if any).

Those costs, damages, liabilities, losses, claims, expenses (including attorneys' fees and disbursements) for which Contributor is covered hereunder shall be reimbursable to Contributor after being paid by Contributor, and County shall pay such costs, expenses, damages, liabilities, losses, claims, expenses (including attorneys' fees and disbursements) to Contributor within ten (10) days after notice from Contributor itemizing the amounts paid to the date of such notice. Payment by Contributor shall not be a condition precedent to the obligations of County under this Environmental Covenant.

Any notice, communication, request or other documents or demand permitted or required hereunder shall be in writing and given in accordance with the provisions of the Contribution Documents.

THIS ENVIRONMENTAL COVENANT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN TEXAS PROVIDED, HOWEVER, THAT EITHER FEDERAL LAW OR, TO THE EXTENT FEDERAL LAW DOES NOT APPLY, THE LAW OF THE SITUS OF THE PROPERTY SHALL BE APPLIED TO DETERMINE THE COMPLIANCE OF THE PROPERTY WITH ENVIRONMENTAL LAWS. PROVIDED FURTHER, THAT THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED SHALL APPLY TO THE CREATION, PERFECTION, AND PRIORITY OF LIENS AND SECURITY INTERESTS AND TO ANY FORECLOSURE, TRUSTEE'S SALE, APPOINTMENT OF RECEIVER OR OTHER REMEDY WITH RESPECT TO THE PROPERTY. ANY PROCEDURES PROVIDED HEREIN FOR SUCH REMEDIES SHALL BE MODIFIED BY AND REPLACED WITH, WHERE INCONSISTENT WITH OR REQUIRED BY, ANY PROCEDURES OR REQUIREMENTS OF THE LAWS OF THE STATE OF TEXAS.

ANY LEGAL ACTION TO INTERPRET OR ENFORCE ANY TERM OR CONDITION OF THIS ENVIRONMENTAL COVENANT SHALL BE BROUGHT AND MAINTAINED ONLY IN THE TEXAS STATE COURTS SITUATED IN THE CITY OF HOUSTON AND COUNTY OF HARRIS, TEXAS. BY EXECUTING THIS ENVIRONMENTAL COVENANT, COUNTY EXPRESSLY (A) CONSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF SUCH TEXAS AND FEDERAL COURTS,

(B) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM OR DEFENSE THAT HARRIS COUNTY, TEXAS IS NOT A PROPER OR CONVENIENT VENUE OR FORUM, AND (C) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW. ANY FINAL JUDGMENT ENTERED IN AN ACTION BROUGHT HEREUNDER SHALL BE CONCLUSIVE AND BINDING UPON THE PARTIES HERETO.

County waives any acceptance of this Environmental Covenant by Contributor .

The failure of any party to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not constitute a waiver thereof nor give rise to any estoppel against such party, nor excuse any of the parties from their obligations hereunder. Any waiver of such right or remedy must be in writing and signed by the party to be bound. This Environmental Covenant is subject to enforcement at law and/or equity, including actions for damages and/or specific performance.

Time is of the essence in the performance of the terms, conditions and covenants herein contained.

This Environmental Covenant shall be deemed to be continuing in nature and shall remain in full force and effect and shall survive any exercise of any remedy by Contributor under the Contribution Documents, including termination of the Contribution Agreement or exercise of the Contingent Option, even if, as part of such termination, the Contribution amount is satisfied in full.

All terms not defined in this Environmental Covenant shall have the same meanings as given them in the Contribution Documents.

[SIGNATURE PAGE FOLLOWS]

Signature Page

Environmental Covenant Agreement

The parties agree that each party may sign and deliver this agreement electronically or by electronic means and that an electronic signature will be as good, binding, and effective as an original or manual signature.

EXECUTED to be effective as of the date first set forth above.

COUNTY:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

**EXHIBIT A
LEGAL DESCRIPTION**

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

**ATTACHMENT O
TO LOAN AGREEMENT**

BONDS

To be completed and
updated

Project No.

ONE YEAR MAINTENANCE BOND

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, _____, a Texas limited liability company, as Principal, and the other subscriber hereto as Surety, do hereby acknowledge ourselves to be held and firmly bound to _____, a _____ ("Obligee"), in the sum of _____ Dollars (\$_____) for the payment of which sum to be made to the Obligee and its successors, Principal and Surety do bind themselves, their successors and assigns jointly and severally. The conditions of this obligation are such that:

WHEREAS, the Principal has entered into that certain primary subcontract with the Obligee dated the _____ day of _____, 20____, to construct a fifty (50) unit supportive affordable housing development to be located on the land described in Exhibit "A" attached hereto (hereinafter called, the "Prime Subcontract"), all of such work to be done in accordance with the documents executed in connection with the Prime Subcontract (the "Prime Subcontract Documents").

NOW THEREFORE, if the Principal shall comply with the provisions of the Prime Subcontract as of _____, and correct work which is not in accordance with the Prime Subcontract Documents discovered within the established one (1) year period, then this obligation shall become null and void and shall be of no further force and effect; otherwise, the same is to remain in full force and effect.

IN WITNESS THEREOF, the Principal and Surety have signed and sealed this instrument on the respective dates written below their signatures and have attached their current Power of Attorney.

ATTEST, SEAL: (if a corporation)
WITNESS: (if not a corporation)

PRIMARY SUBCONTRACTOR:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
Date: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

ATTEST/WITNESS: (SEAL)

(Full Name of Surety)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____
Date: _____

**THE FOREGOING BOND IS ACCEPTED ON BEHALF OF THE
OWNER:**

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

Date: _____

**TEXAS STATUTORY PAYMENT BOND
(Property Code - Private Work)**

[NOTE: Penalty of this bond must be 100% of contract amount. This bond and copy or memorandum of the construction contract must be filed with County Clerk of County where owner's property is located.]

KNOW ALL MEN BY THESE PRESENTS:

That, _____, a _____, the primary subcontractor (hereinafter called the "Principal"), as Principal, and _____, a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____ and duly authorized and admitted to do business in, and licensed to execute surety bonds by, the State of Texas (hereinafter called the "Surety"), as Surety, are held and firmly bound unto _____, a _____ non-profit corporation (hereinafter called the "Owner"), as Owner, in the amount of _____ Dollars (\$ _____) for the payment whereof the said Principal and Surety bind themselves and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into that certain primary subcontract with the Owner dated the _____ day of _____, 20____, to construct a fifty (50) unit supportive affordable housing development to be located on the land described in Exhibit "A" attached hereto (hereinafter called, the "Prime Subcontract").

WHEREAS, for purposes of the construction of the improvements pursuant to the Prime Subcontract, the Principal is deemed to be in direct contractual relationship with the owner of the real property to be improved, _____, a _____, pursuant to Section 53.026 of the Texas Property Code.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall well and faithfully make prompt payment to each and every claimant for labor, subcontracts, materials, and specially fabricated materials performed or furnished under or by virtue of said contract and duly authorized normal and usual extras thereto (not to exceed 15% of said contract price), then this obligation shall be void; otherwise to remain in full force and effect; labor, subcontracts, materials and specially fabricated materials shall be construed in accordance with Sections 53.001, *et seq.* of the Texas Property Code, as amended.

PROVIDED, HOWEVER, that the Owner having required the said Principal to furnish this bond in order to comply with the provisions of Sections 53.201 *et seq.* of the Texas Property Code, as currently amended, all rights and remedies under this bond shall be determined in accordance with the provisions, conditions, and limitations of said statute to the same extent as if it were copied at length herein.

SURETY, FOR VALUE RECEIVED, stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract, or to work performed thereunder, or the plans, specifications, or drawings accompanying the same, shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract, or the work to be performed thereunder, or the plans, specifications or drawings accompanying same.

Any notices of claims under this Bond should be sent to:

[Mailing & Physical Address] Insurance Company

Telephone No. for Claims: _____ - _____ - _____

STATEMENT: The address of the Surety to which any notices of claim should be sent may be obtained from the Texas Department of Insurance by calling the toll-free telephone number maintained by the Texas Department of Insurance as follows:

Texas Department of Insurance
Toll free Telephone Number: 800-252-3439

[The undersigned Surety hereby certifies that it currently holds a certificate of authority from the United States Secretary of the Treasury to qualify as a surety on obligations permitted or required under federal law.]

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument, this _____ day of _____, 20__.

PRINCIPAL:

a _____

By: _____ (Seal)
Name: _____
Title: _____

SURETY:

a _____

By: _____
Name: _____
Title: _____

The foregoing bond is hereby approved.

OWNER:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

ATTACHMENTS:
Power of Attorney
Exhibit "A" – Land Description

EXHIBIT A
Land Description

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

Document ____

PERFORMANCE BOND

THAT WE, _____, a _____, as Principal, (the "Principal"), and the other subscriber hereto, _____, as Surety, do hereby acknowledge ourselves to be held and firmly bound to _____, a _____ (the "Obligee"), in the penal sum of \$_____ for the payment of which sum, well and truly to be made to Obligee, their successors and assigns, Principal and Surety do bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT:

WHEREAS, the Principal has entered into that certain primary subcontract with Obligee for the construction of a fifty (50) unit supportive affordable housing development located at _____ (the "Prime Subcontract"), all of such work to be done in accordance with the documents executed in connection with the Prime Subcontract (the "Prime Subcontract Documents").

NOW THEREFORE, if the said Principal shall faithfully and strictly perform the Prime Subcontract in all its terms, provisions, and stipulations in accordance with its true meaning and effect, and in accordance with the Prime Subcontract Documents referred to therein and shall comply strictly with each and every provision of the Prime Subcontract and with this Bond, then this obligation shall become null and void and shall have no further force and effect; otherwise the same is to remain in full force and effect. Should the Principal fail to faithfully and strictly perform the Prime Subcontract in all its terms, including but not limited to the indemnifications thereunder, the Surety shall be liable for all damages, losses, expenses and liabilities that the Obligee may suffer in consequence thereof, as more fully set forth herein.

It is further understood and agreed that the Surety does hereby relieve the Obligee or their representatives from the exercise of any diligence whatever in securing compliance on the part of the Principal with the terms of the Prime Subcontract, and the Surety agrees that it shall be bound to take notice of and shall be held to have knowledge of all acts or omissions of the Principal in all matters pertaining to the Prime Subcontract. The Surety understands and agrees that the provision in the Prime Subcontract that Obligee will retain certain amounts due the Principal until the expiration of 30 days from the acceptance of the Work is intended for the Obligee's benefit, and the Obligee will have the right to pay or withhold such retained amounts or any other amount owing under the Prime Subcontract without changing or affecting the liability of the Surety hereon in any degree.

It is further expressly agreed by Surety that the Obligee or its representatives are at liberty at any time, without notice to the Surety, to make any change in the Prime Subcontract Documents and in the Work to be done thereunder, as provided in the Prime Subcontract, and in the terms and conditions thereof, or to make any change in, addition to, or deduction from the Work to be done thereunder; and that such changes, if made, shall not in any way vitiate the obligation in this Bond and undertaking or release the Surety therefrom.

It is further expressly agreed and understood that the Principal and Surety will fully indemnify and save harmless the Obligee from any liability, loss, cost, expense, or damage arising out of Principal's performance of the Prime Subcontract.

If the Obligee gives Surety notice of Principal's default, Surety shall, within 45 days, take one of the following actions:

1. Arrange for Principal, with consent of the Obligee, to perform and complete the Prime Subcontract; or
2. Take over and assume completion of the Prime Subcontract itself, through its agents or through independent contractors, and become entitled to the payment of the balance of the Prime Subcontract Price.

If the Surety fails to take either of the actions set out above, it shall be deemed to have waived its right to perform and complete the Prime Subcontract and receive payment of the balance of the Prime Subcontract Price and the Obligees shall be entitled to enforce any remedies available at law, including but not limited to completing the Prime Subcontract itself and recovering any cost in excess of the Original Prime Subcontract Price from the Surety.

This Bond and all obligations created hereunder shall be performable in Harris County, Texas.

Notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third day following deposit in a United States Postal Service post office or receptacle, with proper postage affixed (certified mail, return receipt requested), addressed to the respective other party at the address prescribed in the Prime Subcontract documents, or at such other address as the receiving party may hereafter prescribe by written notice to the sending party.

ANY PROCEEDING, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instated within twenty-five months after Principal's Default under the Prime Subcontract or within twenty-five months after the Principal ceased working or within twenty-five months after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

NO RIGHT OF ACTION shall accrue on this Bond to or for the use of any person or corporation other than the Obligee named herein.

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument on the respective dates written below their signatures and have attached current Power of Attorney.

ATTEST, SEAL: (if a corporation)
WITNESS: (if not a corporation)

By: _____
Name:
Title:

ATTEST/SURETY WITNESS:

(SEAL)

By: _____
Name:
Title:
Date:

a _____

By: _____
Name:
Title:
Date:

Full Name of Surety

Address of Surety for Notice

Telephone Number of Surety

By: _____
Name:
Title: Attorney-in-Fact
Date:

The foregoing bond is hereby approved.

OWNER:

HARRIS COUNTY,
a Political Subdivision of the State of Texas

By: _____
Name: LINA HIDALGO
Title: HARRIS COUNTY JUDGE

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
HARRIS COUNTY ATTORNEY

BY: _____
Tiffany Reedy, Managing Counsel
C.A. File 22GEN2882

Attachment P

Reserved

ATTACHMENT B
TO CONSTRUCTION CONTRIBUTION AGREEMENT
PURCHASE OPTION AGREEMENT

4600017467
2023-0081

When recorded, return to:

THE CITY OF HOUSTON

P. O. Box 1562

Houston, TX 77251-1562

Attention: Director, Housing and Community Development Department

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PURCHASE OPTION AGREEMENT

From

HARRIS COUNTY, TEXAS

a political subdivision of the State of Texas
as Seller

to

CITY OF HOUSTON, TEXAS

a home-rule city organized under the laws of the State of Texas
as Buyer

PURCHASE OPTION AGREEMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This PURCHASE OPTION AGREEMENT ("*Option Agreement*") is made as of _____, 2023 by and between HARRIS COUNTY, TEXAS, a political subdivision of the State of Texas ("*Seller*") and the CITY OF HOUSTON, TEXAS, a home-rule city organized under the laws of the State of Texas ("*Buyer*").

RECITALS

A. Seller is the fee simple owner of the land and any improvements located on certain real property located at 3131 Gulf Freeway, Houston, Texas, (such land and improvements collectively known as the "*Property*") and which Property is more particularly described in Exhibit A, attached hereto and made a part hereof.

B. Seller and Buyer executed that certain Construction Contribution Agreement (the "Contribution Agreement") dated as of approximate date herewith and which provides the terms and conditions of a contribution of up to Five Million Dollars (\$5,000,000) by Buyer to Seller.

C. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Contribution Agreement.

NOW, THEREFORE, for and in consideration of the covenants and obligations contained herein, ten dollars, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby grants to Buyer an exclusive option to purchase the Property. The parties hereby agree as follows:

1. Grant of Option. The Grantor hereby grants to the Beneficiary an option (the "*Option*") to acquire the real estate, fixtures, and personal property comprising the Property or associated with the physical operation thereof, located at the Property and owned by the Grantor at the time of purchase on the terms and conditions set forth in this Option Agreement.

2. Option Term. This option to purchase ("*Option to Purchase*") shall be effective as of the date first written above and shall remain in effect until the later to occur of: the termination of the Contribution Agreement or the termination of the Restrictive Covenants.

3. Notice Required to Exercise Option. If Buyer elects to exercise the Option to Purchase in accordance with the Contribution Agreement, Buyer shall deliver written notice to Seller in accordance with Section 15 of the Contribution Agreement. Such notice may be given at any time during the option term.

4. Price for Option. The price for acquiring the Property pursuant to the Option will be equal to Ten and No/100 Dollars (\$10.00) plus the consideration of the release of Seller from its obligations under the Contribution Agreement, other than any continuing obligations under such agreement or liabilities or obligations arising from the Seller's default under such Agreement.

5. Parties' Obligations. Upon Buyer's acquisition of the Property pursuant to this Option Agreement, Buyer shall assume any existing affordability restrictions or grant obligations on the Property and any remaining responsibilities for completion of construction and/or Property operation; provided Buyer shall not assume any liability for actions by Seller which pre-date the Property transfer to Buyer. Seller will remain liable for any matters that pre-date the Property transfer.

6. Closing. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Property or another mutually acceptable title company. Each party shall pay its own legal fees.

7. Option Runs with the Land. This Option to Purchase shall be senior to any other options to purchase the Property and shall not be terminated in the event the Property is transferred voluntarily or involuntarily by Seller to another entity so long as the Contribution Agreement or the Restrictive Covenants are in effect, provided that the Property transfer was not caused solely by the gross negligence or willful misconduct of Buyer.

8. Representations, Warranties, Covenants and Agreements of Seller. Seller represents that, at the time of the execution and delivery of this Option Agreement, Seller is the sole and lawful owner of the Property in fee simple, and Seller has the authority to execute this Option Agreement. The Property is free from all encumbrances and charges whatsoever except for the Permitted Encumbrances. Seller shall not make any additional encumbrance, assignment, or pledge thereof without Buyer's prior written consent, which shall not be unreasonably withheld.

9. Assignment. The Buyer may assign all or any of its rights under this Option Agreement to (a) a nonprofit organization or (b) a government agency or affiliate of Buyer (each a "***Permitted Assignee***") that demonstrates its ability and willingness to maintain the Property as low-income housing in accordance with the Restrictive Covenants. Prior to any assignment or proposed assignment of its rights hereunder, the Buyer shall give written notice thereof to the Seller. Upon any permitted assignment hereunder, references in this Option Agreement to the Buyer shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Option Agreement and so assigned. No assignment of the Buyer's rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of the Buyer's obligations under this Option Agreement and copies of such written agreement are delivered to the Seller. Except as specifically permitted herein, the Buyer's rights hereunder shall not be assignable.

10. Captions. The captions contained in this Option Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Option Agreement.

11. Notices. All notices shall be sent pursuant to this Option Agreement shall be sent in accordance with the Contribution Agreement.

12. Counterparts. This Option Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement.

13. Severability. If any provision in this Option Agreement is invalid or unenforceable in whole or in part, this instrument shall in all other respects remain in full force and effect.

14. Successors and Assigns. All of the provisions hereof shall apply to, inure to the benefit of, and be binding upon Buyer and Seller and their respective successors and assigns (provided the foregoing shall not be construed as consent to any transfer by Seller of the Property that is not permitted under the Contribution Agreement or this Option Agreement).

15. Choice of Law. This Option Agreement shall be performable and enforced in Harris County, Texas, and shall be liberally construed in accordance with the laws of the State of Texas from time to time in effect except to the extent preempted by the United States federal law. Venue shall be appropriate in Harris County, as applicable.

16. Conflicts. In the event of a conflict between this Option Agreement and the Contribution Agreement, the Contribution Agreement shall control.

17. JURY WAIVER. SELLER AND BUYER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS OPTION OR THE CONTRIBUTION AGREEMENT.

ATTACHMENTS:

EXHIBIT "A"	Land
EXHIBIT "B"	Permitted Encumbrances

[Signatures on following pages]

**Signature Page
Option Agreement**

IN WITNESS WHEREOF, Seller has executed this Option Agreement on the date set forth in the acknowledgments below but to be effective as of 2/14, 2023.

SELLER:

HARRIS COUNTY

By: 

THAO COSTIS, Interim Executive Director
Harris County Community Services
Department

APPROVED AS TO FORM:

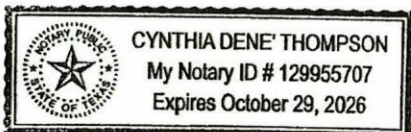
CHRISTIAN D. MENEFFEE
HARRIS COUNTY ATTORNEY

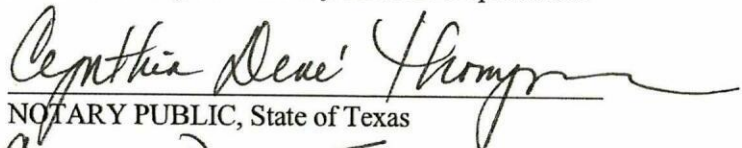
BY: Randy Keenan
Randy Keenan
Sr. Assistant County Attorney
C.A. File 23GEN2882

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on the 14th day of FEBRUARY, 2023, by Thao COSTIS, the Interim Executive Director of the Harris County Community Services Department.




NOTARY PUBLIC, State of Texas
CYNTHIA DENE' THOMPSON
PRINTED NAME OF NOTARY
My COMMISSION EXPIRES: 10/29/26

**Signature Page
Option Agreement**

IN WITNESS WHEREOF, Buyer has executed this Option Agreement on the date set forth in the acknowledgments below but to be effective as of _____, 2023.

BUYER:

SEAL/ATTEST:



Pat Jefferson Daniel, City Secretary

CITY OF HOUSTON, TEXAS



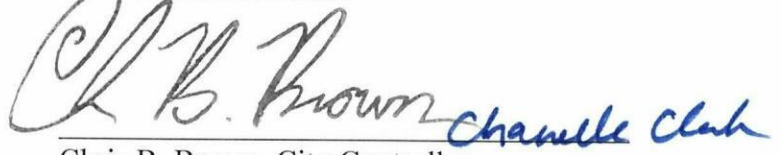
Sylvester Turner, Mayor

APPROVED:



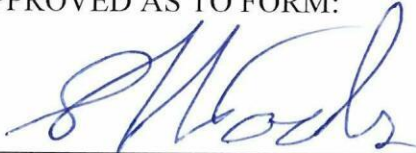
Keith Bynam, Director
Housing and Community Development
Department

COUNTERSIGNED:

 *Chamique Clark*

Chris B. Brown, City Controller

APPROVED AS TO FORM:



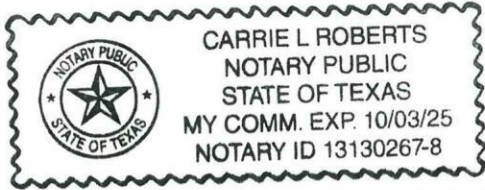
Senior Assistant City Attorney
LD# 0000001009

COUNTERSIGNATURE DATE:

02-17-23

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 17th day of February, 2023, by Sylvester
Turner, the Mayor of City of Houston, a _____
_____, on behalf of such _____.



Carrie L. Roberts
NOTARY PUBLIC, State of Texas

Carrie L. Roberts
PRINTED NAME OF NOTARY
My COMMISSION EXPIRES: 10/3/25

EXHIBIT A
LAND

Being all of Unrestricted Reserve "A", Block 1, of HAY CENTER, a subdivision in Harris County, Texas, according to the map or plat thereof recorded at Film Code No. 698434 of the Map Records of Harris County, Texas.

EXHIBIT B
PERMITTED ENCUMBRANCES

Permitted Encumbrances

PERMITTED ENCUMBRANCES

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception):

Those recorded in Film Code No. 698434 of the Map Records of Harris County, Texas.

Omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner Policy only.)
4. Any title or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.(Applies to the Owner Policy only.)
5. Standby fees, taxes and assessments by any taxing authority for the year 2022 and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership; but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax years. (If Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2022 and subsequent years.")
6. The terms and conditions of the documents creating your interest in the land.
7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Mortgagee Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Mortgagee Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R) only. Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Mortgagee Policy of Title Insurance (T-2R).
10. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception):
- a. Rights of parties in possession.
 - b. Rights of tenants in possession, as tenants only, under unrecorded lease agreements.
 - c. Intentionally deleted.
 - d. Intentionally deleted.
 - e. Intentionally deleted.
 - f. The Land has frontage or abuts Interstate Highway No. 45 (Gulf Freeway), which is a controlled access highway. This policy does not insure against the exercise of power by competent governmental authority to limit, control or deny access, ingress or egress to the Land from said highway or service road which the Land abuts, nor does it insure that the Insured has or shall continue to have access, ingress or egress from such property to and from said highway and service road.
 - g. A building set-back line, as disclosed by said map/plat.
Affects: 25 feet wide along the southwesterly property line
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - h. A building set-back line, as disclosed by said map/plat.
Affects: 10 feet wide along the southeasterly property line
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - i. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract/plat;
Purpose: visibility triangle
Affects: 15 feet by 15 feet at the most southerly corner
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.
 - j. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
Granted to: City of Houston
Purpose: storm sewer easement
Recording No: Volume 2681, Page 165 of the Deed Records of Harris County, Texas, and as shown on the plat recorded at Film Code No. 698434 of the Map Records of Harris County, Texas
Affects: 20 feet wide traversing across the subject property.
 - k. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication on the recorded plat

Purpose: drainage easement
Affects: 15 feet wide on each side of the centerline of all natural drainage courses
Recording No: Film Code No. 698434 of the Map Records of Harris County, Texas.

I. Notice of Storm Water Quality Requirements.

Recording Date: October 6, 2021
Recording No.: Harris County Clerk's File No. RP-2021-576049.

- m. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
- n. The Land is located within the City of Houston or within its extra territorial jurisdiction (within 5 miles of the city limits but outside another municipality). It is subject to the terms, conditions, and provisions of City of Houston Ordinance No. 85-1878, pertaining to among other things, the platting and replatting of real property and to the establishment of building lines (25 feet along major thoroughfares and 10 feet along other streets). A certified copy of said ordinance was filed August 1, 1991, at Harris County Clerk's File No. N253886.
- o. If any portion of the proposed loan and/or the Owner's Title Policy coverage amount includes funds for immediately contemplated improvements, the following exceptions will appear in Schedule B of any policy issued as indicated:

Owner and Loan Policy(ies): Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the insured against loss, if any, sustained by the Insured under this policy if such liens have been filed with the County Clerk of County, Texas, prior to the date hereof.

Owner Policy(ies) Only: Liability hereunder at the date hereof is limited to \$ 0.00. Liability shall increase as contemplated improvements are made, so that any loss payable hereunder shall be limited to said sum plus the amount actually expended by the insured in improvements at the time the loss occurs. Any expenditures made for improvements, subsequent to the date of this policy, will be deemed made as of the date of this policy. In no event shall the liability of the Company hereunder exceed the face amount of this policy. Nothing contained in this paragraph shall be construed as limiting any exception or any printed provision of this policy.

Loan Policy(ies) Only: Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy insures only to the extent of the amount actually disbursed, but increase as each disbursement is made in good faith and without knowledge of any defect in, or objections to, the title up to the face amount of the policy. Nothing contained in this paragraph shall be construed as limiting any exception under Schedule B, or any printed provision of this policy.

- p. Any rights, interests, or claims which may exist or arise by reason of the following matters disclosed by survey,

Dated: March 04, 2021, revised September 29, 2022
Prepared by: Chris Rhodes, R.P.L.S. No. 6532

Matters shown:

1. Manhole with valve, sign, monitor well, together with the rights of utilities and servicing companies in and to the access, use, maintenance and removal of same.

Fences do not follow property lines.