

# **HIDALGO COUNTY Urban County Program**

## **Housing Assistance Guidelines Colonia Self-Help Center Program Texas Department of Housing & Community Affairs**

### **I. INTRODUCTION**

Hidalgo County is a recipient of the most current Colonia Self-Help Center (CSHC) contract to provide housing rehabilitation, reconstruction, and home repair assistance under the CSHC Program. To administer these activities, the Urban County Program (UCP) conducts a procurement process in accordance with program requirements, including publicly advertising for a qualified Service Provider. Through this procurement process, the UCP selects and contracts with a Service Provider to administer program activities, including the initial identification of applicants. UCP staff will review all referrals from the Service Provider to confirm eligibility for assistance for very low-, low-, and moderate-income (LMI) homeowners and their immediate family members (spouse, parents, dependent children, and grandchildren) who reside in the same housing unit within the selected five colonias within the current awarded TDHCA Contract.

### **II. PROGRAM OBJECTIVES**

The following objectives guide the implementation and administration of the CSHC housing assistance activities funded through the TDHCA.

#### **Primary Objective**

The primary objective of this program is to provide decent, safe, and affordable housing for LMI homeowner applicants through rehabilitation, reconstruction, and home repair activities. All rehabilitation and reconstruction activities must comply with the Texas Minimum Construction Standards (TMCS), U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Quality Standards (HQS), all applicable local building codes and ordinances, manufacturer installation specifications, and all applicable federal, state, and local laws and regulations governing federally funded housing activities.

#### **Program Administration Responsibilities**

UCP staff will be the designated authority responsible for administering the assistance components of the program, including:

- Reviewing and verifying applications from the contracted Service Provider
- Coordinating property inspections
- Reviewing cost estimates
- Preparing bid documents

- Overseeing project progress inspections for submission of payment requests

UCP staff will oversee all non-profit activities of the contracted Service Provider and have final authority for eligibility determinations and program compliance.

The program operates in accordance with all applicable County policies and TDHCA requirements and regulations.

### **III. ASSISTED HOMEOWNER ELIGIBILITY – THRESHOLDS**

The following threshold requirements must be met in order for an applicant to be considered eligible for assistance. Meeting these requirements does not guarantee funding, as it is anticipated that eligible applicants will exceed available program funds.

**Income Eligibility** – Income eligibility for this program will be based on the most current very low-, low-, and moderate-income (LMI) limits published annually by the HUD for the Section 8 Housing Choice Voucher Program.

Household income must not exceed 80% of AMI, as defined by HUD. Income limits are subject to annual adjustment in accordance with HUD updates.

**Proof of Ownership** - The applicant must be an individual (and/or spouse) who owns and occupies a single-family residential unit located within the designated colonias identified in the CSHC contract. Ownership must be documented through the following:

- A valid deed of trust or warranty deed recorded with the Hidalgo County Clerk’s office, demonstrating ownership and rights of possession as determined by the UCP.
- A recorded life estate interest filed with the Hidalgo County Clerk’s Office.
- A leasehold interest of 99 years or greater in the property; or
- Fee simple title to the property.

If the property subject to a Contract for Deed arrangement, the agreement must be converted into a traditional fee simple ownership and properly recorded prior to program assistance being approved. Applicants should coordinate with UCP to ensure all ownership requirements are met prior to approval

**Length of Ownership** - The property must have served as the applicant’s principal residence for a minimum of two (2) years prior to application date. Verification of homeownership and occupancy may include, but not limited to, utility payment records, telephone bills, school enrollment records, mortgage statements, or property tax documentation.

**Property Taxes** - Applicants must provide evidence that all property taxes assessed on the subject property have been paid in full prior to the award of

assistance. Alternatively, the property owner must provide documentation demonstrating that the collection of property taxes has been lawfully deferred through the filing of a tax deferral affidavit in accordance with Section 33.06 of the Texas Property Tax Code, applicable to residence homesteads of elderly or disabled persons.

### **Insurance**

Fire and hazard insurance must be provided for all assisted properties at the time of completion of rehabilitation, reconstruction, or activities. The policy will be purchased on behalf of the assisted homeowner using CSHC funds for the first year administered through the TDHCA. Maintenance of insurance coverage following project completion will be the responsibility of the assisted homeowner and must be maintained for the duration of the applicable TDHCA term period or other period of program compliance established under the CSHC program requirements.

## **IV. PROPERTY ELIGIBILITY**

### **Unit Characteristics**

Only single-family residential units are eligible for assistance under this program. For purposes of eligibility, a “family” is defined as one or more immediate family members living in the same household, including spouses, parents, children, and grandchildren.

In the instances where the scope of work exceeds the CSHC Program’s per-unit funding limit, the UCP may leverage HOME funds to address funding gaps. Projects utilizing both CSHC Program and HOME funds will comply with all applicable requirements of each funding source. If reconstruction funding is not available, the UCP reserves the right to decline assistance for the property.

Reconstruction activities shall consist of replacing the existing housing unit with a dwelling that meets the current needs of the household. When the existing unit is a manufactured home, reconstruction shall be accomplished through the replacement with a new manufactured home, as permitted under program guidelines.

Environmental clearance must be completed, and written authorization must be received prior to the execution of any construction contract or the commencement of any project activity.

**Location:** Units must be located within the targeted colonia identified in the most current CSHC contract.

## **V. CONDITION REQUIREMENTS**

### **Minimum Standards**

Upon completion of rehabilitation, reconstruction, or activities, the housing unit must comply with TMCS established by the TDHCA. For home repair activities, the portion of the home repaired must meet applicable HUD HQS.

### **Suitable for Rehabilitation**

A unit is considered suitable for rehabilitation when:

- The unit occupied by an income-eligible homeowner; and
- The deficiencies of the structure can be corrected to meet TMCS requirements as allowed through the CSHC Program's funding limit.

### **Unsuitable for Rehabilitation**

A unit is considered unsuitable for rehabilitation when major structural deficiencies exist due to inadequate original construction or deterioration of critical components, including but not limited to:

- Foundation
- Flooring system
- Walls and framing
- Ceilings and roof structure
- Exterior structural systems

Deficiencies in electrical, plumbing, doors, windows, and other building components will also be evaluated.

A unit may be determined unsuitable for rehabilitation when:

- More than fifty percent (50%) of the structure would require demolition to meet TMCS standards, or
- The estimated cost of rehabilitation exceeds the maximum allowable investment per unit based on the availability of funding

This determination will be documented by the UCP.

## **VI. TYPES OF IMPROVEMENTS**

### **Eligible Improvements**

Eligible improvements include those necessary to bring the housing unit into compliance with applicable TMCS and, where applicable, HUD HQS. Cost-effective energy efficiency measures are also eligible improvements.

### **Permanent Improvements**

All improvements must be permanent in nature and physically attached to the primary structure. Detached structures, such as sheds or garages not connected to the home, are not eligible for rehabilitation, and any unit that causes a health and safety hazard must be demolished.

### **Health, Safety, and Accessibility**

Improvements may include, as necessary:

- Lead-based paint hazard reduction
- Asbestos abatement
- Accessibility modifications for household members with special needs

- Energy efficiency and ventilation items (ceiling fans, window screens, screen doors, and window blinds).

**Permits**

All required permits must be obtained by the contracted Service Provider and/or contractors at their expense and included as part of the project bid costs. The Service Provider and/or contractor is responsible for obtaining and posting all required permits.

**Ineligible Improvements**

Program assistance shall not be used for luxury or nonessential items, including but not limited to:

- Barbeque pits
- Decks associated with swimming pools
- Commercial, industrial, farm, or dairy equipment
- Exterior hot tubs, spas, saunas, or whirlpools
- Flower boxes, food mixers, or freezers
- Garage door openers or greenhouses
- Irrigation systems or luxury doors
- Security systems or satellite dishes
- Fences of any type
- Detached sheds or garages

**VII. SUPPLEMENTAL REHABILITATION REQUIREMENTS**

**Site Preparation**

All debris, abandoned vehicles, and dilapidated structures must be removed from the property prior to the start of rehabilitation or reconstruction activities, including any relocation of a structure. Assisted homeowners are responsible for removing items off property prior to any land disturbance.

**Electrical Safety**

All electrical components of the home, such as service, meter, wiring, and fixtures, must be inspected by a licensed professional, even when electrical work is not specified. Unsafe or noncompliant components must be repaired or replaced. Exposed wiring, switches, and light fixtures within living areas must be properly enclosed. Likewise, all plumbing work must be performed and completed by a licensed plumber

**Smoke Detectors**

All assisted homes must be equipped with at least one hard-wired or battery-operated smoke detector in conformance with applicable fire safety standards

**Accessibility for Elderly or Disabled Occupants**

Homes occupied by elderly or disabled persons must be evaluated to determine necessary accessibility improvements. Modifications such as widened doorways, ramps, level entries, and grab bars in the bathroom must be installed when appropriate to meet the needs of the homeowner.

**VIII. MAXIMUM AMOUNT OF HOUSING ASSISTANCE**

The maximum amount of assistance available per single-family housing unit must be as follows (amounts include the cost of demolition, when applicable):

- Rehabilitation: \$75,000.00
- Reconstruction : \$100,000.00

In the instances where the scope of work exceeds the CSHC Program’s per-unit funding limit, the UCP may leverage HOME funds to address funding gaps.

**IX. HOUSING ASSISTANCE**

**Type of Assistance**

Housing assistance must be provided in accordance with the CSHC Program rules established by the TDHCA, Title 10, Part 1, Chapter 25.

Assistance for rehabilitation, reconstruction, and activities may be provided to eligible households with annual incomes at or below 80% AMI.

The deferred forgivable loan shall be:

- Secured by a promissory note and deed of trust
- Zero-interest
- Forgiven on a prorated basis over a five-year term, provided the assisted homeowner continues to own and occupy the property as their principal residence.

**Repayment Terms**

If the assisted homeowner continues to occupy the home for the full five-year term of the deferred loan, no repayment is required, and no restrictions remain on the property.

If the property is sold, transferred, or vacated by the assisted homeowner for a period exceeding thirty (30) consecutive days during the term, the remaining unforgiven balance of the loan shall become due and payable, except as provided in Section IX.

**Accelerated Forgiveness in Certain Cases**

In the event of:

- Death of the assisted homeowner
- Relocation to a managed care facility, or
- Relocation due to documented mental or physical incapacity of the sole remaining assisted homeowner identified in the original application  
Hidalgo County

**Relocation Assistance**

Relocation assistance will not be provided. Participation in the CSHC Program by the assisted homeowners is voluntary.

**X. CONFLICT OF INTEREST**

**Prohibited Interest**

The conflict of interest provisions contained in the CSHC Program contract between Hidalgo County and the TDHCA prohibit local elected officials, County employees, CSHC program staff, consultants, contractors, and any other persons who exercise functions with respect to CSHC activities, or who are in a position to participate in a decision-making or gain inside information, from receiving any financial or personal benefit from the program activities.

**Definition of Family**

For purposes of this section, “family” includes parents (including mother-in-law & father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of any individual covered under the applicable conflict of interest regulations, including those referenced in 24 CFR Sec. 570.489(h).

**XI. SELECTION OF APPLICANTS**

**Applicant Policies**

The program must serve the number of very low-, low-, and moderate-income households identified in the CSHC program contract, unless a modification is approved by the TDHCA. Income eligibility shall be determined using the most current HUD AMI limits.

Any activity funded through the CSHC Program involving rehabilitation or reconstruction of housing shall be considered to benefit very low-, low-, and moderate-income persons only to the extent that the housing unit is occupied by an income-eligible household upon project completion.

The program will only serve those who are at the 80% AMI.

All applicants will be treated with fairness and consistency, and will be rated on a first-come, first-served basis.

These guidelines will be applied uniformly to every applicant.

**Selection and Approval of Applicants**

The UPC-contracted Service Provider is responsible for advertising the program's availability and conducting application intake.

Applications will be accepted through in-person interviews during regular business hours and will continue to be accepted until available funds are exhausted. Applicants who do not meet baseline eligibility requirements will be notified.

Applications determined to be eligible by the contracted Service Provider will be forwarded to the Hidalgo County UCP for review, eligibility verification, and final approval.

As a condition of participation, eligible applicants are required to contribute sweat equity hours toward the repair or construction of their home. Required sweat equity hours will be established by the program. Applicants who are elderly or disabled may have required sweat equity hours satisfied through the program's approved hour bank or by a family member or volunteer performing the work on their behalf.

### **Income and Asset Limits**

The gross household income of applicants must not exceed 80% of AMI, as published annually by HUD and adjusted for household size. All household income for persons age 18 and older will be verified through independent third-party documentation. Acceptable forms of verification include, but are not limited to:

- Paycheck stubs covering a minimum three-month period
- A completed Verification of Employment form or certified employer statement
- Benefit award letters from the Social Security Administration or other agencies
- Signed federal income tax returns and W-2 forms for the preceding two years

Liquid assets that can be readily converted to cash, including bank accounts, stocks, bonds, and mutual funds will be considered when determining household income eligibility in accordance with applicable program requirements.

## **XII. CHANGE ORDERS AND COST OVERRUNS**

Every effort will be made to minimize changes made to the scope of work for each project. However, rehabilitation and reconstruction projects may encounter unforeseen conditions that were not evident during the initial inspection. When such conditions arise and require modification to the original scope of work, a formal change order (CO) will be executed.

The CO form provided by the TDHCA and UCP will be utilized to document any deviation from the original scope of work. The CO will serve as a written addendum to the construction contract and must clearly describe the revised work, associated costs, and any adjustments to the project schedule.

A CO may be initiated by the contractor; however, it must receive written approval from both the TDHCA and UCP prior to any associated work is performed. No CO will be considered valid or eligible for reimbursement unless it has been approved in writing by UCP prior to implementation.

All change orders must comply with applicable TDHCA requirements, including:

- Sufficient grant or local funds must be available to meet any increased cost;
- The original contract price has not been increased by more than 25% of the original contract amount,
- All items included in the CO must have been competitively procured through the original bid process or received an approved exception from TDHCA; and
- All items must comply with the TDHCA contract requirement, including the Performance Statement and environmental review provisions.

### **XIII. SELECTION OF APPLICANTS, LICENSED INSPECTORS, AND CONTRACTING PROCESS**

#### **Property Inspection Requirements**

Upon determination of applicant eligibility, all rehabilitation and reconstruction activities must be based on a comprehensive property inspection conducted UCP staff or a qualified inspector designated by UCP.

The inspection will utilize the most current TMCS property inspection format to identify all deficiencies. All deficiencies identified in the inspection report must be corrected.

Septic systems are not optional components of the inspection and must be evaluated as part of the overall property assessment.

UCP and/or Service Provider staff will accompany the inspector during all rehabilitation and reconstruction inspections. UCP and/or Service Provider staff will jointly determine the items necessary to bring the unit into compliance with applicable standards.

The inspection report must include:

- Inspection Report
- Form 9: Reconstruction Feasibility Form
- Color photos with descriptive captions
- A concise summary of major system deficiencies
- Detailed cost estimates

#### **Lead-Based Paint Requirements**

For any unit constructed prior to 1978, testing for the presence of lead-based paint will be conducted in accordance with applicable regulations. Because the program provides reconstruction assistance, any identified hazardous materials must be properly handled, removed, and disposed of prior to demolition activities.

Lead paint inspection is critical to:

- Accurately estimating reconstruction and demolition costs;
- Ensuring compliance with environmental and regulatory requirements;
- and

- Protecting the health and safety of workers and occupants of the residence.

If the total rehabilitation cost, including lead mitigation, exceeds program limits, the property may be deemed infeasible for rehabilitation.

### **Procurement of Contractors**

The Service Provider will follow applicable procurement procedures when hiring subcontractors to perform construction activities.

### **Pre-Construction Conference/Notice to Proceed**

A pre-construction conference will be conducted with the assisted homeowner, Service Provider/contractor(s) and UCP staff. The pre-construction conference will consist of two parts:

#### **Part 1 – Contract and Procedural Review**

- Contract terms and timelines
- Payment schedule
- Inspection procedures
- Roles and responsibilities
- Change order procedures
- Lead-based paint requirements
- Complaint and conflict resolution procedures

#### **Part 2 – On-site Walk Through**

- Review of the scope of work at the property
- Homeowner responsibilities for site preparation
- Contractor responsibilities for cleanup upon completion

## **XIV. CONTRACTOR QUALIFICATIONS**

To be eligible to perform construction work financed under this program, contractors must meet the following minimum requirements:

### **Eligibility Status**

The contractor must not be debarred, suspended, or otherwise ineligible to participate in federally funded programs, as verified through the U.S. General Services Administration System for Award Management (SAM) and verified by the TDHCA for eligibility, and must be obtained prior to the award of any contract.

### **Insurance Requirements**

The contractor must maintain the following insurance coverage for the duration of the construction activities performed under this program and applicable to work within Hidalgo County.

- Workers' Compensation insurance, as required by the State of Texas
- Unemployment insurance, as required by the State of Texas
- Automobile Liability Insurance for any vehicles used in connection with the project;

- Commercial General Liability and Property Damage Insurance with the minimum coverage of \$500,000.00 per occurrence.

The insurance coverage must be sufficient to protect UCP, the Service Provider, the assisted homeowner, and the contractor from claims arising out of the performance of the work. A valid Certificate of Insurance evidencing the required coverage must be submitted to and approved by the UCP prior to contract execution and before the start of any work.

Insurance coverage must remain active for the entire duration of the project. Failure to maintain required insurance coverage may result in suspension of work, withholding of payments, and removal from participation in the program.

### **Proof of Compliance**

A certificate of insurance and copies of all applicable trade licenses must be provided and approved before work may begin.

## **XV. WORK INSPECTIONS AND FINAL PAYMENT**

Progress and final inspections ensure the following:

- Verification of the contractor's progress
- Compliance with applicable housing standards; and
- Fulfillment of all contract requirements and the satisfaction of all parties.

Reimbursement requests can only be processed after environmental clearance is granted by the TDHCA. Following environmental clearance, draw requests may be submitted by the Service Provider as needed based on project progress and the completion of eligible activities.

Upon successful completion of the final inspection and receipt of all required documentation, a final request for payment will be processed where the UCP will retain ten percent (10%) of the contract amount for a minimum of thirty (30) days following project completion.

### **Right of Access for Inspection and Monitoring**

The County, UCP staff, the Service Provider, TDHCA, HUD, and any authorized regulatory or monitoring entity have the right to enter the property and access the work site at any reasonable time for the purpose of conducting inspections, monitoring progress, verifying compliance with program requirements, and performing any required audit or review of construction activities funded under this program.

### **Progress Inspections**

- A licensed inspector is not required for progress inspections.

- Inspections to approve payment requests will be conducted upon request by the awarded Service Provider or contractor to avoid delays in payment processing.
- The same individual will conduct all progress inspections for consistency.
- The assisted homeowner, contractor, and UCP staff will sign the Building Contractor's Request for Payment (TDHCA Form 28) to acknowledge that the rehabilitation work has been completed and is acceptable. If the assisted homeowner is not satisfied with the completed work, the form should not be signed until all required corrections have been made. Form 28 serves as the homeowner's authorization for payment and is required for drawdown approval.

### **Final Inspections**

- When work is nearing completion, the awarded Service Provider or contractor will notify the UCP to schedule a final inspection to be conducted.
- The purpose of the final inspection is to verify that all work in the contract has been completed according to specifications and that the unit meets HQS and TMCS requirements. (With the exception of the Colonia Home Repair program, which does not require a final inspection)
- The inspection will be thorough and include a review of finishes, fixtures, systems, site cleanup, and all completed construction activities.
- The UCP will ensure that the assisted homeowner receives all warranties and instruction manuals for installed equipment.

If the unit fails the final inspection, a punch list will be created identifying only the remaining contract items to be completed. The punch list will represent work yet to be done, not additional work over and above the original or amended contract. Once the punch list has been prepared, no other work items are expected of the contractor.

Once the punch list is completed, the inspector will do a reinspection. Any additional inspection costs due to incomplete work will be the responsibility of the awarded Service Provider or contractor. A copy of the final inspection will be provided to the assisted homeowner.

**Fees for additional inspections resulting from unfinished or incomplete work will be the sole responsibility of the awarded Service Provider or sub-contractors (whichever applies).**

No payment shall be processed for work that has not been inspected and approved. The UCP reserves the right to withhold payment if deficiencies, incomplete work, or documentation discrepancies are identified.

## **Warranties and Liens**

The contractor will warrant that all labor, workmanship, materials, and equipment furnished under the construction contract are free from defects and have been installed in accordance with the approved scope of work, applicable program standards, manufacturer specifications, and all federal, state, and local requirements. This warranty shall remain in effect for a period of one (1) year from the date of the homeowner's final acceptance of the work.

During the warranty period, the contractor will, at no cost to the homeowner or UCP, promptly correct any defects or deficiencies resulting from the work performed. Failure to address warranty issues within the timeframe specified by UCP may result in the suspension from future program work, and any other remedies available under the construction contract.

## **Certificate of Completion and Owner Acceptance**

- After passing the final inspection, a Release of Lien and final payment request must be submitted by the Service Provider to UCP staff.
- The assisted homeowner must sign an Owner Acceptance Form confirming satisfactory completion of the work.
- The homeowner must also execute an Affidavit of Completion suitable for recording in real property records.
- The homeowner will execute a deferred forgivable promissory note secured by a deed of trust, which will be recorded in the County's real property records.
  - Although structured as a deferred forgivable loan for legal purposes, the homeowner is not required to make any payments unless the terms of the agreement are violated or the property is transferred prior to completion of the term (5 years).
- Upon receipt of all required documentation, a request for funds will be processed. The County will retain the 10% retainage for a minimum of 30 (thirty) days. Retainage will be released only if no construction concerns are reported by the assisted homeowner during this period.
- If issues arise, the awarded Service Provider/ contractor must correct them within two weeks. Failure to do so may result in forfeiture of retainage, suspension from future work, and withholding of payments on other projects until issues are resolved.

## **XVII. COMPLAINTS AND DISPUTES**

Complaints may be informal or formal.

An informal complaint is typically raised by the assisted homeowner or contractor directly with UCP staff. UCP staff will review and attempt to resolve all complaints,

whether informal or formal. Issues that are project-specific and affect overall program compliance will be addressed at this level. Matters that cannot be resolved will be elevated to the UCP Director.

### **Formal Procedures to Resolve Complaints**

A formal process is available for any construction-related dispute or complaint and includes the following steps:

- The complaint must be submitted in writing or email to UCP staff.
- UCP staff will review and attempt to resolve the complaint. If the issue cannot be resolved:
  - The complainant has five (5) working days to appeal the UCP’s decision to TDHCA.
- Each step of the complaint process will be fully documented and maintained in program files.

The UCP reserves the right to take any corrective action necessary to protect program funds and ensure compliance with program requirements, including termination of the agreement when issues remain unresolved.

### **XVIII. FILES AND REPORTS**

The County will maintain complete and accurate records for the CSHC Program, including files related to general program administration, individual applicants, and assisted homeowners.

All records will be retained for a minimum of five (5) to 7 (seven) years, or longer as required by the program. Records will be available for review and inspection to verify eligibility determinations, procurement actions, bid documentation, contract awards, and compliance with program requirements. Records may also be subject to audits by TDHCA.

### **XIX. CHANGES, WAIVERS, AND/OR CONFLICTS**

The Hidalgo County Commissioners’ Court will have the right to amend, modify, or revoke any part of these CSHC Program guidelines by a majority vote, and TDHCA must be notified of any changes.

The Hidalgo County Urban County Program Director, Dr. Joel Rivera, oversees this program and is available for any questions. Dr. Rivera may be contacted at:

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