



# HARRIS COUNTY, TEXAS

## COMMUNITY SERVICES DEPARTMENT

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**To:** Judge Hidalgo, Commissioner Ellis, Commissioner Garcia, Commissioner Ramsey, Commissioner Cagle

**From:** Adrienne M. Holloway, Ph.D., Executive Director, Community Services Department

**RE:** Winter Storm Uri Resident Assistance in Recovery & Repair

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On March 9, 2021, Commissioners Court directed the Harris County Community Services Department (CS) to work with relevant departments, precinct offices, and local community based organizations to create a plan to support residents in applying for FEMA Individual Assistance (IA) and to provide repair and recovery resources for low income county residents facing damage because of Winter Storm Uri. On March 30<sup>th</sup> CSD received approval to further develop housing repair program concepts for Courts' review. Pursuant to that request, transmitted herewith for the Court's consideration is Winter Storm Uri Recovery Repair and Recovery Resources Program Proposals. Note that the following proposals were informed based on a series of meetings with the Greater Houston Community Foundation, United Way, LISC, and Connective. The report below provides a program summary for implementing repair and recovery resources to targeted and eligible homeowners and to small landlord rental housing projects that will address the tenuous nature of renter households facing housing insecurity due to the Winter Storm Uri freeze damaging a number of multi-family housing units throughout the County. Further, it is understood that but if not for the prolonged economic impact of the COVID-19 pandemic, the ability of Harris County residents and small business landlords, to address cost burdens associated with Winter Storm Uri would probably not be of significant concern.

To contextualize the imperative to address critical repairs to homes and rental housing units, in a March 10, 2021 study by the Urban Institute titled: "Winter Storm Uri's Impacts on Houston Neighborhoods Show Why It's Urgent to Build Equity into Climate Resilience," the study found that minority communities, renters, and low income individuals were significantly impacted by Winter Storm Uri (and earlier Hurricane Harvey) compounding the impact of natural disaster events.

"Since 1990, [concentrated poverty](#) has increased in Harris County in neighborhoods such as Near Northside, Fifth Ward, and Third Ward, as well as in surrounding suburbs like Gulfton and Baytown. This concentration ...has resulted in people of color, renters, and people with low incomes being less likely to live in "[critical infrastructure](#)" areas where power outages are less likely to occur." Further, the study states that "though more than 99 percent Harris County households had their power restored by February 19, neighborhoods with more renters were most likely to still have power outages then."

Executive Summary

On February 19, 2021, President Joseph Biden approved a major disaster declaration for several Texas counties, inclusive of Harris County. With the declaration comes federal assistance from the Federal Emergency Management Agency (FEMA) which includes grants for temporary housing and home repairs, low-cost loans to cover uninsured property losses and other programs to help individuals and business owners recover from the effects of the disaster. CSD reviewed several FEMA data sets from April 6<sup>th</sup>, March 30<sup>th</sup>, and March 18<sup>th</sup>. As of April 6<sup>th</sup>, FEMA has 124,927 valid Winter Storm Uri registrations (FEMA Individual and Households FIDA data) and based on March 18<sup>th</sup> FEMA Dashboard data for Harris County renters comprised 56% of registrants. Additionally, based on the April 6<sup>th</sup> FEMA data, 82,327 households were referred for Housing Assistance that includes repairs needed to damaged dwellings to make it habitable, safe, sanitary, and functional. However, only 12,196 households have been deemed eligible, with an average award of \$3,251 per home, and an eligibility percentage of 14.8%. As of April 6<sup>th</sup> FEMA has paid repairs for 3,188 households, with a total repair amount of \$9.6M, and an average of \$3,012.

March 30<sup>th</sup> FEMA registrations and Unmet Needs Data by Zip Code reflect very low levels of assistance and warrant Harris County support for homeowners and renters. The following table reflects FEMA Unmet Need with almost 14,000 households referred as qualifying unmet needs, and only 3,286 households approved, or 31% with unmet need. Over 85% of the 13,996 referred FEMA households are without homeowners insurance, thus creating a significant financial burden particularly on low income households without the resources to pay for immediate plumbing repairs, or pay for an insurance deductible that is not a FEMA reimbursable expense.

These amounts do not approximate the estimated level of financial support to address housing insecurity in the rental housing market for tenants faced with damage to their housing units, and small landlords/owners without the financial resources, and insurance coverage necessary to bring housing back to pre-Uri Winter Storm levels, assuming that the housing was safe, and functional at that point.

<b>FEMA 3-30-21 UNMETS NEEDS HOUSEHOLDS</b>			
<b># Registrants Referred (Households)</b>	<b># Registrants Unmet Needs (Households)</b>	<b>% Unmet Needs</b>	
13,996	3,286	31.12%	<b>FEMA % Unmet Need</b>
		<b>Unmet Need (Unmet Needs=Total FEMA Verified Loss- Hsg Assistance- Other Needs Assistance)</b>	<b>CSD Calculated Unmet Real Property Need (Unmet Needs=Real Property FVL- HA)</b>
		<b>\$13,905,117.60</b>	<b>\$7,157,832.65</b>
<b>Avg for # of Unmet Needs HHs</b>		<b>\$4,231.62</b>	<b>\$2,178.28</b>

Households FEMA Referred		%			%
Insured	2,038	14.6%	Owners	7,636	54.6%
Uninsured	11,958	85.4%	Renters	6,359	45.4%
<b>Total</b>	<b>13,996</b>	<b>100.0%</b>	<b>Total</b>	<b>13,995</b>	<b>100.0%</b>

Specific to the charge given by Commissioner’s Court:

To address unmet home repair needs of residents that were either denied of FEMA assistance, did not meet application deadline, did not receive more than limited emergency repairs from other sources, we present an overview of proposals for the following options:

- CSD Emergency Home Property Repair Programs
- Landlord Small Property Emergency Repair Programs

Winter Storm Uri exposed significant housing integrity and sustainability challenges for Harris County, where single digits temperatures resulted in countywide failures in water pipes in single family homes and in our rental housing stock. CSD has engaged in a series of meetings with the Greater Houston Community Foundation (GHCF), the United Way of Houston (WSRF Partners), Connective and LISC Houston to identify opportunities for Harris County to leverage County local funds with the current repair efforts of the Fund’s grantees that have the organizational capacity to undertake and perform repairs above and beyond the current potential \$12,000 per home that the Fund would award for Tier 1 and 2 home repairs.

The \$15M WSRF is currently supporting 49 nonprofit partners and has allocated up to \$6,000 per home to fund Tier 1 critical repairs (muck & gut/removal of damaged interior building materials; proper preventative dry-out & water-extraction of leak affected area; plumbing repairs; achieve running water w/ no leaks; replace essential fixtures (kitchen sink, toilet, shower/tub, hot water heater) if necessary; interior water service only; insulation of new pipes) through grantee non-profits. An additional Tier 2 fund provides select homeowners with additional repair assistance (repair/replacement of damaged interior building materials [drywall, insulation, flooring] cabinet/countertop replacement (if damaged beyond repair); plumbing fixture replacement [if applicable beyond Tier 1 repairs]; any additional pipe insulation) up to \$6,000 per home. However, this will only assist a projected 1,200 families, and no rental housing developments are eligible.

**Connective Data Report - Winter Storm Relief Fund: Home Repair  
Data pulled 12:30PM, Thursday, 4/15/2021**

**Total Applications Received:** 1747  
**Active Matched Cases to Home Repair Agencies:** 377  
**Projects Under Construction:** 57  
**Completed Projects:** 109  
**Sum of Estimated Assistance Amount:** \$512,363  
**Sum of Assistance Provided:** \$377,682  
**Total Cases - Assistance Not Provided:** 314  
**# of Applicants with Homeowner’s Insurance:** 837

In an effort to complement existing WSRF funded efforts, CSD proposes programs addressing unmet needs. The first proposal provides homeowners and landlords access to grants to pay insurance deductibles to enable each to receive insurance awards to pay for repair costs. The second set of proposals are geared to addressing unmet home repair needs targeting low-income homeowners and low-income renters.

**Program Proposal #1: “Unlock Insurance”**

**Target Beneficiary:** Homeowners; (Renters via) Small Landlords

**Homeowners’ Program Summary:** The March 30<sup>th</sup> FEMA registrations and unmet needs data and the April 15<sup>th</sup> Connective homeowner applicant data demonstrate that approximately 48% (1,373 homeowners) of applicants have insurance. However, respondents stated that they do not have the funds (an average of \$1,500) to pay insurance deductible to access insurance awards. Accessing insurance awards will avail homeowners funds to cover repair costs associated with Storm Uri. Further, if insurance awards are insufficient in meeting total repair needs, homeowners will be eligible to apply to FEMA for additional funding to cover the gap in repair costs.

**Proposed Budget:** Homeowners (1,373 homeowners) identified in the Harris County Office of Homeland Security and Emergency Management Winter Storm Uri event Situation Report state that they were unable to pay insurance deductibles. Based on an average deductible of \$1,500 per homeowner, the proposed budget recommends up to \$3,432,500 to be provided to eligible homeworkers in the form of a grant. Further, homeowners must meet the following criteria:

- Applicant must be the primary owner of home.
- Home must be in unincorporated Harris County.
- Household incomes are at or below 80% Area Median Income (AMI).
- Participants must have experienced damage(s) to their primary residence as a result of the February 2021 Texas Severe Winter Storm.

**Small Landlords Assistance Program Summary:** The same issue of no insurance or high deductibles holds true for small landlords that are not conventional large investor ownership structures and typically a single LLC owner or possible a multi-party LLC.

Houston LISC received 267 applications from landlords in December 2020 interested in receiving \$10,000 grants to address income shortfalls due to Covid 19 economic impacts. Key findings from the application data include:

- 50% of applicants reported annual revenue of less than \$100,000.
- 83% of applicants reported a decrease in revenue compared to December 2019, including 28% of applicants reporting revenue declines of 50% or greater.
- 59% of applicants enrolled in either the Houston or Harris County rental assistance programs.
- 47% of applicants reported that at least one tenant received assistance form the Houston or Harris County rental assistance program.

A second survey was conducted by Houston LISC in March 2021 (33 respondents) to gauge the impact of Winter Storm Uri on these landlords. While results are not necessarily representative of the broader audience, findings do reveal that landlords tend to lack the financial reserves to manage through unexpected economic downturns. Key survey findings include:

- All but one respondent reported damage to at least one unit.
- 67% of respondents held property insurance for all of their units.
- 15% of respondents held property insurance for some of their units.
- 18% of respondents did not have property insurance for any of their units.
- 52% of respondents reported that their property insurance did not cover any of the units that were damaged as a result of Winter Storm Uri.
- Only 6% of respondents reported that their insurance covered all of the units damaged by Winter Storm Uri.
- 36% of respondents reported that the average repair cost for a damaged unit fell between \$1 and \$2,500. And, 60% reported that the average repair cost for a damaged unit fell between \$0 and \$5,000.
- For those with insurance, 76% reported per unit deductible cost of \$3,000 or less.
- Only 3 (9%) respondent reported paying for deductible costs with property-level or company-level reserves or operating cash flow. Half of the respondents reported paying the deductible payments from personal finances and 29% stated that they could not afford the deductible payments.

**Proposed Budget:** The April 16<sup>th</sup> Harris County Office of Homeland Security and Emergency Management Winter Storm Uri event Situation Report identifies 4,369 (58%) of 7,509 rental residences reporting damage. Further, data found that 48% of rental units (2097) were owned by landlords that claimed to have insurance (though it is unknown if available insurance covered damage units or the totality of repair for damaged units). Assuming a \$3,000 deductible (based on survey results) and 126 landlords (a rough figured based upon 47% of 267 landlords who received LISC grants and had tenants who were income eligible to receive rental assistance from either Housing or Harris County programs) results in a passthrough budget of \$378,000.

CSD recommends providing a grant to assist in paying deductibles as it will allow for an infusion of (insurance) funds to which each member of the target audience has already paid into. The essential goal of this initiative is to preserve the availability of affordable rental housing. Thus, landlords interested in receiving the grant must meet the following eligibility criteria:

- Property must be in a targeted zip code (77088, 77016, 77028, 77449, 77026).
- Subject building has between 5 and 30 housing units (can be within a multi-family building or across scatter site buildings).
- Subject building is at least 75 percent occupied.
- At least 50 percent of housing units must be affordable to low- to moderate-income households who earn at or below 80 percent of the Area Median Income (AMI).
- Subject building has health hazards or unsafe living conditions due to winter storm URI that need to be addressed to improve the quality of life of residents.

Additionally, recipients of grant funds must execute an agreement stipulating that the building owner will forego the right to pursue legal action for nonpayment of rent and the collection any fees associated with later payments while there exists a mandatory moratorium on eviction. Further, grant fund recipients will be referred to available rental relief programs to receive assistance in receiving rental payments on behalf of eligible tenants.

**Program Operations**

The Unlock Insurance program will operate out of the CSD Social Services division and will follow a similar program structure as being implement for the Coronavirus Relief-Emergency Assistance Program (CR-EAP). Namely, CSD receives inquiries from a homeowner/landlord for assistance, conduct the necessary qualification activities and if approved, payment is made directly to the insurance company. The qualifications for both programs are referenced above and will also include a determination that the property is current on property taxes or in a current payment plan (this is consistent with Harris County requirements for entering into agreements with the County). Further, the small landlord project will be vetted for any potential judgments that could affect the flow and use of funds to support funding an insurance deductible.

**Unlock Insurance Program Budget**

Passthrough Grant to 1,373 homeowners	\$3,432,500
Passthrough Grant to 126 landlords	\$ 378,000
CSD Intake Staff (2) includes Salary & Benefits	\$ 113,612
CSD Case Management Staff (2) includes Salary & Benefits	\$ 157,618
CSD Admin (HR, Finance, Outreach & Eligibility) @5%	\$ 204,086
<b>Total Program Budget</b>	<b>\$4,285,816</b>

To assist renters living in unrepaired storm damaged units, CSD proposes a critical repair grant and loan programs for eligible landlords.

**Program #2: “Landlord Critical Repair Program Grant Fund”**

**Target:** Renters via Small Landlords (between 5 and 30 units)

**Landlord Grant Program Summary**

The purpose of this program is to preserve the availability of safe and affordable rental housing understanding that the inability to repair storm related damaged units due to pandemic influenced rental revenue loss experienced by landlords, will result in more units coming “offline” unable to be rented to low and moderate income residents. For example, in an October 2020 convening of small landlords by Connective, in connection with the Landlord and Property Stabilization Work Group (COVID-19 Harris County Housing Stability Task Force) landlords shared that they are just getting by and have restricted cash flow as a result of decreasing rent revenue (tenant behind or unable to pay rent

and/or cannot evict); are limited in accessing a line of credit, or obtain better financing rates from banks; and dwindling savings that affects cash flow for a mortgage, property taxes, insurance, utilities, and to make repairs or address property maintenance.

The Landlord Critical Repair Program Grant Fund program will require that we first identify affordable housing landlords that are in good standing with building/unit conditions. The program will provide access to critical repair grants to address emergency repair issues. The referenced meetings with the Greater Houston Community Foundation, United Way, LISC, and Connective identified a significant gap in addressing the housing insecurity faced by low income renters due to damage to their housing unit and an inability to relocate to other suitable rental units in their same neighborhoods with access to their support system, or in proximity to services and employment. Estimated per unit repair costs were at approximately \$5,000 as per unit the LISC landlord survey.

**Proposed Budget:** Using data from the LISC survey discussed above, 52% of rental units (2,272) were owned by landlords that claimed to have no insurance. Calculating per unit repair costs of \$3,000 per unit for 2,272 units results into an up-to budget of \$11, 360,00 in passthrough grant funds.

To qualify for a grant, Landlords must meet the following criteria:

- Property must be in a targeted zip code (77088, 77016, 77028,77449, 77026).
- Subject building has between 5 and 30 housing units (can be within a multi-family building or across scatter site buildings).
- 50% of subject housing units must be affordable for residents at or below 80% AMI.
- Subject building must be 75 occupied.
- Landlord must be current on property taxes or in a current payment plan (this is consistent with Harris County requirements for entering into agreements with the County).
- Landlords that are involved in the Landlord and Property Stabilization Work Group or eligible for admittance based on an interview with the owner(s) would have priority for eligibility.
- Landlord must agree to pre and post unit inspections.

Additionally, recipients of grant funds must execute an agreement stipulating that the building owner will forego the right to pursue legal action for nonpayment of rent and the collection any fees associated with later payments while there exists a mandatory moratorium on eviction. Further, grant fund recipients will be referred to available rental relief programs to receive assistance in receiving rental payments on behalf of eligible tenants.

**Program #3: “Landlord Critical Repair Program Loan Fund”**

**Target:** Renters via Small Landlords (between 5 and 30 units)

### **Landlord Loan Program Summary**

Based on a review programs being offered in DC, New Orleans, Milwaukee, Chicago and Philadelphia for replicability in program type, number of assisted units, award cap, form of performance measures, flexi loan/grant, and form of security documents, CSD proposes a similar program that address rental unit

critical repairs that extend beyond the \$5,000/Unit grant cap of the proposed Landlord Grant program (discussed above). CSD would award funds that are needed to address residual storm impacts (i.e. drywall/sheetrock; flooring/tile/carpet repair/replacement) via a performance-based loan program.

CSD will coordinate with selected non-profits and with LISC Houston and Connective to identify and select (based on a verified application process) affordable housing landlords that are in good standing with property conditions (e.g., building and unit conditions) and provide access to critical repairs performance based loans (\$10,000 per unit) to address additional storm damage. CSD will manage the oversight and accountability associated with the loan, and a non-profit(s) will be responsible for identifying landlords and submitting files for county’s approval (similar to a downpayment assistance program, and other multi-family housing development programs that CSD operates).

To be qualified for a loan, the following criteria must be met:

- Property must be in a targeted zip code (77088, 77016, 77028,77449, 77026).
- 50% of subject housing units must be affordable for residents at or below 80% AMI.
- Subject building must be 75 occupied.
- Landlord must agree to comply with the stipulations of a Performance Based Loan (Forgivable loan) of up to \$50,000 per landlord (project). If a landlord has more than one project, only one project may qualify.
- Landlord must agree to a 5-year term with affordability covenants.
- Landlord must be current on property taxes or in a current payment plan (this is consistent with Harris County requirements for entering into agreements with the County).
- Landlords that are involved in the Landlord and Property Stabilization Work Group or eligible for admittance based on an interview with the owner(s) would have priority for eligibility.
- Landlord must agree to pre and post unit inspections.

**Program Operations:**

For the Landlord Grant Program, CSD will partner with a local nonprofit to manage this program via a passthrough of operational and program dollars. The CSD will be responsible for contract management of the nonprofit partner contracts.

The Landlord Loan Program will operate as a hybrid where CSD manages the oversight and accountability associated with the loan, and a nonprofit is responsible for identifying landlords and submitting files for CSD’s approval (similar to a downpayment assistance program).

**Proposed Budget:** Based on the LISC Winter Storm Uri survey, 31 respondents stated that insurance did not cover repairing any storm related damaged unit. Considering a maximum of 5 units subject to a repair loan at 31 landlords calculates to 155 units. Loan awards are up to \$10,000 per unit. Thus, the up to passthrough budget for the program is calculated to be \$1,550,000.

**Landlord Critical Repair Program Grant and Loan Fund Total Proposed Budget**

Passthrough Grant to Landlords to repair 2,272 units	\$11,360,000
Loan Funds to 31 Landlords for additional repairs to 155 units	\$ 1,550,000

Nonprofit Management Grants (@ \$100,000 per organizations for 3 organizations)	\$ 300,000
CSD Case Management Staff (1) includes Salary & Benefits	\$ 78,809
CSD Admin (Finance, Grants Management) @2%	\$ 265,776
<b>Total Program Budget</b>	<b>\$13,554,585</b>

As natural disasters are becoming a more frequent occurrence, having programs prepared to be stood up to respond to unmet needs is crucial. CSD proposes to create and have available an Emergency Repair Program to address current and future storm impacts on our housing infrastructure.

**Program Proposal #4: “Resiliency/Emergency Repair Program”**

**Target:** Low Income Homeowners

**Summary:** Based on the March 30<sup>th</sup> Harris County FEMA registrations and Unmet Needs Data by Zip Code, 85% of the 13,996 referred FEMA households are without homeowners insurance, thus creating a significant financial burden particularly on low income households without the resources to pay for immediate plumbing repairs. Additionally, the April 16<sup>th</sup> Harris County Office of Homeland Security and Emergency Management Winter Storm Uri event Situation Report identifies 3,014 homes reporting damage. Other Texas cities, such as Austin and Fort Worth, have launched various types of emergency home repair initiatives. The programs have been stood-up relatively quickly through their respective departments, or with a combination of non-profit partners. Further, they are straight forward to modify for the context of supporting low to moderate homeowners and small rental housing landlords, in order to address the current housing insecurity, compounded by COVID-19 economic impacts.

The city of Austin launched an Emergency Home Repair program to assist low-income homeowners repair widespread damage and provides applicants up to \$10,000 in repairs or modifications. The Austin Housing Finance Corporation and the Housing and Planning Department administers the program and is funded by public and private sources including Austin Water, General Obligation Bonds, and a grant from Bank of America. Hundreds of homes will be assisted. Participants must be 80% or below AMI, must have experienced damage to their primary residence causing harm to the life, health, or safety of occupants and cannot receive duplicate benefits from FEMA or insurance.

The city of Fort Worth faced significant damage to its water system associated with aging cast iron pipes in its housing stock as well as overall infrastructure system issues. Properties with aging cast iron pipes that burst during the freeze as the water system re-pressurization. The program prioritized emergency repairs for water and sewer lines breaks, gas line breaks/leaks, and inoperable or unsafe water heaters inoperable or unsafe. Next level of priority is for funds was to address mechanical system repairs such as electrical system failures, roof repairs, unsafe or inoperable HVAC, and unstable or rotting bathroom subflooring. To be eligible for funding, the identified home must be owner occupied (at or below 60% AMI) and the home required repairs of \$5,000 or less.

To be better prepared to assist homeowners in repairing current and future storm related damage, CSD proposes to establish a regularly offered Emergency Repair Program utilizing CSD CDBG federal funds

and other leveraged funding sources, where possible. This is a future oriented program as several processes need to be completed prior to its execution. However, we have already developed a solid framework for this program and will examine if and where program elements from Austin and/or Fort Worth can be incorporated into the CSD program framework.

**Program Operations:**

Program #4 will not be implemented at this juncture. The request will be to have the program “approved” allowing CSD to move forward with receiving HUD approval for the program as we will look to capitalize this program with CDBG dollars and other funding sources. An Annual Action Plan Amendment is needed to stand-up this program. The program, once approved, will operate through the CSD Housing Program Division.