

SUPPLEMENT TO BOARD BOOK OF DECEMBER 17, 2015

J. Paul Ozer, Chair



Juan Muñoz, Vice-Chair
Leslie Bingham Escareño, Member
T. Tolbert Chisum, Member
Tom H. Gann, Member
J. B. Goodwin, Member

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BOARD ACTION REQUEST
HOME PROGRAM DIVISION
DECEMBER 17, 2015

Presentation, Discussion, and Possible Action on an amendment to a HOME Homeowner Rehabilitation Assistance Household Commitment Contract issued under Reservation Agreement 2012-0800 for the reconstruction of a single family home by WREM Literacy Group, Inc. under the Disaster set-aside 1002069.

RECOMMENDED ACTION

WHEREAS, the Department executed a Reservation System Participation Agreement with WREM Literacy Group, Inc., (“WREM”) on June 27, 2013;

WHEREAS, WREM began reconstruction on two homes to replace homes destroyed by disaster and has completed one of the two, while the other household has been displaced for reconstruction, but construction has not yet been completed;

WHEREAS, the Household Commitment Contract (“HCC”) end date for the house remaining to be completed ended on December 3, 2015, following Board Action to extend the HCC an additional three months;

WHEREAS, the action taken at the Board Meeting on September 3, 2015, to extend the HCC included a provision that future extension requests were prohibited related to this specific project, and further that WREM was required to sign an acknowledgement form that they would commit to completion of construction, emphasizing that the Department would not be liable for any expenses incurred outside of the contract period, and WREM did execute such an amendment and acknowledgement form to this effect;

WHEREAS, in spite of their efforts, WREM continues to experience additional delays in completing construction activities as a result of an intervening rain event in late October, 2015, that has prevented construction completion and action is required to avoid ongoing displacement of the household;

WHEREAS, staff is seeking to ensure the household is displaced the minimum amount of time, and therefore it is in the best interest of the household and the Department to ensure that the home is promptly finished in compliance with the HCC so that the displaced household can return to their home, and this can be best accomplished through the staff-recommended additional three-month extension to the HCC; and

WHEREAS, the Board is authorized to grant such extension;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amendment to extend the end date of the HOME Household Commitment Contract for project number 39729 by three months to March 3, 2016.

BACKGROUND

On June 27, 2013, the Department executed a 24-month Reservation System Participation Agreement (“RSP Agreement”) with WREM for the reconstruction of single family residential units targeting low-income homeowners. The RSP Agreement allows WREM access to funds made available in the HOME Reservation System for Homeowner Rehabilitation Assistance for households affected by a disaster under the Disaster Relief set-aside.

WREM submitted two projects under the agreement. While activity number 39700 was completed by the amended end date of December 3, 2015, as authorized at the September board meeting, activity 39729 remains under construction. The primary reason for the continued delayed is unusually persistent rainfall in the area. WREM has provided consistent updates on progress since the last extension was granted and on November 30, 2015, WREM provided pictures showing substantial ponding on the site preventing construction from being completed by the extended end date of December 3, 2015. Materials have been ordered, including bricks and insulaton; however they can not be delivered as a result of soggy ground. WREM estimates that the house may be complete as early as the third week of December; however, the grading will not be done by that date. WREM has also repeatedly committed to completing the project and being liable for expenses incurred outside of the contract period. Of paramount concern is that this household is a disaster victim whose home burned down in 2009. Her new home is approaching completion. In the event that the extension is approved granting WREM an additional three months to complete construction, this household will finally be able to return home.

Based on documentation of construction progress, staff believes that the home can be fully constructed if the request for additional time is approved. Because the cumulative total of this extension request exceeds 15 months, and because of the language in the last amendment that expressly prohibits WREM from requesting an extension, the Executive Director does not have the authority to grant the extension and Board approval is necessary. Staff recommends approval of a three month extension to the HCC through an amendment process, amending the end date to March 3, 2016.

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**ITEM 7, PREVIOUSLY POSTED ON
DECEMBER 10, 2015, IS BEING
REPLACED IN ITS ENTIRETY BY
THE FOLLOWING DOCUMENT**

BOARD ACTION REQUEST
HOME PROGRAM DIVISION
DECEMBER 17, 2015

Presentation, Discussion, and Possible Action on amendments extending the contract period for HOME Household Commitment Contracts issued under Reservation Agreements issued to the City of Paris and WREM Literacy Group for the reconstruction of single family homes that are located in areas subsequently designated as federal declared disaster areas, and Board authorization for staff to consider approving future extension requests for activities in federally declared disaster areas.

RECOMMENDED ACTION

WHEREAS, the Department executed Reservation System Participant (“RSP”) Agreements with the City of Paris (“City”) and WREM Literacy Group (“WREM”) on January 28, 2013, and May 9, 2013, respectively;

WHEREAS, these Administrators have five activities that are located in areas that, subsequent to their program selection, were declared federal disaster areas, and are now experiencing associated delays in completing those construction activities and have requested an additional three-month extension to complete construction on those five activities; and

WHEREAS, Household Commitment Contract (“HCC”) Amendments were previously executed for these five activities extending the end dates by three months to various dates, as authorized by the HOME Director and as permitted by the HOME Rules;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause an amendment to extend the end dates of the specific HOME HCCs as presented in this meeting and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to consider and if they find that disaster related delays necessitate extensions, to grant extension requests for other activities with addresses inside Federal Disaster Declaration counties designated in 2015, for a period not to exceed an additional three (3) months and without requiring further Board Action as is currently required under 10 Texas Administrative Code (“TAC”) §23.27(f) of the Single Family HOME Program Rules.

BACKGROUND

The Department has been receiving an unusually high number of extensions requests that exceed the limitations of the HOME Rules which states that the Executive Director or his/her designee or the HOME Program Director may approve one three-month time extension to the Commitment of Funds to allow for the completion of construction. The reasons for the requests are varied; however the common thread between them is the unusual amount of rain received in the spring and fall of 2015, which in many areas of the state resulted in Federal Disaster Declarations.

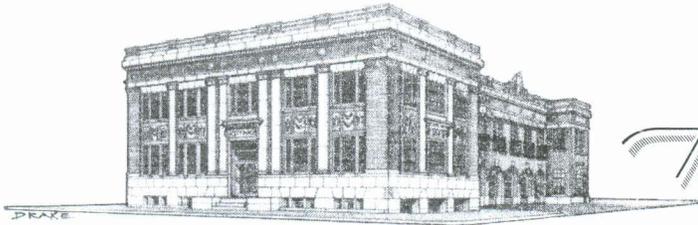
In the case of each of the five amendment requests presented in this Action Request, construction activities were occurring in areas subsequently designated as Federal Declared disaster areas due to heavy rains and flooding. The Administrators of these activities have stated that they experienced unparalleled rainfall during the construction phase. The City of Paris also experienced contractor issues as the original contractor procured to complete construction cancelled his construction contracts and the City was required to procure a new contractor to complete activities. In addition to significant rainfall, WREM also experienced some delays with the completion of sewer taps and water meters. Both contractors have some confidence that construction can be completed by the current end date; however, with the possibility of a continuing rainy season through winter and the holidays, they are proactively requesting extensions to address the possibility of continued weather related delays.

Both Administrators submitted extension requests that were denied by staff in accordance with 10 TAC §23.27(f), which states that the Department is only authorized to approve one three-month time extension to a HCC to allow for the construction completion.

Administrator	Activity	Address	Start Date	End Date	Amended	Requested
City of Paris 1001776	40156	1846 E Booth St Lamar County	1/16/2015	10/15/2015	1/15/2016	4/15/2016
	40173	1107 Grove St Paris, Lamar County	1/23/2015	10/22/2015	1/22/2016	4/22/2016
	40174	817 Campbell St Paris, Lamar County	1/23/2015	10/22/2015	1/22/2016	4/22/2016
	40175	1360 Campbell St Paris, Lamar County	1/23/2015	10/22/2015	1/22/2016	4/22/2016
WREM 1001897	40158	1943 3rd St Hempstead, Waller County	1/16/2015	10/15/2015	1/15/2016	4/15/2016

In accordance with the Department's Administrative Rules at 10 TAC §1.7(b)(2), both Administrators timely appealed the denial decision to TDHCA's Executive Director and TDHCA's Governing Board as allowed by 10 TAC §1.7(d). Accordingly, the Department is presenting this matter to the Governing Board for consideration.

Based on the documentation of progress and contingency plans detailed in the extension requests, staff believes the homes can be fully constructed if the request for additional time is approved. Because the cumulative total of this extension request exceeds 12 months, the Executive Director does not have authority to grant the extension, and Board approval is necessary. Staff recommends approval of the amendment requests as detailed in the table above.



The CITY OF PARIS

November 30, 2015

TDHCA Governing Board
Mr. J. Paul Ozer, PE, Chair
Dr. Juan Sanchez Muñoz, Vice-Chair
Ms. Leslie Bingham Escareño
Mr. Tom H. Gann
Mr. T. Tolbert Chisum
Mr. J.B. Goodwin
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

RE: TDHCA HRA City of Paris Contract No. 1001776
Activity No. 40175 – Beulah Fuller
Activity No. 40174 – Cleta Hicks
Activity No. 40173 – Ola Moore
Activity No. 40156 – Mary Chapman

Dear Board Members;

The City of Paris is respectfully requesting an appeal to the decision to not approve the 3-month time extension originally requested, November 16, 2015, in accordance with 10TAC §1.7(d), for the remaining four homes under the HOME contract 1001776. The City has successfully completed five homes under this contract and has successfully completed past HOME contracts.

The remaining four homes have unfortunately been delayed due to unavoidable circumstances. All of the events which have led to the construction delay have been outlined in detail in the attached initial request letter dated November 16, 2015 and timeline.

The builder is diligently working to complete these homes within the contract time period, however it will be challenging. The City is concerned that the builder will not be able to complete the homes with the recent continual weather delays coupled with the upcoming holidays. It is due to this concern the City is respectfully requesting another construction extension of 3-months for Activity numbers 40156, 40175, 40174, and 40173. Should you have any questions or require additional information, please contact Charles Edwards at 903-784-6439.

Sincerely,



John Godwin

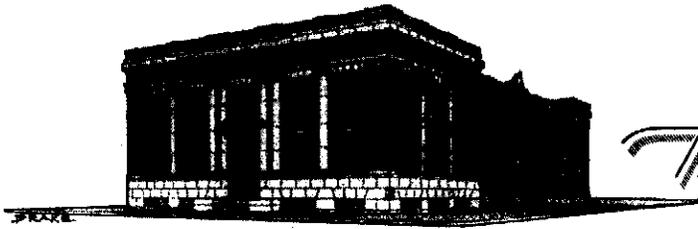
Enclosures: 2

Cc: Charles Edwards, Resource Management & Consulting Co.

File

Jennifer Molinari, HOME Program Director

Sylvia Smith, Performance Specialist



The CITY OF PARIS

November 16, 2015

Ms. Jennifer Molinari, HOME Program Director
HOME Division Administrator
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, Texas 78711-3941

RE: TDHCA HRA City of Paris Contract No. 1001776
Activity No. 40175 – Beulah Fuller
Activity No. 40174 – Clela Hicks
Activity No. 40173 – Ola Moore
Activity No. 40156 – Mary Chapman

Dear Ms. Molinari,

The City of Paris is requesting second 3-month time extension for the following activities: Beulah Fuller Activity # 40175, Clela Hicks Activity # 40174, Ola Moore Activity # 40173 and Mary Chapman Activity # 40156. The project has experienced unavoidable delays which have caused concern with meeting the construction deadline. The City is requesting a 3-month extension for all the listed activities.

All the above mentioned homes closed at Stone Title Company on February 10, 2015. The preconstruction conference was held one month later on March 10, 2015, at this time builder contracts were signed. The homeowners turned in Consent to Demolish forms in mid April 2015. The primary delay for the homeowners was the electric company and gas company not fully disconnecting the service from the homes. Once the electric and gas meters and lines were pulled from the home, the Notice to Proceed was sent to the demolition company, Sanitation Solutions. Unfortunately, heavy spring rains had begun and culminated into a Federal declared disaster on May 29, 2015, with an incident period of May 4, 2015 to June 22, 2015. This delay is one of the primary delays for construction not beginning immediately. The heavy rains prevented Sanitation Solutions from moving heavy equipment onto the lots to remove the homes until the lots were able to dry. Demolition for three homes was completed toward the end of June 2015 and the last toward the end of July 2015.

The Notice to Proceed was sent to Phil Milford at Cypress Creek Construction on July 2, 2015 for three homes. At this time, the builder verbally expressed concerns regarding his ability to finish these homes within the budget. Phil Milford was contacted 10 days after the Notice to Proceed was sent because bonding and insurance had not been received. He stated he had not received the Notice to Proceed. The Notice to Proceed was resent for all the homes on July 13, 2015. Documentation for having sent both notices has been retained in the files. Phil Milford then called Resource Management &

Consulting Co. and asked questions regarding the consequences of not finishing the homes on time or within budget. Meanwhile, 10 more days passed without any progression or documentation being received to indicate construction had commenced within the confines of the Notice to Proceed. On August 14, 2015, Phil Milford was notified that the City was considering cancelling his contracts due to non-compliance. Mr. Milford was agreeable to the contract cancellations. At this time, the City had a document drawn up for the builder, homeowners and the city to sign, canceling the contracts. On August 18, 2015, the City started the procurement process to select a builder for the remaining 4 homes.

On Sept. 14, 2015, Whitaker Homes of Paris was awarded the construction contract. The pre-construction conference was held on Sept. 23, 2015, at this time construction contracts were signed by Whitaker Homes, homeowners and the city. On Sept. 24, 2015, the Notice to Proceed was sent to Whitaker Homes for all four homes. The builder started site preparation for the foundation, but the City experienced heavy rains, receiving over 5 inches on October 24, 2015. This delayed the builder further because repairs had to be made to the sites in order to have them ready for inspection. As of Oct. 28, 2015, foundation inspections were completed for Mary Chapman Activity # 40156 and Ola Moore Activity # 40173 with the other two homes receiving theirs shortly thereafter. Framing was anticipated to begin on Monday, Nov, 16, 2015, but due to thunder storms it has been delayed. The City received almost an inch of rain on that Monday and almost two inches the following Tuesday. Whitaker Homes has allocated resources to complete construction by the current deadline but he cannot make a guarantee at this time with the upcoming holidays.

Due to the various unforeseen circumstances, including the extreme weather and re-procurement of the builder, the City of Paris is respectfully requesting a construction extension of 3-months for Activity numbers 40156, 40175, 40174, and 40173. Should you have any questions or require additional information, please contact Rachel Edwards at 903-784-6439.

Sincerely,

John Godwin

City Manager

Enclosure: 1

Cc: Charles Edwards, Resource Management & Consulting Co.
File
Sylvia Smith, Performance Specialist

City of Paris HOME HRA Timeline

Contract # 1001776

Mary Chapman, Activity # 40156 – 1846 E. Booth, Paris, TX 75460

- 2/10/15 – Grant Agreement closing date
- 3/10/15 – Preconstruction Conference
- 4/16/15 – Consent to Demolish
- 4/24/15 – Notice to Proceed for Sanitation Solutions
- 5/29/15 – Federally Declared Disaster (incident period 5/4/15 – 6/22/15)
- 6/19/15 – Home Demolished
- 7/2/15 – Notice to Proceed to Cypress Creek Home
- 7/13/15 – Phil Milford stated he did not receive email and resent Notice to Proceed
- 8/14/15 – Phil Milford state he would like to cancel contract
- 8/18/15 – Letter prepared by City Attorney and given to Phil Milford to cancel builder contract
- 8/18/15 – City initiates procurement procedure for a builder for the last four homes
- 9/14/15 - Whitaker Homes was awarded the Construction Contract for the last four homes
- 9/23/15 - Preconstruction Conference
- 9/24/15 - Notice to Proceed to Whitaker Homes
- 10/24/15 – Received 5.04 inches of rain
- 10/28/15 – Foundation inspection complete
- 11/16/15 – Received .77 inches of rain
- 11/17/15 – Received 1.77 inches of rain

Beulah Fuller, Activity # 40175 – 1360 W. Campbell, Paris, TX 75460

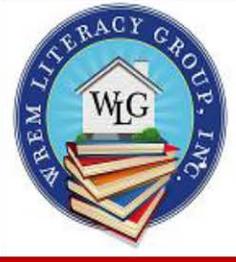
- 2/10/15 – Grant Agreement closing date
- 3/10/15 – Preconstruction Conference
- 4/23/15 – Consent to Demolish
- 4/24/15 – Notice to Proceed for Sanitation Solutions
- 5/29/15 - Federally Declared Disaster (incident period 5/4/15 – 6/22/15)
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- 8/18/15 – Letter prepared by City Attorney and give to Phil Milford to cancel builder contract
- 8/18/15 – City initiates procurement procedure for a builder for the last four homes
- 9/14/15 - Whitaker Homes was awarded the Construction Contract for the last four homes
- 9/23/15 - Preconstruction Conference
- 9/24/15 – Notice to Proceed to Whitaker Homes
- 10/24/15 – Received 5.04 inches of rain
- 11/16/15 – Received .77 inches of rain
- 11/17/15 – Received 1.77 inches of rain

Cleta Hicks, Activity # 40174 – 817 W. Campbell, Paris, TX 75460

- 2/10/15 – Grant Agreement closing date
- 3/10/15 – Preconstruction Conference
- 4/13/15 – Consent to Demolish
- 4/24/15 – Notice to Proceed for Sanitation Solutions
- 5/29/15 - Federally Declared Disaster (incident period 5/4/15 – 6/22/15)
- 6/19/15 – Home Demolished
- 7/2/15 – Notice to Proceed to Cypress Creek Homes
- 7/13/15 – Phil Milford stated he did not receive email and resent Notice to Proceed
- 8/14/15 – Phil Milford stated he would like to cancel contract
- 8/18/15 – Letter prepared by City Attorney and give to Phil Milford to cancel builder contract
- 8/18/15 – City initiates procurement procedure for a builder for the last four homes
- 9/14/15 - Whitaker Homes was awarded the Construction Contract for the last four homes
- 9/23/15 - Preconstruction Conference
- 9/24/15 – Notice to Proceed to Whitaker Homes
- 10/24/15 – Received 5.04 inches of rain
- 11/11/15 – Foundation inspection completed
- 11/16/15 – Received .77 inches of rain
- 11/17/15 – Received 1.77 inches of rain

Ola Moore, Activity # 40173 – 1107 Grove St., Paris, TX 75460

- 2/10/15 – Grant Agreement closing date
- 3/10/15 – Preconstruction Conference
- 4/23/15 – Consent to Demolish
- 4/24/15 – Notice to Proceed for Sanitation Solutions
- 5/29/15 - Federally Declared Disaster (incident period 5/4/15 – 6/22/15)
- 7/21/15 – Home Demolished
- 7/21/15 – Notice to Proceed to Cypress Creek Homes
- 8/14/15 – Phil Milford stated he would like to cancel contract
- 8/18/15 – Letter prepared by City Attorney and give to Phil Milford to cancel builder contract
- 8/18/15 – City initiates procurement procedure for a builder for the last four homes
- 9/14/15 - Whitaker Homes was awarded the Construction Contract for the last four homes
- 9/23/15 - Preconstruction Conference
- 9/24/15 – Notice to Proceed to Whitaker Homes
- 10/24/15 – Received 5.04 inches of rain
- 10/28/15 – Foundation inspection completed
- 11/16/15 – Received .77 inches of rain
- 11/17/15 – Received 1.77 inches of rain



December 4, 2015

TDHCA Governing Board of Directors
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78711-3941

Re: Appeal: An Extension to Complete Construction of Activities -- #40158

To Whom It May Concern:

As you know, the WREM Literacy Group, Inc. proudly builds decent and affordable homes in Waller County for purchase by first time homebuyers using HOME funds. In constructing the project captioned above, circumstances evolved that are preventing its delivery within the designated time to complete. We are currently 70% percent complete on the delivery of a finished product. Therefore, the intent of this letter is to make a request for an extension to complete this construction, which is resident in the 77445 zip code of Hempstead, TX, addressed as 1943 3rd Street (40158, Shannon Smith).

We are requesting an extension for the following reasons:

- 1) Since commencing work, WREM has logged an exorbitant amount of bad weather days. The rainy days of the spring, summer, fall, and now winter have precluded the ability to work outside, which impacted the schedule. As such, the project was delayed more than 60 days.
- 2) Currently the home has the framing, roofing and flatwork complete. The plumbing has been topped out and the electrical and HVAC roughed. The framing inspection is underway; yet precluded by the City of Hempstead. Specifically, the following issues are preventing WREM from completing the construction within the designated time allotted:
 - a) Since the last extension, the rain has nearly made it impossible to work on this lot because of the amount of fill needed to complete the foundation.
 - b) We are waiting on the City of Hempstead to complete the sewer tap and set the water meters. This serious issue is preventing a framing inspection because the plumber cannot pressure test his plumbing without water. Otherwise, the work has completed on the framing.
 - c) We are not confident that the Loan Department can prepare docs to facilitate the homebuyer's closing within time to meet the deadline.

WREM Literacy Community Housing Development Organization
709 Thompson Street * P O Box 575 * Prairie View, TX 77446
(936) 857-9129 (office) * (888) 968-4608 (fax)

Collectively based on the delays cited above and weather permitting, the process of completing the construction will be impacted for an additional 30 days. It is estimated that the time needed to complete the construction and install the permanent closing is 90 days. With this much of a time extension, inclement weather should not affect the time to complete. Per a conversation with the Mayor of Hempstead on Thursday, 12/3/2015, the taps and water meters should be set by Friday, 12/11/2015.

To reiterate, the construction is nearly 70% complete. The most difficult part of the construction has completed; only finish out remains. The City of Hempstead has been impacted because of inclement weather. They anticipate having the tap and water meter set by December 11th, 2015. Based on our assessment, we predict that the construction will complete by December 31, 2015. Additionally, we estimate that TDHCA will need an additional 60 days to generate closing docs. Therefore, to facilitate a successful closing of the permanent loan, we are requesting that the contract ending date is extended an additional 90 days.

Since obtaining CHDO status, the WREM Literacy Group, Inc. has enabled 7 renters and 2 homeless families to become homeowners. That completed construction has augmented the Waller County economy by nearly one million dollars --- raising morale and increasing tax revenue in the process. WREM is committed, accountable, and responsible in its efforts to deliver a high quality product within the budget and time provided. This year the weather has been extremely unkind. It has been the primary reason for once again requesting that the Board extends a contract ending date.

If you need anything further to support the granting of this request, please do not hesitate to contact me. I am thanking you in advance for your expeditious attention to this matter.

Sincerely,
WREM Literacy Group, Inc.



Deborah M. Dennis
CEO

cc: Jennifer Molinari