Texas General Land Office, Deep East Texas Council of Governments, Jasper, TX

Community Planning and Development, Community Development Block Grant Disaster Recovery Program

Office of Audit, Region 6
Fort Worth, TX

Audit Report Number: 2019-FW-1007
September 30, 2019

To: Steve Johnson, Acting Director, Office of Block Grant Assistance, DGB

//signed//

From: Kilah S. White, Regional Inspector General for Audit, 6AGA

Subject: The Texas General Land Office, Jasper, TX, Did Not Ensure That Its Subrecipient Administered Its Disaster Grant in a Prudent and Cost-Effective Manner

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Texas General Land Office in Jasper, TX.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at https://www.hudoig.gov.

If you have any questions or comments about this report, please do not hesitate to call me at 817-978-9309.

Audit Report Number: 2019-FW-1007
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The Texas General Land Office, Jasper, TX, Did Not Ensure That Its Subrecipient Administered Its Disaster Grant in a Prudent and Cost-Effective Manner

Highlights

What We Audited and Why

We audited the Texas General Land Office's Community Development Block Grant Disaster Recovery (CDBG-DR) grant that it used to rehabilitate or reconstruct 125 homes affected by Hurricane Ike in 2008. Texas General Land Office contracted with the Deep East Texas Council of Governments, in Jasper, TX, to operate its program. We reviewed Texas General Land Office and its subrecipient as part of our annual audit plan to review CDBG-DR programs. Our objective was to determine whether Texas General Land Office administered its CDBG-DR program in accordance with U.S. Department of Housing and Urban Development (HUD) requirements; specifically, whether it ensured that its subrecipient met its contract requirements.

What We Found

Texas General Land Office generally administered its CDBG-DR program in accordance with HUD requirements. However, it did not ensure that its subrecipient administered its CDBG-DR grant in a prudent and cost-effective manner. In addition, Texas General Land Office's affordability period for its disaster program did not appear to be reasonable based on those of its other disaster programs that its subrecipient administered and the government's substantial CDBG-DR grant fund investment. These conditions occurred because Texas General Land Office did not establish consistent guidelines to protect the significant government investment. As a result, Texas General Land Office and its subrecipient did not effectively use government funds or assist as many homeowners as they could have. In addition, the government investment benefited a relatively small number of low- and moderate-income persons for a short time. Further, Texas General Land Office and its subrecipient placed participants at risk of incurring increased property tax bills that they may not be able to afford.

What We Recommend

We recommend that the Director of the Office of Block Grant Assistance require Texas General Land Office to (1) implement appropriate controls, including limits for reconstruction and rehabilitation costs, to ensure that it uses limited government resources in a more economical and efficient manner; (2) evaluate whether its program would benefit from a longer affordability period; and (3) ensure that tax burden implications are adequately addressed, as part of the determination of whether to replace homes.

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Background and Objective

On September 13, 2008, Hurricane Ike struck Jasper, TX. Under Public Law 110-329, the U.S. Department of Housing and Urban Development (HUD) provided $3.1 billion to the State of Texas to respond to Hurricane Ike in three funding rounds.[1] Under round 1, HUD awarded the State $1.3 billion[2] in March 2009 for the necessary expenses related to disaster relief, long-term recovery and restoration of infrastructure, housing, and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring in 2008. The Texas Department of Housing and Community Affairs and the Texas Department of Rural Affairs were responsible for administering the State's disaster recovery programs. In September 2009, the Texas Department of Housing and Community Affairs entered into a $5.9 million round 1 contract with the Deep East Texas Council of Governments to provide reconstruction or new construction assistance not to exceed $85,000 and repair or rehabilitation assistance not to exceed $35,000. These activities were to benefit a minimum of 99 low- to moderate- income households affected by Hurricane Ike. In 2011, the governor of Texas reassigned responsibility for Texas disaster grants to the Texas General Land Office.

The Texas General Land Office is located at 1700 North Congress Avenue, Austin, TX. Texas General Land Office's Community Development and Revitalization division manages its disaster programs. The Deep East Texas Council of Governments is a voluntary association of local governments in a 12-county region of deep east Texas. The region covers an area of 9,790 square miles. The Council is one of 24 regional councils of governments in Texas. A 58-member board of directors governs the Council. It is located at 210 Premier Drive, Jasper, TX.

In July 2010, HUD awarded the State $1.7 billion under a round 2 grant agreement. In July 2012, Texas General Land Office entered into an $18.8 million[3] round 2 contract with the Council to provide housing activities in 12 counties within the Council's service area to provide home repair, reconstruction, and new construction for 216 households affected by Hurricane Ike. The original contract required the Council to provide home repair, rehabilitation, and reconstruction assistance activities for 153 households under its Housing Assistance Program. The program had a not-to-exceed budget of $13.1 million and an additional amount of $1 million for property acquisition purposes. The contract also required the Council to provide relocation assistance and rehabilitation, reconstruction, or new construction of homes damaged by Hurricane Ike for 63

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1 The funding rounds included the round 1 grant, the round 2 grant, and a $55.4 million allocation under the Disaster Recovery Enhancement Fund.

2 HUD entered into the grant agreement with the Texas Office of Rural Community Affairs. The Texas legislature changed the name to the Texas Department of Rural Affairs during its 81st regular legislative session in 2009.

3 This amount included $14.1 million for the Housing Assistance Program, $2.5 million for the Homebuyer Assistance Program, and $2.2 million for project delivery and administration costs.

households under its Homebuyer Assistance Program. This program had a not-to-exceed total budget of $2.5 million.

According to records provided by Texas General Land Office, the Council spent nearly $20 million to reconstruct and rehabilitate 125 of 153 homes under its Housing Assistance Program and did not assist any of the 63 households under its Homebuyer Assistance Program. Texas General Land Office amended its contract with the Council to incorporate these changes.

Our objective was to determine whether Texas General Land Office administered its round 2 CDBG-DR program in accordance with HUD requirements; specifically, whether it ensured that the Council met its contract requirements.

Results of Audit

Finding: The Texas General Land Office Did Not Ensure That Its Subrecipient Administered Its Disaster Grant in a Prudent and Cost-Effective Manner

The Texas General Land Office generally administered its CDBG-DR program in accordance with HUD requirements. However, it did not ensure that its subrecipient, the Deep East Texas Council of Governments, administered its CDBG-DR grant in a prudent and cost-effective manner. In addition, Texas General Land Office's affordability period for its disaster program did not appear to be reasonable compared to those of its other disaster programs that the Council administered and the government's substantial CDBG-DR grant fund investment. These conditions occurred because Texas General Land Office did not establish consistent guidelines to protect the significant government investment that it used to reconstruct and rehabilitate low- and moderate-income homes. As a result, Texas General Land Office and the Council did not effectively use government funds or assist as many homeowners as they could have. In addition, the government investment benefited a relatively small number of low- and moderate-income persons for a short time. Further, Texas General Land Office and the Council placed participants at risk of incurring increased property tax bills that they may not be able to afford.

Disaster Grant Funds Not Administered in a Prudent and Cost-Effective Manner

Texas General Land Office did not ensure that the Council administered its round 2 CDBG-DR grant in a prudent and cost-effective manner. The Council assisted significantly fewer households than expected at greater costs than originally planned. Although the Council planned to use $18.8 million[4] in CDBG-DR grant funds to assist 216 households under two programs, Texas General Land Office allowed it to use nearly $20 million[5] to assist only 125 households under one program.

The 125 homes that the Council assisted under its Housing Assistance Program were appraised at $3.3 million before Hurricane Ike. However, the Council spent more than $17 million to build 120[6] replacement homes, and after reconstruction, those homes were appraised at only $10.4 million (appendix B). In comparison, the Council spent $5.6 million and assisted 102 households

> The Council spent more than $17 million to reconstruct homes appraised at $3.3 million before Hurricane Ike.

[4] This amount included the following cost categories: (1) homeowner rehabilitation, reconstruction, new construction - $13.1 million; (2) Homebuyer Assistance Program - $2.5 million; (3) property acquisition - $1 million; (4) project delivery – $1.8 million; and (5) administration - $377,273.

[5] This amount included the following cost categories: (1) homeowner rehabilitation, reconstruction, and new construction - $19.5 million and (2) administration - $394,193.

[6] The other five homes were not new-construction- or reconstruction-assisted properties. One property was a mobile home, and four properties received rehabilitation assistance.

in round 1, under its $5.9 million contract to assist at least 99 households. The amount of CDBG-DR grant funds Texas General Land Office allowed the Council to spend under round 2 to assist 125 participants appeared to be excessive for the 12-county rural community the Council served. For example, reconstruction costs for 48 homes in Jasper County averaged $136,458, when the median home value in the County was only $76,600. Of those 48 homes, 40 (83 percent) were appraised at less than $40,000 before Hurricane Ike. This was not an economical or cost-effective use of CDBG-DR grant funds or reflective of costs that a prudent person would incur under similar circumstances,[7] especially when the homes could not retain their post-construction values. In comparison, the Council spent $5.6 million to assist 102 households under its round 1 program. Spending significantly more than each home was originally worth in its round 2 program meant that the Council could assist far fewer homeowners who were affected by Hurricane Ike.

Texas General Land Office Chose an Affordability Period That Was Not Reasonable Compared To Its Other Programs or the HUD Investment

Texas General Land Office chose a 3-year affordability period for the round 2 Housing Assistance Program that the Council administered.[8] An affordability period is the length of time during which a project is required to be affordable to low- and moderate-income persons. The affordability period Texas General Land Office chose was not reasonable in comparison to those of its other programs or the substantial HUD investment the Council used to assist homeowners affected by Hurricane Ike. The Council's round 1 disaster program had an $85,000 cap for new construction costs and a $35,000 cap for rehabilitation costs. This program had a 3-year affordability period and mostly assisted tenants who received new mobile homes. For round 2, Texas General Land Office did not establish a cap for new construction costs, which contributed to the Council's incurring much greater program costs. Texas General Land Office did not adjust the affordability period when the round 2 assets cost the government significantly more.[9]

In addition, in Texas General Land Office's round 2 housing guidelines, which the Council adopted, it required a 10-year affordability period for any Homebuyer Assistance Program assistance that met or exceeded $40,000. The Council originally planned to assist 63 households under this program but assisted no households. Conversely, of the 125 homes assisted under its round 2 Housing Assistance Program, 120 (96 percent) cost more than $100,000 each to build. Texas General Land Office and the Council required only a 3-year affordability period under this program. This was a substantial government investment for a relatively small number of participants. Texas General Land Office and the Council could not explain why they chose the 3-year affordability period for the round 2 Housing Assistance Program. It did not appear to be reasonable for Texas General Land Office and the Council to require a 10-year affordability period for assistance valued at $40,000 or less for a program it intended to implement, while it

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7 Regulations at 2 CFR (Code of Federal Regulations) 200.404 and 2 CFR 200.84.

8 The Council adopted Texas General Land Office's policies and required the same 3-year affordability period.

9 Ninety-six percent of the assisted properties cost more than $100,000 each to reconstruct.

required only a 3-year affordability period for assistance in its program that had no cost caps.[10]

The Council Entered Into Forgivable Loan Promissory Notes

On Texas General Land Office's behalf, the Council entered into forgivable loan promissory note agreements with participants based on reconstruction cost estimates. For the 120 participants whose reconstructed homes cost more than $100,000 each to replace, the Council forgave nearly $17 million under forgivable loan promissory notes during the 3-year affordability period. Table 1 shows program costs for the 125 assisted homes and the loan forgiveness amounts for the participants. The per year loan forgiveness amounts were often more than the original homes' appraised values (appendix B).

Table 1: Program costs and affordability period promissory note loan forgiveness

CDBG-DR program costs per home	Number of homes assisted	Total CDBG-DR funds spent	Promissory note loan forgiveness per year for 3 years
Program costs exceeding $100,000 per home			
$ 150,000+	26	$ 4,125,120	$ 50,374 – 56,944/yr.
125,000 - 150,000	91	12,477,350	41,680 – 49,645/yr.
100,000 - 125,000	3	354,617	36,200 – 41,505/yr.
Subtotal	**120**	**16,957,087**	**36,200 – 56,944/yr.**
Program costs under $100,000 per home			
< 100,000	5[11]	229,716	5,550 – 29,376
Total	**125**	**17,186,803**	**5,550 – 56,944/yr.**

To meet the affordability period requirement, the Council required the participants to reside in the home and maintain homeowners' insurance for 3 years. However, since the Council paid the participants' first year of insurance, they were effectively required to maintain homeowners' insurance for only 2 years. If a household did not meet the affordability period requirements, the Council could recapture a portion of the remaining balance of the forgivable loan promissory note.[12] In its monitoring role, the Council sent self-certification letters to the participants to verify that they were meeting the affordability period requirements. In 2017, Texas General Land Office assumed monitoring responsibilities from the Council because it did not have sufficient administrative funds[13] to continue operating the program. After assuming these responsibilities, Texas General Land Office tracked the residency requirement using county records and sent letters to participants requesting proof of homeowners' insurance. If the participants met the minimal requirements, they would receive a debt-

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[10] For the 120 participants whose homes cost more than $100,000 each to build, the average assistance per household was $141,309 ($16,957,057 /120 participant households).

[11] See footnote 6.

[12] This remedy for default was included in the forgivable loan promissory notes.

[13] HUD allocated 10 percent of the grant funds for program administration. Texas General Land Office retained 7 percent of the program administrative fees and allocated 3 percent of the fees to the Council to operate the program. The Council returned $5,777 in administrative funds and $386,287 in unspent program funds to Texas General Land Office because it did not have enough funding to continue administering the program.

free CDBG-DR-funded home, with no obligation to repay the zero-interest loan after 3 years. However, if a participant could not support that he or she met the affordability period requirement, Texas General Land Office and the Council took no action to enforce the requirement, and the participant still received a debt-free CDBG-DR home after 3 years.

Texas General Land Office Did Not Follow Its Process for Enforcing Affordability Period Requirements

Texas General Land Office and the Council explained in their affordability period request letters that "failure to respond to this letter may render you ineligible to receive future federally funded disaster recovery assistance and a recapture of your note balance." In addition, Texas General Land Office's policy, dated November 21, 2017, included test procedures for determining whether participants met affordability requirements and steps to address noncompliance. However, the only consequence Texas General Land Office and the Council attempted to enforce was that the participant would not be eligible to receive assistance in the future. A Texas General Land Office manager said that Texas General Land Office discussed consequences with HUD and withholding future assistance was the only consequence it could impose. By not implementing its process to enforce the recapture provisions as stated in its forgivable loan promissory notes and letters to participants, Texas General Land Office could not assure HUD that low- and moderate-income persons benefited from the disaster funds over the affordability period. Texas General Land Office should ensure that it and its subrecipient enforce affordability period requirements. In addition, a more reasonable affordability period could help ensure that the substantial government investment benefits low- and moderate-income persons for longer periods.

Texas General Land Office Did Not Establish Consistent Guidelines To Protect the Significant Government Investment

Texas General Land Office did not establish consistent guidelines to protect the significant government investment that it used to reconstruct or rehabilitate low- and moderate-income homes. The guidelines established under its round 1 program, including limits for reconstruction and rehabilitation costs, appeared to be more cost conscious and prudent than those under its round 2 program. In 120 of 125 instances (96 percent), Texas General Land Office allowed the Council to choose new construction over other assistance options that its program could provide. As a result, fewer funds were available to assist other low- and moderate-income households that qualified for the programs the Council planned to operate. Even when rehabilitation appeared to be more cost effective, the Council chose reconstruction, often at substantially higher cost. For example, it spent $168,033 in reconstruction costs for a home, when the estimated cost to rehabilitate the home was $35,440. The cost to reconstruct this home was nearly double the $85,000 round 1 reconstruction cost limitation. In addition, this home had an appraised value of $35,400, which was $40 less than the rehabilitation estimate. Texas General Land Office allowed the Council to offer participants reconstruction instead of rehabilitation in certain instances, including if the project was below its $48,750 feasibility cap[14] but exceeded the most recent appraised value. A Texas General Land Office manager explained that a factor in choosing reconstruction over rehabilitation was that Texas General Land Office had to meet HUD housing quality standards and it was more cost effective to build a new home because of the unexpected costs associated with rehabilitating a home. However, spending more than four times a home's value in replacement costs because the rehabilitation estimate exceeded a threshold by $40 did not appear to be a reasonable, economical, or cost-effective use of government funds.

Overall, the $17 million in reconstruction costs the Council incurred to assist 125 households did not appear to be a reasonable, economical, or efficient use of limited government resources. Implementing appropriate cost controls, including reinstatement of limits for reconstruction and rehabilitation costs, could have allowed the Council to assist more than the 125 of 319 households that applied for the program.

Participants May Not Be Able To Pay Increased Property Taxes

A Council manager expressed concern for low-income families incurring higher taxes when they were having difficulty paying their current property taxes. The manager explained that the Council addressed the concern with Texas General Land Office a few times and was told that the program was a program of choice and families did not have to apply for assistance if they could not afford the taxes. For many of the low- and moderate-income program participants, a substantial increase in home values could cause a property tax burden that they may not be able to pay and put them at risk of foreclosure. For example, one of the properties was valued at $11,740 before the hurricane. After the Council spent $168,981[15] to rebuild the home, it was worth $106,566 in 2018. The tax rate in Polk County, TX, was 1.71 percent in 2008 and 1.82 percent in 2018. In this case, the participant's property tax burden increased from $201[16] in 2008 to $1,935 in 2018. By comparison, the median property tax in Polk County was $755 per year for a home with a median value of $67,700 in 2019. This low-income participant's property tax assessment was more than double the taxes for an average homeowner in Polk County.

A review of 14 participant files found that three participants were delinquent in their property taxes when the Council approved them for the program. Although Texas General Land Office allowed the Council to assist these participants if they entered into repayment agreements with county tax offices, doing so resulted in substantial property tax increases for two of the three participants. As table 2 shows, this condition added higher tax amounts to low- and moderate-income participants who were already having trouble paying their delinquent taxes.

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[14] Round 2 rehabilitation assistance was limited to $65,000. When the estimated cost to repair the home exceeded $48,750 (feasibility cap), Texas General Land Office allowed the Council to offer reconstruction to the participant.

[15] The median home value in Polk County, TX, was $67,700 in 2019.

[16] This amount was calculated by using the 2008 property value and tax rate ($11,740 X 1.71% = $200.75).

Table 2: Three program participants with delinquent-tax agreements

Sample item	Delinquent amount	Delinquent years	Property tax 2008	Property tax 2018	Property tax change
2	$ 8,949	2000 – 2013	$274	$1,790	Increase of 654%
6	6,059	2005 – 2015	329	1,198	Increase of 364%
7	16,662	1998 – 2013	748	328[17]	Decrease of 56%

For sample item 2, the participant had not paid taxes from 2001 to 2013 and owed $8,949 in back taxes for a property assessed at $26,680 before Hurricane Ike. The Council spent $169,085 to rebuild this home, which was worth $83,027 after reconstruction. The participant's property tax for 2018 in Tyler County, TX, was $1,790, which was a 654 percent increase over the participant's assessed taxes before the hurricane. The median property tax in Tyler County, TX, was $656 per year for a home worth the median value of $71,100 in 2019. This low-income participant, who was already under a repayment agreement, was assessed nearly triple the property taxes of an average homeowner in Tyler County after receiving disaster assistance. Failure to pay property taxes could result in a family's losing its home.

The appraised value of 17 of 125 homes before the disaster had an increase in appraised value of more than 1,000 percent after the reconstruction, including a home with a 7,726 percent appraised value increase. Further, an additional 22 of the 125 homes' appraised values increased more than 500 percent over the same period (appendix B).

The property tax rate differs from county to county and may change based on local policies. In addition, Texas offers a variety of partial or total exemptions from appraised property values used to determine local property taxes. Texas requires local taxing agencies to offer certain mandatory exemptions and allows the option to decide locally on whether to offer other exemptions.

Although the Council required participants to acknowledge that accepting assistance could result in increased property taxes,[18] these drastic increases in appraised home values could result in massive property tax increases and risk of foreclosure, which would place an undue hardship on the low- and moderate-income households. The property tax hardship could prove particularly difficult for participants under delinquent-tax repayment agreements. However, some participants, such as sample item 7[19] above, may qualify for exemptions that limit their property taxes.

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17 The file included an application to the county for a disability exemption. The county appraisal district tax record showed a disability exemption to lower taxes.

18 These pre-construction acknowledgements were kept together in a separate file, not in the individual participant files.

19 According to Council records, before admittance into its program, this family had lost their property through foreclosure and repurchased it. In addition, the participant had electricity bills in his daughter's name because the electricity had been disconnected for nonpayment.

Conclusion

Texas General Land Office generally administered its CDBG-DR program in accordance with HUD requirements. However, it did not ensure that the Council, its subrecipient, administered its CDBG-DR grant in a prudent and cost-effective manner. In addition, the affordability period Texas General Land Office chose for its program did not appear to be reasonable in comparison to those of the Council's other programs and based on the government's substantial CDBG-DR grant fund investment. These conditions occurred because Texas General Land Office did not establish consistent guidelines to protect the significant government investment that it used to reconstruct and rehabilitate low- and moderate-income homes. As a result, Texas General Land Office and the Council did not effectively use government funds or assist as many homeowners as they could have. In addition, the government investment benefited a relatively small number of low- and moderate-income persons for a short time. Further, Texas General Land Office and the Council placed participants at risk of incurring increased property tax bills that they may not be able to afford.

Recommendations

We recommend that the Director of the Office of Block Grant Assistance require the Texas General Land Office to

1A. Implement appropriate cost controls, including limits for reconstruction and rehabilitation costs, to ensure that it uses limited government resources in a more economical and efficient manner. Those costs should not exceed the costs that would be incurred by a prudent person under similar circumstances.

1B. Evaluate whether its programs would benefit from a longer affordability period and take appropriate actions to ensure that low- and moderate-income communities have access to affordable homes for an adequate period.

1C. Ensure that the tax burden implications are a part of the determination of whether to spend significantly more than the damaged home's appraised value to replace the home. This measure would include ensuring that participants are fully informed of the substantial and material property tax consequences that they could incur based on the increased values of their reconstructed homes (appendix B).

Scope and Methodology

We performed our fieldwork at the Council’s office located in Jasper, TX, and the Office of Inspector General (OIG) Office of Audit in Houston, TX, from October 2018 through April 2019. Our audit period was July 1, 2012, through May 31, 2018.

To accomplish our objective, we

- Reviewed relevant HUD regulations and requirements, including 24 CFR (Code of Federal Regulations) 570.201(a), 570.202(a)(1), 570.208(a)(2)(B), 570.506(a), 570.506(b)(1), 570.506(b)(2), 2 CFR 200.404 and 2 CFR 200.84.
- Reviewed Texas General Land Office’s action plans.
- Reviewed Texas General Land Office’s quarterly performance reports.
- Reviewed Texas General Land Office's round 2 closeout records.
- Reviewed the Council’s policies and procedures.
- Reviewed the contract between HUD and Texas General Land Office and the contract between Texas General Land Office and the Council
- Reviewed the Council’s applicant list.
- Conducted interviews with HUD, Texas General Land Office representatives, and Council staff.
- Selected a sample of 14 participant files from a universe of 125 participants who received reconstructed homes during our review period, July 1, 2012, through May 31, 2018.
- Performed an analytical review of the remaining 111 files.
- Obtained home appraisal values from the appropriate county appraisals and compared the county appraisal value to the reconstruction or rehabilitation cost. When appraisal information was not available on the county websites, we contacted the appraisal districts to obtain the information.
- Obtained median property tax and median home value information from the tax-rates.org website.
- Reviewed the participant files to verify whether they supported the participant’s eligibility to obtain HUD CDBG-DR housing assistance.
- Performed site visits to 14 properties to observe whether new properties had been constructed.
- Discussed quality issues with two participants during site visits.

During the survey, we selected and reviewed a nonstatistical sample of 14 participant files from a universe of 125 assisted participants, totaling $2.2 million in CDBG-DR assistance. These 14 samples had the highest CDBG-DR funds spent per home. During the audit, we expanded the review to include analyzing appraisal records, tax rates, and CDBG-DR costs for the remaining 111 participants. The assistance provided to these 111 participants totaled $14.9 million. This resulted in a 100 percent review of the universe for the purpose of addressing our audit objective.

We determined that the reconstruction costs in Texas General Land Office's round 2 closeout records agreed with the support in the sample files we reviewed. Additionally, we determined that the county appraisal records and the tax and median home value information were appropriate for our audit purposes and came from reliable websites. We, therefore, assessed the computer data to be sufficiently reliable for our use during the audit.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Policies and procedures that Texas General Land Office and the Council implemented to ensure that they met contract requirements.
- Policies and procedures that Texas General Land Office and the Council implemented to ensure that their CDBG-DR program was administered in accordance with HUD requirements.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- Texas General Land Office did not ensure that its subrecipient administered its disaster grant in a prudent and cost-effective manner (finding).

Appendixes

Appendix A

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation	Auditee Comments

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 6, 2019

Kilah S. White
Regional Inspector General for Audit
Office of Audit (Region 6)
819 Taylor Street, Suite 13A09,
Fort Worth, TX 76102

Re: Response to the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) Draft Audit Report (July 25, 2019)

Dear Ms. White:

The Texas General Land Office (GLO) appreciates the opportunity to respond to HUD-OIG's audit report of the State of Texas' (Community Development Block Grants – Disaster Recovery) CDBG-DR funded program activities for the Deep East Texas Council of Governments (DETCOG). GLO values the opportunity for objective and independent feedback provided through external audits and will consider the recommendations within HUD OIG's report as we strive to continuously improve and strengthen the administration of CDBG-DR grants.

Overall Response:

HUD OIG's report indicated "Our audit objective was to determine whether Texas General Land Office administered its CDBG-DR program in accordance with U.S. Department of Housing and Urban Development requirements; specifically, whether it ensured that its subrecipient met its contract requirements."

Comment 1

DETCOG met its contract requirements with the GLO and administered CDBG-DR grant in a prudent and cost-effective manner. In every instance and aspect measured, DETCOG followed all program guidelines and procurement. DETCOG also realized program cost savings by establishing a procured local composite construction cap as opposed to setting an individual housing bid process. Items outlined in the draft audit do not expressly address the audit objective. The draft specifically concludes that DETCOG did not meet the requirements of its contract with the GLO when in fact DETCOG administered the program in a cost-effective manner saving taxpayers money, and in accordance with the guidelines.

Significant time and effort was invested, particularly in coordinating with local communities to create Ike/Dolly housing programs to meet compliance requirements of the CDBG-DR program. The result was an administrative structure built upon the following components:

1700 North Congress Avenue, Austin, Texas 78701-1495
P.O. Box 12873, Austin, Texas 78711-2873
512-463-5001 www.glo.texas.gov

Ref to OIG Evaluation

Auditee Comments

- The Federal Register requirements to provide assistance for disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas where at least 50 percent of disaster recovery grant funds principally benefit low- and moderate-income beneficiaries.
- The Ike/Dolly State of Texas Action Plan and the creation of a Housing Program Guidelines Task Force comprised of grantee and Council of Government (COG) staff developed criteria for administering housing program activities. Taskforce deliverables included: identifying eligible housing activities, cost/benefit criteria for each activity, participant eligibility and qualification criteria, housing quality standards, priority factors, Low-to-Moderate Income (LMI) evaluation factors, outreach, allowance for regional adjustments to reflect differences in the costs of delivery for benefits and regional funding.
- The creation of State and COG level Housing Guidelines to identify specific housing activities, eligibility criteria, program assistance, and funding limitations modified according to each regional area.

Comment 2

The GLO, in collaboration with subrecipients and local communities, developed and administered a sound long-term housing recovery assistance program where 100% of funding benefited the LMI population in a fiscally responsible manner. The affordability period and increased property values have been subjects of discussion throughout CDBG-DR grants; however, we stand firm on our position that the guidelines on these two subjects are reasonable in the absence of established criteria. These topics are a matter of program policy that must be addressed at the CDBG-DR level to ensure the consistent application of requirements among grants throughout the country.

1A. Implement appropriate cost controls, including limits for reconstruction and rehabilitation costs, to ensure that it uses limited government resources in a more economical and efficient manner. Those costs should not exceed the costs that would be incurred by a prudent person in conducting a competitive business.

Comment 3

The GLO required all housing be built to meet housing quality standards. Construction specifications and standardized housing options were developed by utilizing a composite pricing methodology to establish the reasonableness of costs for 2, 3, and 4-bedroom homes with varying square footage ranges. Each home was required to meet construction specifications within Chapter 2306.514, Texas Government Code, which was a factor making up the overall cost of the assistance. Incorporating these standards has resulted in resilient housing units that are more likely to withstand future events, including those of Hurricane Harvey.

Comment 3

DETCOG services a rural jurisdiction, which impacts the regional cost of a home in comparison to urban jurisdictions. MHU and stick-built cost per homes were established to accommodate the uniqueness of the area. Housing Guidelines also specified housing assistance CAPs for Rehab and Reconstruction/New Construction, including cost limitations on 9 sub-categories to maximize per-applicant assistance throughout the DETCOG region. Local control and continuous assessment of needs versus costs are performed by the subrecipient at application and usually change when the community needs shift through the grant life cycle. The tables below identify the established program caps:

1700 North Congress Avenue, Austin, Texas 78701-1495
P.O. Box 12873, Austin, Texas 78711-2873
512-463-5001 www.glo.texas.gov

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Auditee Comments

Round 2 Housing Base Costs

	2 Bedroom	3 Bedroom	4 Bedroom
Base Cost: MHU	$82,735	$86,526	$88,460
Base Cost: Stick Built	$113,582	$119,981	$125,243

Round 2 Housing Assistance Caps

	Housing Opportunity Program Homebuyer Assistance	**Homeowner Assistance**	**Homeowner Assistance**
		Reconstruction/New Construction	Rehabilitation
a. Base Unit	Local Composite Bid (Procurement of Builders and Construction Costs)	Local Composite Bid (Procurement of Builders and Construction Costs)	$65,000
b. Vacant Land	$35,000		
c. Non-Coastal Elevation		$35,000	$35,000
d. Coastal Elevation			
e. Water Well		$30,000	$30,000
f. Septic System		$25,000	$25,000
g. Accessibility	$20,000	$20,000	$20,000
h. Abatement	$20,000	$20,000	$20,000
i. Services	Actual or $15,000	Actual or $15,000	Actual or $15,000

Comment 4

The GLO takes exception to HUD OIG's statement that The Council spent more than $17 million to reconstruct homes appraised at $3.3 million before Hurricane Ike. Extensive research, local coordination and numerous procurement actions were conducted to establish reasonable housing costs. Furthermore, pre- and post property values are not components for providing program assistance and may otherwise mislead the public's perception of its use within the report.

1B. Evaluate whether its programs would benefit from a longer affordability period and take appropriate actions to ensure that low- and moderate-income communities have access to affordable homes for an adequate period.

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Comment 5

The GLO Housing Guidelines define the affordability period as the period of time a homeowner is required to maintain a principal residence while maintaining hazard and, if applicable, flood insurance, and pay property taxes on the assisted property.

Comment 5

Affordability periods are not standardized or defined by HUD regulation; however, GLO established the three-year affordability for the Ike/Dolly grant taking into consideration funding limitations and the corresponding administrative cost of oversight, recapture and resale of homeownership units in instances of non-compliance. Extending the affordability period increases the financial cost of the affordability function at the end of the program when administrative balances are at their lowest point. In addition, an extension on the affordability period would penalize the LMI population by locking households into a longer period which increases the risk of non-compliance and loss of the assisted home.

The comparison noted in HUD OIG's report implies longer affordability periods when compared to other programs. During the exit conference, the reference to "other programs" in the report were entitlement programs which are annually funded. Therefore, an entitlement program can support a longer affordability period because of its continuous administrative funding. The CDBG-DR program is designed to meet the needs of families in crisis versus an entitlement program designed for more long-term affordability.

1C. Ensure that the tax burden implications are a part of the determination of whether to spend significantly more than the damaged home's appraised value to replace the home. This measure would include ensuring that participants are fully informed of the substantial and material property tax consequences that they could incur based on the increased values of their reconstructed homes (Appendix B).

Comment 6

The GLO and its subrecipients, particularly DETCOG, play a key role in educating potential applicants of the CDBG-DR program requirements. DETCOG created the Preconstruction Acknowledgements and Specifications Form (Exhibit #1) whereby applicants acknowledge, initial and sign what is expected if program assistance is received. This form provides the knowledge necessary for applicants to make an informed decision before accepting program assistance. This form is signed by all applicants prior to receiving assistance. As an example, one applicant declined assistance due to the financial hardship that would result from the potential increase in property taxes, along with the cost of utilities and homeowner insurance. In conclusion, the form achieved the objective of providing the program knowledge and expectations necessary for potential applicants to make informed decisions.

The GLO takes exception to HUD OIG's statement that the *Texas General Land Office allowed the Council to assist these participants if they entered into repayment agreements with county tax offices*...and *drastic increases in appraised home values could result in massive property tax increases and risk of foreclosure, which would place an undue hardship on the low- and moderate-income households*. The Texas Legislature passed legislation to protect homeowners served by CDBG-DR programs from immediate increases in property taxes to an incremental increase over the following 10 years of occupancy. We acknowledge the impact increased property values have on a homeowner; however, please note the following Texas Tax Code statutes:

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- Homeowners whose properties are homestead residences have the right to request installment on property taxes. Once a valid installment plan is approved, the program cannot deny assistance based on Texas Tax Code Section 33.02. The housing program was also bound by the Conciliation Agreement, which requires the program to accept approved tax payment agreements.
- Texas Tax Code Section 23.23(a) limits an increase to property values to 10 percent. An improvement to property is not treated as a new improvement if the improvement is a replacement structure for a structure rendered uninhabitable or unusable by casualty, wind or water damage (Texas Tax Code Section 23.23(f)). Lastly, "disaster recovery program" is defined as the program administered by the GLO and funded by the CDBG-DR program (Texas Tax Code Section 23.23(g)).

An appraisal district's methodology for assessing property values is independent of the program. The use of property values within the report is an unfair representation of the assistance provided to families in crisis. Considerable time and effort was invested with every homeowner to ensure they are educated in every aspect of the program, including the financial impact as a result of receiving program assistance. We educated homeowners with the knowledge necessary to make an informed decision.

Comment 7

Program functions are always subject to continuous improvements; however, the findings noted in this report are not criteria based nor supported by regulation. Therefore, we reassert the position that the recommendations noted in the report are HUD policy matters. The GLO will work with HUD to consider what policy changes should be adopted for future housing program activities.

We appreciate the opportunity to work with HUD OIG staff and will proceed forward with a continuous improvement mentality to improve our program operations. Please feel free to contact Martin Rivera, Jr at 512-475-5081 with any questions or concerns.

Sincerely,

Martin Rivera, Jr.

Martin Rivera, Jr., Deputy Director
Monitoring & Quality Assurance
Community Development and Revitalization

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Comment 6

Exhibit 1

Preconstruction Acknowledgements and Specifications

I, ________________________, understand that the cost to repair my home exceeds DETCOG's Hurricane Ike Round 2 Program feasibility limits and that I am being offered Reconstruction assistance whereby a new stick-built, modular or manufactured home will be constructed on my existing property. As such, I hereby agree to the following specifications and selections set forth by DETCOG along with GLO and HUD standards. I understand that the selections I make and the specifications are subject to change due to availability of certain items and site evaluations.

Housing Preferences for Reconstruction Assistance:

Type of Structure:

_____ **Manufactured Housing Unit (MHU)**; 1,000-1,330 sq ft, singlewide mobile home containing 2 bedrooms and 1-2 bathrooms. The home will come equipped with a stove and refrigerator and will be all electric.

_____ **Stick-built**; New wood-framed construction, 1,000-1,330 sq ft, containing 2 bedrooms and 1-2 bathrooms. The home will meet International Residential Construction Standards (IRC) and will come equipped with a stove and refrigerator and will be all electric.

_____ **Modular Unit**; New factory-engineered housing, 1,000-1,330 sq ft, containing 2 bedrooms and 1-2 bathrooms. The home will meet International Residential Construction Standards (IRC) and will come equipped with a stove and refrigerator and will be all electric.

_____**Home Plan Number Selected** ________________________.

Americans with Disabilities Act (ADA) Selections:

The following selections are for clients who will be receiving homes containing ADA standards set forth by HUD. The homes will be equipped with the above mentioned specifications along with the following:

Wheelchair ramp placement preference _____ Front door _____ Back door

_____ Handicap friendly shower with overflow barrier **OR;**

_____ Handicap friendly bathtub with safety bars and drop-down seat (one per household).

_____ All vinyl flooring throughout the home **OR;**

_____ Standard carpeting in the home excluding the kitchen area and bathrooms.

_____Accessible bathroom to include 36" grab bar located behind the toilet; 42" grab bar located to side of toilet; toilet seat with minimum height of 1'-4" – 1'-7" above the floor

_____Accessible kitchen to include clear floor space at a minimum of 30"x48" that allows a parallel approach by a wheel chair to access the range, sink and refrigerator; 40" clearance between opposing counters, base cabinets, countertops and appliances; 60" turning radius if a kitchen is U-shaped.

_____Dishwasher

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Visitability Construction Standards (applies to all construction projects):

At least one 36" entrance door (preferably the main entrance) is on an accessible route served by a ramp with hand rails on each side or no-step entrance;
Each interior door is at least a standard 32" door, unless the door provides access only to a closed of less than 15 square feet;
All door handles are to be lever door handles;
Each hallway has a width of at least 36" and is level, with ramped or beveled changes at each door threshold;
Each bathroom wall is reinforced for potential installation of grab bars;
Each electrical panel, light switch or thermostat is not higher than 48" above the floor;
Each electrical plug or other receptacle is at least 15" above the floor;
If the applicable building codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48" above the floor inside the building;
Toilet seats are to be 1'4" – 1'7" above the floor;
Design a minimum of 2'6" wide x 4' open floor area with an out swinging door in at least one half bath and preferably one full bathroom

______Acknowledgment of Visitability Standards **OR** ______I wish to Waive Visitability Standards*
*GLO Visitability Waiver Form Required

Long-Term Affordability and Other Requirements:

______ I understand that I must maintain Hazard Insurance for a minimum of 3 years from the date my home is delivered. I also understand that the cost for the 1st year's insurance premium is covered as an eligible program cost and that I am responsible for the subsequent year's insurance premiums. I understand that if I fail to maintain hazard insurance, I MAY NOT be eligible for future federal assistance.

______ If checked, I understand that I must also maintain flood insurance as per the above referenced insurance requirements. I understand that if I fail to maintain flood insurance, I WILL NOT be eligible to receive future federal assistance.

______I understand that installation of a new septic system may be required as determined by a licensed septic system evaluator as per guidelines established by the Texas Commission on Environmental Quality and that I will be responsible for any applicable annual maintenance cost for this new system.

_____I understand that receiving reconstruction or rehabilitation assistance may result in an increase in property taxes that I will be responsible for, and that I am also responsible for claiming any applicable property tax exemptions that may be available to me through my County Tax or Appraisal Office.

______________________________ ________
(Signature) (Date)

______________________________ ________
(DETCOG Representative) (Date)

OIG Evaluation of Auditee Comments

Comment 1 The Texas General Land Office asserted that the Council met its contract requirements in a prudent and cost-effective manner, and in accordance with guidelines. It discussed time and effort invested, the components of its administrative structure, and stated that the Council administered the program in a cost-effective manner that saved taxpayers money. In addition, the Texas General Land Office stated that items in the draft audit report did not expressly address the audit objective.

We found that the Texas General Land Office generally administered its CDBG-DR program in accordance with HUD requirements. We also acknowledged in the report that the Council met its amended contract requirement to assist 125 households. However, as discussed throughout the report, we disagree that the Council met those requirements in a prudent or cost-effective manner that saved taxpayers money. For example, spending $168,981 to replace a home appraised at $11,740 before the hurricane, when the participant could sell the home after three years and keep the proceeds, is not a cost savings to taxpayers. Further, the Texas General Land Office did not provide any additional information to support its assertions. As such, our audit findings addressed our audit objective and we maintain our position as stated in the report.

Comment 2 The Texas General Land Office asserted that 100 percent of its funding benefitted the low- and moderate-income population in a fiscally responsible manner. It stood firm in its position that the guidelines on the affordability period and increased property values are reasonable in the absence of established criteria and that the matter should be addressed at the CDBG-DR level.

While the 125 assisted households were from the low- and moderate-income population, we disagree that the significant government investment was used in a fiscally responsible manner. We maintain our position as stated in the report. We acknowledge the Texas General Land Office's position that the affordability period and increased property value matters should be addressed at the CDBG-DR level and encourage it to work with HUD to resolve the finding and recommendations during the audit resolution process.

Comment 3 The Texas General Land Office stated it required all housing to meet housing quality standards and the Texas Government Code, which was a cost factor of the assistance. It also stated that the Council servicing rural areas impacted costs. The Texas General Land Office presented tables identifying its established program caps.

We acknowledge that the Texas General Land Office required housing to meet certain standards in a rural community. However, as described in the finding, the $17 million in costs incurred to replace and rehabilitate 125 homes originally appraised at $3.3 million appeared excessive for the 12-county rural area with median home values much lower than the CDBG-DR government investment per home. During the audit, we reviewed the second table in the Texas General Land Office and Council's round 2 guidelines and in the 14 sampled files. The base units did not have cost caps similar to the caps in the round 1 guidelines, which limited total costs to $85,000 for reconstruction and $35,000 for rehabilitation. The first table was not included in the round 2 guidelines or the files we reviewed. We maintain our position as stated in the report and encourage the Texas General Land Office to work with HUD to resolve the finding and recommendations during the audit resolution process.

Comment 4 The Texas General Land Office took exception to the report stating the Council spent more than $17 million to reconstruct homes appraised at $3.3 million before Hurricane Ike. It stated that pre- and post-property values are not components for providing program assistance and may otherwise mislead the public's perception.

That the Council spent more than $17 million to reconstruct homes appraised at $3.3 million before Hurricane Ike are statements of fact obtained through records from the Council, HUD, and appraisal districts (appendix B). Pre- and post-property values provides perspective for the government investment and serves to inform the public. We maintain our position as stated in the report.

Comment 5 The Texas General Land Office discussed affordability periods not being standardized or defined by HUD regulation. It explained that it established the three-year affordability period taking into consideration funding limitations and administrative costs. It also stated that extending the affordability period would penalize the low- and moderate-income population by locking households into a longer period. The Texas General Land Office stated the comparison in the report implied longer affordability periods when compared to other programs. It asserted the "other programs" referred to entitlement programs, which are annually funded and can support longer affordability periods.

We acknowledge that during the period under review HUD did not require a minimum affordability period for the program. However, we compared the Texas General Land Office's adopted affordability period for the Hurricane Ike program to the periods it imposed for its other disaster programs, not entitlement programs. We disagree that requiring participants to meet longer affordability period requirements would be a penalty, especially considering the $17 million government investment the Council made on behalf of 125 households.

Comment 6 The Texas General Land Office included an exhibit, which it called Exhibit 1 in its response. It stated that the form (Exhibit 1) achieved the objective of providing the program knowledge and expectations necessary for potential applicants to make informed decisions. It took exception to passages in the 'Participants May Not Be Able To Pay Increased Property Taxes' section of the report and stated that it ensured program participants were educated in every aspect of the program, including the financial impact of receiving assistance. The Texas General Land Office discussed Texas legislation, Texas Tax Code statutes, and appraisal district methodologies for assessing property values being independent of its program. It also stated that the use of property values within the report was an unfair representation of assistance provided to families in crisis.

While we did not include the exhibit within the report, we reviewed it during the audit and acknowledged in the report that the Council required potential participants to sign the form. However, as stated in the finding, 17 of the 125 participants' appraisal values increased more than 1,000 percent. These drastic increases in appraised home values could result in massive property tax increases and risk of foreclosure. Although we did not audit the Texas statutes cited, we acknowledge that the State of Texas had passed legislation that could affect the amount of taxes program participants could be required to pay. However, as shown in Appendix B, County tax records reflected the 2008 and 2018 appraised amounts, which could have negative tax implications on the low- and moderate-income participants. Further, examples in the finding related to 2018 property taxes were assessed amounts after exemptions had been considered. The Texas General Land Office and its subrecipients must ensure that the participants fully understand the consequence of signing the form and the potential tax implications of accepting the disaster assistance. This could include counseling to ensure that the participants understand what they are signing.

Comment 7 The Texas General Land Office acknowledged that program functions were subject to continuous improvement; however, it also stated that the report findings were not criteria based nor supported by regulation. Therefore, it reasserted that the report recommendations were HUD policy matters and that it would work with HUD to consider which policy changes should be adopted for future housing program activities.

In the Scope and Methodology section of the report, we discussed the criteria we used to develop our finding. The referenced criteria included 2 CFR 200.404, which defined reasonable costs as those, in their nature and amount, that do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. Consideration shall be given to sound business practices, market prices for comparable goods or services, and whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the public at large, and the Federal Government. Further, reportable conditions do not require violations of law, regulations, contracts, or grant agreements. Therefore, we maintain our position as stated in the report and encourage the Texas General Land Office to work with HUD to resolve the finding and recommendations.

Appendix B

HUD Program Costs and Potential Tax Impact to Participants Due to Increased Appraised Home Values

Sample	Appraised value 2008 (pre-disaster)	CDBG-DR funds spent for reconstruction	Appraised value 2018 (post-reconstruction)	Potential tax impact - appraised value increase
1	$35,298	$170,834	$97,592	276%
2	26,680	169,085	83,027	311%
3	11,740	168,981	106,566	908%
4	31,130	168,033	108,860	350%
5	40,410	165,255	82,228	203%
6	51,340	162,933	102,120	199%
7	37,110	162,049	37,796	102%
8	13,500	161,186	58,930	437%
9	69,063	160,195	79,672	115%
10	41,470	160,058	97,960	236%
11	28,402	159,273	80,292	283%
12	43,094	157,597	80,497	187%
13	45,410	157,260	92,400	203%
14	35,380	156,570	151,890	429%
15	29,659	156,520	97,853	330%
16	32,793	156,253	88,776	271%
17	3,997	155,894	82,533	2,065%
18	9,717	155,409	98,397	1,013%
19	23,665	153,824	26,422	112%
20	2,140	153,643	51,879	2,424%
21	25,752	153,591	108,568	422%
22	36,696	153,586	89,790	245%
23	29,470	152,175	68,920	234%
24	24,900	152,148	37,796	152%
25	29,060	151,645	94,770	326%
26	31,536	151,122	65,538	208%
27	33,670	148,935	138,505	411%
28	7,762	148,811	74,603	961%
29	20,157	148,518	120,018	595%
30	40,784	148,476	78,227	192%
31	55,000	148,127	81,784	149%

Sample	Appraised value 2008 (pre-disaster)	CDBG-DR funds spent for reconstruction	Appraised value 2018 (post-reconstruction)	Potential tax impact - appraised value increase
32	38,244	147,896	90,281	236%
33	15,580	147,860	85,249	547%
34	1,790	147,778	83,713	4,677%
35	21,030	146,945	67,726	322%
36	34,241	146,813	40,184	117%
37	88,020	146,762	112,120	127%
38	1,600	146,454	73,520	4,595%
39	24,196	146,071	95,307	394%
40	2,250	145,573	73,727	3,277%
41	7,500	145,399	94,365	1,258%
42	27,935	144,707	133,316	477%
43	28,413	144,370	99,200	349%
44	56,585	144,023	76,095	134%
45	21,263	143,808	90,265	425%
46	18,630	143,055	25,860	139%
47	11,955	142,358	91,250	763%
48	28,613	142,041	91,294	319%
49	36,120	141,293	76,217	211%
50	27,378	141,041	85,366	312%
51	31,166	140,908	98,279	315%
52	38,720	140,906	43,082	111%
53	19,710	140,337	86,210	437%
54	12,899	140,285	110,400	856%
55	16,027	140,157	83,885	523%
56	18,583	139,762	85,336	459%
57	19,120	139,731	71,514	374%
58	27,601	139,729	32,712	119%
59	19,590	139,452	3,240	17%
60	19,237	139,388	80,108	416%
61	21,230	139,100	83,520	393%
62	88,385	139,032	83,900	95%
63	15,210	138,970	81,859	538%
64	7,520	138,411	88,531	1,177%
65	21,460	137,955	34,372	160%
66	75,650	137,897	75,845	100%
67	18,000	137,861	86,323	480%

Sample	Appraised value 2008 (pre-disaster)	CDBG-DR funds spent for reconstruction	Appraised value 2018 (post-reconstruction)	Potential tax impact - appraised value increase
68	1,000	137,583	89,600	8,960%
69	1,030	137,546	79,579	7,726%
70	49,074	137,489	109,285	223%
71	5,000	137,291	69,297	1,386%
72	19,440	137,135	49,390	254%
73	12,044	137,041	99,383	825%
74	19,977	136,983	78,118	391%
75	18,559	136,595	127,273	686%
76	15,211	136,574	97,598	642%
77	32,220	136,394	85,640	266%
78	18,870	136,358	67,875	360%
79	13,304	136,267	108,761	818%
80	15,869	136,241	74,133	467%
81	7,615	136,111	85,964	1,129%
82	15,800	135,930	104,000	658%
83	11,908	135,763	93,137	782%
84	30,774	135,581	126,443	411%
85	11,010	135,430	74,301	675%
86	15,918	135,102	82,091	516%
87	21,780	135,096	109,672	504%
88	7,014	134,686	125,871	1,795%
89	30,127	133,477	86,862	288%
90	6,522	133,294	109,181	1,674%
91	21,832	132,993	27,988	128%
92	35,044	132,911	68,033	194%
93	21,860	132,774	69,714	319%
94	15,797	132,762	73,671	466%
95	39,900	132,755	122,030	306%
96	33,310	132,217	120,080	360%
97	33,870	131,860	115,645	341%
98	37,140	131,059	109,578	295%
99	8,540	130,361	89,010	1,042%
100	41,807	130,203	79,244	190%
101	9,400	129,192	58,860	626%
102	21,900	129,045	60,480	276%
103	28,866	128,972	74,926	260%

Sample	Appraised value 2008 (pre-disaster)	CDBG-DR funds spent for reconstruction	Appraised value 2018 (post-reconstruction)	Potential tax impact - appraised value increase
104	17,782	128,932	82,822	466%
105	20,555	128,318	42,685	208%
106	13,482	128,274	107,930	801%
107	42,663	127,820	79,463	186%
108	8,306	127,771	73,505	885%
109	33,410	127,286	94,790	284%
110	25,680	126,399	61,480	239%
111	1,800	126,374	120,879	6,716%
112	35,089	125,673	75,678	216%
113	7,794	125,615	84,323	1,082%
114	30,965	125,438	73,657	238%
115	23,160	125,246	65,648	283%
116	19,204	125,096	116,817	608%
117	9,850	125,041	83,909	852%
118	25,080	124,516	59,097	236%
119	31,130	121,500	101,510	326%
120	32,780	108,601	70,474	215%
121	21,888	88,129	51,670	236%
122	51,484	54,868	52,444	102%
123	112,541	40,995	137,670	122%
124	70,075	29,074	92,305	132%
125	33,330	16,650	36,035	108%
Totals	**3,305,616**	**17,186,803***	**10,445,884**	**----**

*The figures in this column were rounded. Although the figures total $17,186,801, the actual CDBG-DR funds spent for reconstruction total $17,186,803.25.