IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
PARIS DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS
OCT 23 2003
DAVID J. MALAND, CLERK

LUCILLE YOUNG, et al.,

Plaintiffs,

v.

MEL R. MARTINEZ, et al.,

Defendants.

Civil Action No. P-80-8-CA
Chief Judge John Hannah, Jr.

SETTLEMENT STIPULATION AND
ORDER MODIFYING FINAL JUDGMENT

WHEREAS, Lucille Young, et al, Plaintiffs, brought a class action lawsuit against Mel Martinez, et al., Defendants, (hereinafter referred to as "HUD") claiming various violations of law dealing with fair housing (the "Action"); and,

WHEREAS, this Action has been pending for more than 23 years; and,

WHEREAS, the parties dispute the nature and extent of HUD's compliance with, or violations of, various provisions of the Final Judgment and Decree ("Final Judgment") in this Action and, Plaintiffs have filed motions seeking to enforce, and to hold HUD in contempt of, the Final Judgment;

WHEREAS, there are also pending contested motions to modify the Final Judgment filed by both parties;

WHEREAS, the parties hereto have agreed upon the means set forth herein to fully and finally resolve this Action without the burdens of further litigation; and

WHEREAS, the parties have entered into this Stipulation and Order ("Order") for the

purpose of modifying the Final Judgment, and replacing all other remedial orders in this Action, NOW THEREFORE,

IT IS HEREBY STIPULATED AND AGREED, by and between Plaintiffs and Defendant HUD, by their undersigned counsel, as follows:

Part I: RELIEF TO THE PLAINTIFF CLASS

1. On and after March 28, 2003 HUD will create 1,500 desegregated housing opportunities (DHOs) for class members in non-minority census blocks in the class action area, which DHOs shall be in addition to the DHOs created prior to that date. The class action area consists of the East Texas counties identified in the liability ruling at 628 F. Supp. 1037, 1040 n. 1, except that for purposes of achieving the 1,500 DHOs specified herein, Nacogdoches County will not be regarded as part of the class action area.

2. On and after March 28, 2003, all DHO placements will be counted towards the final goal of accomplishing the 1,500 DHOs described in ¶ 1, above. Upon completion of those DHOs, the parties agree that this litigation will be terminated and the parties shall submit a joint motion to dismiss the case with prejudice at that time. All DHO Section 8 Housing Assistance Program (HAP) agreements entered into by class members on or after March 28, 2003 will count toward the final 1,500 DHO goal.

3. HUD will provide to the Fair Housing Services Center ("FHSC") additional funding at the rate of $40,000 per month during the balance of the current five-year grant, beginning with the month of April 2003 and ending on December 3, 2003, which is the expiration date for the current grant. In addition, HUD will execute an amended grant agreement, a copy of which is attached hereto as Exhibit 1, that will provide funding for

the FHSC for the period 12/4/03-12/3/05 at the rate of $900,000 per year. The parties agree that the FHSC shall focus its mobility counseling, landlord recruitment, and other efforts on DHO placements in the following East Texas counties during the balance of its grant: Jefferson, Orange, Bowie, Houston, Angelina, Harrison and Lamar. Implementation of the amended FHSC grant agreement shall be in accordance with the amended FHSC management plan which is attached hereto as Exhibit 2, and which is hereby submitted for the approval of the Court.

4. HUD agrees to continue the Desegregated Housing Opportunity Program (DHOP) it adopted on or about March 14, 2002, to assist in placement of the 1,500 vouchers referenced in ¶ 1, above. Implementation of the DHOP shall be governed by the Desegregated Housing Opportunity Guide, a copy of which is attached hereto as Exhibit 3. Under the DHOP, the East Texas Housing Authorities that are identified as DHO Program Housing Authorities (DHOPHAs) provide mobility counseling, class member assistance payments, and landlord incentives for the benefit of class members throughout the East Texas class action area. As part of the DHOP, HUD has established exception payment standards for the East Texas class action area counties. Class members who do not request mobility counseling from the FHSC may request and receive mobility counseling from the respective DHOPHAs. HUD's obligation to continue the DHOP shall terminate when the DHO requirement specified in ¶ 1, above, has been satisfied.

5. The FHSC and the DHOPHAs will participate in the placement and mobility counseling processes.

6. For purposes of this Settlement Stipulation and Order, HUD shall receive credit

for the creation of a DHO Whenever, on and after March 28, 2003, an African-American resident of, or applicant for, low-rent public housing in East Texas, uses a Section 8 housing voucher to lease a housing unit in any neighborhood designated as non-racially impacted on the current, court-approved neighborhood maps, or otherwise designated as non-racially impacted by agreement of the parties, except that no DHO credit will be received for placements in housing units located in Nacogdoches County. The parties agree that the Nacogdoches Housing Authority will no longer participate in the DHOPHA process. The parties further agree that neither the plaintiffs nor HUD will request any modification or revision to the current court-approved neighborhood maps.

7. HUD shall receive credit for the creation of a DHO whenever the criteria specified in ¶ 6, above, have been met, regardless of whether the class member received mobility counseling from the FHSC or a DHOPHA, and without regard to whether the housing unit was obtained through a referral from the FHSC or a DHOPHA.

8. A class member who uses a Section 8 voucher to lease a unit in a non-minority neighborhood shall retain the ability to use that voucher to lease another unit in a non-minority neighborhood in the class action area, and to receive the Section 8 exception payment standard applicable to the area in which the class member will be residing. However, class members making such subsequent moves will not receive class member incentive payments unless the parties agree that the subsequent move satisfies the applicable criteria for the creation of a DHO, in which case HUD will receive DHO credit for the subsequent move.

9. The parties agree that all PHAs (including the Nacogdoches Housing Authority)

have met their public housing equalization obligations under the Final Judgment.

10. The parties agree that HUD shall continue to monitor the following housing authorities for compliance with public housing program requirements, Section 8 housing voucher choice requirements, and desegregation plan requirements:

Beaumont

Port Arthur

Orange County (pending disposition of its housing projects)

Paris

Henderson

Cleveland

Texarkana

HUD's obligation to monitor the above-listed housing authorities under the terms of this Agreement shall terminate when the DHO requirement specified in ¶ 1, above, has been satisfied. The parties agree that the only additional requirement for all other housing authorities in the class action area (including the Nacogdoches Housing Authority) is to cooperate with HUD's DHOP in order to create the 1500 desegregated housing opportunities required by this Order. HUD's obligation to monitor these housing authorities under the terms of this Order shall terminate when the DHO requirement specified in ¶ 1 above has been satisfied.

11. HUD shall prepare a written report, on a monthly basis, indicating the total number of DHOs created by the East Texas Fair Housing Services Center and the

DHOPHAs during the preceding month.

HUD shall also prepare a written report, on a quarterly basis, describing for the quarter in question the monitoring activities undertaken pursuant to ¶ 10, above, and indicating the status of the remaining neighborhood equalization projects being undertaken pursuant to the Settlement Agreement and Release which was previously entered into by the Plaintiffs, HUD and the State of Texas, and which was filed with this Court action on March 20, 2003.

The above-described reports shall be submitted by HUD to Plaintiffs' counsel until such time as HUD fully provides the specific relief to the class set out in ¶¶ 1, 3, 4, and 10 of this Stipulation and Order.

12. If the DHO placement process is completed prior to the end of the two-year extension of the FHSC contract, the parties agree that the FHSC will continue to perform post-placement counseling and other activities within the scope of the grant agreement. If the DHO placement process is not completed prior to the end of the two-year extension of the FHSC contract, the parties agree that the DHOPHAs will continue operating, and the litigation will continue until the 1,500 DHOs described in ¶ 1, above, have been achieved. In the event that such an extension of DHOPHA activities occurs, there will be no further extension of the FHSC grant.

13. This Stipulation and Order modifies the Final Judgment and Decree by eliminating therefrom the following requirements:

1) Waiting list initiatives (Final Decree, Section III)

2) Computerized tracking system, reporting and monitoring (Final Decree, Section

VII)

3) Racially hostile site (Final Decree, Section V). The parties agree that the developments in Vidor and Bridge City will be sold.

4) Area Wide Housing Opportunity Program (AHOP)(required by the Golden Triangle Desegregation Plans)

5) Order of Offers (Final Decree, Paragraph II.1)

6) DHO Placement numbers per community (Final Decree, Paragraphs II.2, II.3, & II.4)

7) Project-Based Section 8 (Final Decree, Paragraph II.5)

The parties further agree that this Stipulation and Order modifies the Final Judgment and Decree as specifically provided herein and supercedes all other remedial orders entered in this Action.

Part II: Conditions and Release and Termination of the Litigation

14. Nothing in this agreement shall be construed to require HUD to provide additional funding, other than that which is expressly agreed to herein. HUD's duty to discharge the obligations imposed upon it by the express terms of this Order is subject to: (a) the availability of funding from Congress for any purpose for which funding is required; and (b) the existence of statutory authority for the acts necessary for HUD's performance of its obligations under this Order. HUD shall not be found to be in violation of this Order on account of any failure to perform any obligation imposed upon HUD by the terms of this Order that results: (i) from the unavailability of funding from Congress necessary for performance, or (ii) from the modification or revocation of statutory authority that is

necessary for such performance by HUD. If HUD does not provide the specific relief to the class set out in ¶¶ 1, 3, 4, & 10 of this Stipulation and Order, then HUD's obligations under this Stipulation and Order shall not be deemed complete and plaintiffs shall be entitled to seek a court order requiring additional relief from HUD but which shall be limited to such relief as the Court shall determine to be necessary and appropriate to provide the specific relief to the class set out in ¶¶ 1, 3, 4, & 10 of this Stipulation and Order. HUD shall be entitled to oppose any such motion for additional relief.

15. Upon provision of the specific relief to the class set out in ¶¶ 1, 3, 4, & 10 of this Stipulation and Order, the plaintiffs and all of the class members, and each of them, and their heirs, administrators, successors, or assigns (together, the "Plaintiffs"), shall be deemed to have released and forever discharged HUD and any component, division, agency, or establishment of HUD, and all current and former HUD officials administrators, employees, agents, attorneys, or successors thereof (together the "Defendants"), from any and all claims and causes of action, known or unknown, which plaintiffs have, or could have asserted, by reason of, with respect to, in connection with, or which arise out of, any of the matters alleged at any time in this Action, including, without limitation, any claim of race-based discrimination in housing programs funded by HUD, and any of the matters alleged in the Complaint, the Amended Complaint, or in any other pleading, motion, or other paper served or filed by plaintiffs, which the plaintiffs or any of them have against the Defendants or any of them.

16. Upon provision of the specific relief to the class set out in ¶¶ 1, 3, 4, & 10 of this Stipulation and Order, the plaintiffs and all of the class members and each of them, shall

be forever barred and enjoined from prosecuting any claims or causes of action that are described in ¶ 15, above.

17. Nothing contained in this Order shall:

A. Impose on HUD any duty, obligation, or requirement to produce any particular result other than to perform the specific obligations that are imposed on HUD by the explicit terms of this Order;

B. Impose on HUD any duty, obligation, or requirement the performance of which would be inconsistent with any law, rule, or regulation in effect at the time of such performance;

C. Impose on HUD any duty, obligation, or requirement to award, grant, or otherwise make available to the plaintiffs or any other party any benefits under any program administered by HUD, except as specifically and explicitly set forth herein;

18. Contemporaneously with the execution hereof, the parties shall file a joint motion for the approval and entry of this Order pursuant to Rule 23(e) of the Federal Rules of Civil Procedure.

19. This Order, the entry of which is a condition precedent to any obligation of any party hereunder, shall be effective upon the approval, execution, and entry hereof by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure. The date of such entry shall be the "effective date" of this Order. If this Order is finally disapproved by any court, or fails to become effective, or is approved by the Court with any modification to which HUD has not consented during the Rule 23(e) process, or is finally reversed or modified on appeal, this Order shall be null and void, shall have no further force and

effect, and shall not be used in this Action or in any other action or proceeding; and, this Order, all court proceedings pursuant to Rule 23(e), Fed. R Civ. P., and all negotiations, filings, and statements made in connection herewith, shall be without prejudice to any person or party, shall not be deemed or construed to be an admission by any party of any fact, matter, or proposition, and shall not be used in any manner, or for any purpose, in subsequent proceedings in this Action, or in any other action, whether judicial or administrative.

20. The terms of the numbered paragraphs of this Order constitute the entire agreement of the parties, and no statement, remark, agreement, or understanding, oral or written, which is not contained herein, shall be recognized or enforced, nor does the Order reflect any agreed-upon purpose other than the desire of the parties to reach a full and final conclusion of this Action as between the parties and to resolve this matter without the time and expense of further litigation. Each party has entered into this Order after consultation with his/her attorneys and after an independent investigation of any relevant facts, and no party has relied upon the representations of any other party, except those set forth herein.

21. Upon the entry of this Order by the Court, all pending motions by the plaintiffs against HUD, if any, shall be deemed withdrawn with prejudice, and HUD's Motion to Modify the Final Judgment, filed March 15, 2002, shall also be deemed withdrawn with prejudice.

22. The performance of the specific obligations undertaken by HUD pursuant to this Order shall constitute full and final performance of any and all of HUD's obligations in

this Action. If HUD provides the specific relief to the class as set out in ¶¶ 1, 3, 4, & 10 of this Stipulation and Order, then:

A. HUD's obligations in this Action shall be deemed fully and finally completed;

B. Plaintiffs shall not be entitled to seek any additional relief against HUD;

C. Plaintiffs shall not be entitled to, and shall not seek, any extension, continuation, or renewal of the jurisdiction of the Court over this Action.

23. Class counsel who is signatory hereto hereby represents, warrants, and guarantees that he is duly authorized to execute this Order on behalf of the plaintiffs, the class members, and all of their counsel

24. The terms of this Stipulation and Order are not intended to waive or settle and do not waive or settle any claim by plaintiffs for attorneys fees or litigation expenses. The terms of this Stipulation and Order do not affect the Court's jurisdiction to award plaintiffs attorneys fees and litigation expenses if such an award is justified by the law and the facts. The terms of this Stipulation and Order shall not be construed as an admission by HUD that Plaintiffs are eligible for, or entitled to, any award for attorneys fees or litigation expenses, and HUD shall be entitled to oppose any motion by Plaintiffs for such fees or expenses.

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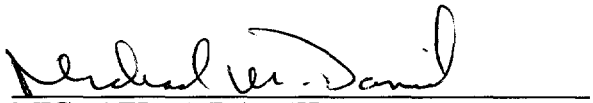

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Assistance Award/Amendn. .it

U.S. Department of Housir and Urban Development
Office of Administration

1. Assistance Instrument	2. Type of Action
☐ Cooperative Agreement ☒ Grant	☐ Award ☒ Amendment
3. Instrument Number:	4. Amendment Number: 4
5. Effective Date of this Action:	6. Control Number:

7. Name and Address of Recipient	8. HUD Administering Office
Lone Star Legal Aid P. O. Box 631070 Nacogdoches, TX 75963-1070	Texas State Office of Public Housing P. O. Box 2905 Fort Worth, TX 76113-2905
	8a. Name of Administrator: Eileen Rogers 8b. Telephone Number: (817) 978-5704
10. Recipient Project Manager: Paul E. Furrh, Jr.	9. HUD Government Technical Representative: Robin L. Barton
11. Assistance Arrangement: ☒ Cost Reimbursement ☐ Cost Sharing ☐ Fixed Price 12. Payment Method: ☐ Treasury Check Reimbursement ☐ Advance Check ☐ Automated Clearinghouse	13. HUD Payment Office: LOCCS-VRS

14. Assistance Amount		15. HUD Accounting and Appropriation Data	
		15a. Appropriation Number	15b. Reservation number
Previous HUD Amount	$3,800,000	86X0319 Sec 8 Counseling	
HUD Amount this action	$990,702		
Total HUD Amount	$4.790.702	Amount Previouslv Obligated	$3.800.000
Recipient Amount	$	Obligation by this action	$990,702
Total Instrument Amount	$4,790,702	Total Obligation	$4,790,702

16. Description

The attached Fair Housing Service Center Grant Agreement and Statement of Work for the Area Wide Housing Opportunity Plan (Grant Agreement Amendment) is incorporated into this grant.

The total amount of the amendment is $990,702. The total amount of funding is $4,790,702

The funding is available as follows for an additonal two years for a total of seven years, renewable by HUD at the end of each year based upon the Grantee's performance under the Grant Agreement.

	Year 1	Year 2	Year 3	Year 4	Year 5
Fair Housing Service Center	$500,000	$700,000	$700,000	$700,000	$500,000
Area Wide Housing Opportunity Plan	$200,000	$200,000	$200,000		
AHOP Extension (6/1/02 through 8/31/02)				$ 50,000	
Extension (9/1/02 through 11/30/02)				$ 50,000	
Total Funding	$700,000	$900,000	$900,000	$800,000	$500,000

FHSC Extension (12/04/03 through (12/03/05) — Year 6 & 7 $990,702

17. ☒ Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office	18. ☐ Recipient is not required to sign this document.
19. Recipient (By Name): Paul E. Furrh, Jr.	20. HUD (By Name): Eileen Rogers
Signature & Title: Executive Director	Date (mm/dd/yyyy): 9-11-03
Signature & Title: for Pam Patterson, Director, Office of Public Housing	Date (mm/dd/yyyy): 9/18/2003

form HUD-1044 (8/90)
ref. Handbook 2210.17

Assistance Award/Amendment

U.S. Department of Housing and Urban Development
Office of Administration

1. Assistance Instrument: ☐ Cooperative Agreement ☒ Grant	2. Type of Action: ☒ Award ☐ Amendment
3. Instrument Number	4. Amendment Number
5. Effective Date of this Action	6. Control Number
7. Name and Address of Recipient: Lone Star Legal Aid, P. O. Box 631070, Nacogdoches, TX 75963-1070	8. HUD Administering Office: Texas State Office of Public Housing, P. O. Box 2905, Fort Worth, TX 76113-2905
	8a. Name of Administrator: Eileen Rogers; 8b. Telephone Number: (817) 978-5704
10. Recipient Project Manager: Paul E. Furrh, Jr.	9. HUD Government Technical Representative: Robin L. Barton
11. Assistance Arrangement: ☒ Cost Reimbursement ☐ Cost Sharing ☐ Fixed Price; 12. Payment Method: ☐ Treasury Check Reimbursement ☐ Advance Check ☐ Automated Clearinghouse	13. HUD Payment Office: Port Arthur Housing Authority Partial Payment Request Approved by Fort Worth Office of Public Housing
14. Assistance Amount	15. HUD Accounting and Appropriation Data; 15a. Appropriation Number; 15b. Reservation number
Previous HUD Amount: $0	
HUD Amount this action: $1,129,298	
Total HUD Amount: $1.129.298	Amount Previouslv Obligated: $
Recipient Amount: $	Obligation by this action: $1,129,298
Total Instrument Amount: $1,129,298	Total Obligation: $1,129,298

16. Description

The attached Fair Housing Service Center Grant Agreement and Statement of Work (Grant Agreement Amendment) is incorporated into this grant.

The total amount of funding is $1,129,298

17. ☒ Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office	18. ☐ Recipient is not required to sign this document.
19. Recipient (By Name): Paul E. Furrh, Jr.	20. HUD (By Name): Roman R. Palomares
Signature & Title: Executive Director; Date (mm/dd/yyyy): 9-11-03	Signature & Title: Acting Director, OPH; Date (mm/dd/yyyy): 9/18/03

form HUD-1044 (8/90)
ref. Handbook 2210.17

AMENDED GRANT AGREEMENT FOR
OPERATION OF FAIR HOUSING SERVICE CENTER
IN EAST TEXAS BY
NON-PROFIT ORGANIZATION

The Amended Grant Agreement is between the U.S. Department of Housing and Urban Development (HUD) and the Non-Profit Organization (NPO), ***Lone Star Legal Aid Society,*** hereinafter referred to as the grantee, which is also identified in block 7 on form HUD-1044, Assistance Award/Amendment. Form HUD-1044 is the grant document and the narrative, this Amended Grand Agreement, is an attachment to this form HUD-1044. This Amended Grant Agreement is entered into by the party identified pursuant to the selection of a grantee by HUD under the Notice of Funding Availability for the Fair Housing Service Center (FHSC) in East Texas, FR-4127, published in the Federal Register on December 12, 1997 (NOFA). The grantee's proposal and the HUD grant approval letter, including any special conditions identified in the grant approval letter, are hereby incorporated into this agreement by reference. The grantee's HUD-approved Amended Management Plan detailing the tasks and sub-tasks necessary to achieve the attached scope of work will be submitted by the grantee to HUD's Fort Worth Office, within 14 days after this Amended Grant Agreement is executed by the grantee and HUD's Fort Worth Office, for review and approval. The Fort Worth Office will submit the detailed narrative comprising the Amended Management Plan to the U.S. District Court for the Eastern District of Texas for its approval.

Subject to the provisions of this Amended Grant Agreement, HUD will make housing opportunity counseling funds, in the amount shown of form HUD-1044, available to the grantee through HUD's Grant Officer in the Fort Worth Office to carry out the activities approved by HUD in the Amended Management Plan.

In executing this Amended Grant Agreement, the grantee agrees to comply with the provisions of this Amended Grant Agreement and OMB Circular No. A-122, Cost Principles for Non-Profit Organization and 24 CFR Part 84 requirements for recipients of Federal grants. The grantee also agrees to comply with the provisions of the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations.

A. The grantee shall establish and operate the FHSC in Nacogdoches, Texas, with branch offices located in Beaumont and Texarkana, Texas, and mobile office units as necessary to provide services to remote locations throughout East Texas in accordance with the NOFA's requirements pertaining to the scope of work, the HUD-approved Amended Management Plan, and regulatory and administrative requirements pertinent to the Section 8 rental voucher and certificate programs.

B. The grantee shall comply with any other terms and conditions, including data and record keeping and submission of reports, that HUD may establish for purposes of ensuring that the FHSC is operated in a manner consistent with HUD's achieving

the purposes and intent of the Settlement Agreement in Lucille Young v. Martinez.

ARTICLE I. DEFINITIONS

A. The term "Grant Officer" means the primary official authorized by HUD to execute and/or administer this grant.

B. The term "Government Technical Representative (GTR)" means the HUD individual who is responsible for the technical administration of the Grant Agreement and Amended Grant Agreement, the evaluation of performance under the Grant Agreement and Amended Grant Agreement and through the reports and other information provided by the grantee; and the acceptance of the quarterly, semi-annual, annual, and final reports required by the Amended Grant Agreement.

C. The term "Head of the Awarding Activity (HAA)" means a HUD official, at the Assistant Secretary level or equivalent, with authority for policy, award, and administration of discretionary Grants within one or more HUD organizational elements.

D. The term "official products of work" means (1) all quarterly reports, (2) an annual report, and (5) the final report.

ARTICLE II. HUD REQUIREMENTS

The grantee must comply with the requirement for which HUD has enforcement responsibility.

A. The grantee shall only use grant funds for eligible activities in accordance with the NOFA's requirements pertaining to the scope of work, the HUD-Approved Amended Management Plan, and to achieve the purposes and intent of the Settlement Agreement.

B. The grantee shall comply with HUD's regulations and administrative requirement for the Housing Choice Voucher Program, the regulations governing the administration of Grant Agreements (24 CFR Part 84), OMB Circulars No. A-122, and A-133, and the Single Audit Act Amendments of 1996 and this Amended Grant Agreement.

C. The effective date of the grant is state in section 5 of form HUD-1044.

D. The grantee shall provide the necessary personnel, materials, services equipment, and office space/facilities (except as may be otherwise specified herein) and otherwise do all things necessary for or incidental to the performance of the work to be performed under this Amended Grant Agreement.

E. The grant approval letter and extension letter from HUD constitutes the HUD document of the reservation of Federal funds for the grantee under this Amended Grant Agreement, and when fully executed is the obligating and contracting instrument for the funds.

F. The grantee shall maintain, or have access to, copies for documents relating to the award and administration of the original Grant Agreement and this Amended Grant Agreement for at least three years after the close out of the Grant Agreement for inspection by HUD, the Grant Officer, the GAO, or their duly authorized representatives.

G. The grantee shall incur costs in conformance with the attached HUD-approved budget. The grantee shall not commingle any funds computed under this grant with any other existing or future operating accounts held by the grantee. The grantee is required to submit for approval changes to the HUD-approved budget (SF-424A), or project management plan to the Grant Officer. These changes include, but are not limited to:

1) Any proposed change in the scope of the objective of the project or program.

2) Any proposed change in the timetable delineated in the Amended Management Plan.

3) Any proposed extension on the period of availability of funds.

4) If the Amended Management Plan and HUD-approved budget are not implemented within 60 days of the Amended Grant Agreement start date, the grantee must report by letter to the Grant Officer the steps taken to initiate the Amended Management Plan, the reason(s) for the delay, and the expected start date. Any timetable revisions as a result of the delay are subject to the approval by the Grant Officer. Failure to comply with this requirement may result in termination of the Amended Grant Agreement.

5) Written procedures must be in place that minimize the time elapsing between the transfer of funds and the disbursement by recipient. Recipients financial management system shall provide for accurate, current, and complete disclosure of the financial results of each federally sponsored program. Records must be maintained that identify adequately the source and application of funds. Accounting records include cost accounting records that are supported by source documentation.

6) Advance payment shall be through electronic funds transfer. HUD shall not require separate depository accounts for funds provided recipient

accounts for the receipt, obligation, and expenditure of funds and funds are placed in interest bearing account.

7) The grantee may not use the FHSC funds provided under this Amended Grant Agreement for an activity, or project funded under any other program, such as Housing Choice Voucher Program rental assistance.

8) HUD may terminate funding if the grantee demonstrates an unwillingness or inability to complete the HUD-approved management plan; does not use procedures that will minimize time elapsing between drawdowns and disbursements; does not adhere to Amended Grant Agreement requirements or special conditions; engages in improper award or administration of grant subcontracts; or does not submit accurate, complete or timely reports under this Amended Grant Agreement.

9) The grantee shall submit the following periodic reports to the GTR:

Title	Subject	Frequency	Due Date
1. Monthly Status Report	Statistical data showing the number of families placed in units in racially nonimpacted census blocks.	Monthly	10th day of each month
2. Quarterly Status Report	Statistical data with verification documentation and a brief narrative showing progress made in fulfilling the tasks & sub-tasks in Management Plan	Quarterly	30 days after end of each quarter
3. Financial Status Report, Standard Form 269A	Grantee's expenditures	Annually	30 days after end of fourth quarter
4. Annual Financial Audit	Independent Audit Report	Annually	30 days after receipt
5. Annual Report	Statistical data summary report and brief narrative on progress in fulfilling tasks and sub-tasks in the Management Plan and brief narrative	Annually	90 days after end of fourth
6. Final Report	Detailed report on E. Texas desegregation counseling project, providing insights/recommendations suitable for info, transfer, exchange, & dissemination to other PHA communities, or other entities interested in providing desegregation services	Conclusion of FHSC operation	90 days after end of FHSC operation by grantee

Failure of the grantee to submit the required reports listed above, or any required audit reports, or to resolve program, financial, or audit issues may result in a suspension of grant payments and may also result in the suspension of subsequent grant awards. These suspension procedures also apply to audit reports overdue or in an unresolved status with insufficient action taken to resolve the report.

10) During performance of this Amended Grant Agreement, HUD Headquarters shall resolve any dispute between the Grant Officer and the grantee, taking into account all facts and documentation presented by both parties.

11) As required by HUD's appropriation Act, salary payments to consultants under this instrument shall not exceed the equivalent of the maximum daily rate paid to level IV of the Executive Schedule for Federal Employees. This limitation refers to consultants hired through the grantee's personnel system, but not to consultants who perform as independent contractors.

12) During the effective period of this Amended Grant Agreement, the Government Technical Representative identified in Block 9 of form HUD-1044 shall be responsible for monitoring the technical effort of the grantee, unless the grantee is notified in writing by the Grant Officer of a replacement. Only the Grant Officer has the authority to authorize deviations from this Amended Grant Agreement, including deviations from the Amended Management Plan as provided in the grantee's application. In the event the grantee does deviate without written approval of the Grant Officer, such deviation is at the risk of the grantee, and any costs related thereto are borne by the grantee.

13) The grantee shall comply with all standard assurances, which were executed as part of the application process.

ARTICLE III. OTHER FEDERAL REQUIREMENTS

The grantee must comply with the requirement for which HUD has enforcement responsibility.

A. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100: Executive Order 11063 (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107.

B. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d). Nondiscrimination in Federally Assisted Program, and implementing regulations at 24 CFR Part 1.

C. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 61010-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitations Act of 1973 (29 U.S.C. 794 and implementing regulations at 24 CFR Part 8.

D. The requirements of Executive 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Part 60.

E. The requirements of Executive Orders 11635 and 12432 (concerning Minority Business Enterprise), and 12238 (concerning Women's Business Enterprise). Consistent with HUD's responsibilities under these Orders, the grantee must make efforts to encourage the use of minority and women's business enterprises in connection with grant funded activities. A provision of 24 CFR 85.36(e) describes grantee actions taken to assure that minority business enterprises and women's business enterprises are used when possible in the procurement of property and services.

F. The grantee must maintain records of its efforts to comply with the requirements described in paragraph E. above.

G. Limitations on payment made to influence certain Federal contracting and financial transactions are set forth in 31 U.S.C. Section 1352 and OMB Interim Final Guidance at 54 FR 52306 et seq. (December 20, 1989).

H. The grantee may not use appropriated funds of a Federal contract, grant, loan or cooperative agreement to pay any person for influencing, or attempting to influence, Executive or Legislative branch personnel in connection with the award of any Federal contract, the making of any Federal grant, or loan, or the entering into of any cooperative agreement.

I. Any person who requests or receives a Federal contract, grant, or cooperative agreement exceeding $100,000, or a Federal loan exceeding $150,000 must file a certification that the person has not made, and will not make, any prohibited payments from appropriated funds.

J. Every person who requests or receives a Federal contract, grant, or cooperative agreement exceeding $100,000, or a Federal loan, loan agreement, or loan insurance exceeding $150,000, must disclose (on SF-LLL) any payments made, or agreement to make any payment, from nonappropriated funds for the purpose of influencing, or attempting to influence, any Executive or Legislative branch personnel in connection with the contract, grant, cooperative agreement, loan, loan insurance, or loan guarantee. Exceptions to this disclosure requirement are described in OMB Interim Final Guidance. The grantee must file a new disclosure form:

1) at the end of each calendar quarter in which payment, or an agreement to make a payment, is made which could have otherwise required reporting at the end of application; and

2) if an event occurs during a calendar quarter which materially affects the accuracy of information reported on disclosure form submitted previously.

K. Subcontractors and sub recipients: The grantee must inform subcontractors of the requirements for filing, retention, and forwarding of certifications, statements, and disclosure forms as applicable.

L. Penalties: Disclosure data is subject to public scrutiny. Any person who makes a prohibited expenditure or who fails to submit or amend a disclosure form, when required, is subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure. HUD must report violations of the law to Congress.

M. Any requirements imposed by HUD subject to the National Environmental Policy Act or regulations implemented at 24 CFR Part 50.

N. Administrative requirements of 24 CFR Part 84 and OMB Circular No. A-87. These include the procurement requirements of 24 CFR Part 85.36.

O. Drug Free Workplace Requirements at 24 CFR Part 24, Subpart F (Attachment 2). The grantee may insert in the space provided below the site(s) for the performance of the work done in connection with the specific grant:

Place of Performance (street address, city, county, state, zip code)

414 East Pillar Street
Nacogdoches, Nacogdoches County
Texas 75961

☒ ***Check if there are workplaces on file that are not identified here***

P. The Uniform Relocation Act as implemented regulations at 49 CFR Part 24.

Q. HUD regulations and requirements. Federal requirements listed in 24 CFR Parts 5 and 982 for the operation of the FHSC

R. Collection of data from ten or more respondents and sponsored by HUD is subject to the Federal Reports Act (44 U.S.C. 3509) and to the review of data collection requirements, under provisions of OMB Circular A-40. However, if a survey instrument is proposed, its survey questions and use are subject to OMB review and approval prior to the use of the survey instrument. Also, a time element is involved here which may considerably lengthen the time required for completion

of project proposed. The grantee must give careful consideration to any proposal that requires the use of a survey. The collection of data is deemed HUD sponsored only under the following conditions:

1) The grantee represents to respondents that the information is being collected for, or in association, with HUD. However, this condition is not intended to preclude mention of Federal support in response to any inquiry, or an acknowledgment of Federal assistance in any publication or report on the data; or

2) The grantee uses the data collection activities to collect information that HUD has required for the planning, operations, or evaluation of its program; or

3) The terms and conditions for this grant provide for approval by HUD of the evaluation questionnaire content, or data collection procedure; or

4) The terms and conditions of this Amended Grant Agreement provide either submission to HUD of the data for individual respondents or the preparation and submission of tabulations requested by HUD.

Collection of data under circumstances other than the four conditions given above is not a sponsored collection and is not subject to the Federal Reports Act or OMB Circular A-40.

S. In accordance with Government Printing and Binding Regulations, reproduction of reports, data or other written materials intended for submission to HUD for Government use, if required herein, is authorized provided that the materials produced do not exceed 5,000 production units of any page and the items consisting of multiple pages do not exceed 25,000 production units in aggregate.

ARTICLE IV. METHOD OF PAYMENT (DRAWDOWNS)

A. A request by the grantee to draw down funds under the Line of Credit Control System – Voice Response System (LOCCS-VRS), or any other payment system, shall only be made following the Grant Officer's approval for the drawdown of housing opportunity counseling funds by the grantee, and shall constitute a representation by the grantee that it and all participating parties are complying with the term of this Amended Grant Agreement.

B. The grantee is paid via LOCCS-VRS provided that the grantee minimizes the time elapsing between transfer of grant funds and disbursement for the grant purposes and otherwise follows the requirements of OMB Circulars A-110 and A-122.

ARTICLE V. ACCEPTANCE AND CLOSEOUT OF OPERATION OF FAIR HOUSING SERVICE CENTER

A. Inspection and closeout of all but the final products is by the Government Technical Representative (GTR). Final acceptance is by the Grant Officer.

B. HUD review of Official Products of Works is a s follows:

1) The Grant Officer has the sole responsibility for review, correction, and acceptance of the Official Products of this Amended Grant Agreement. The Grant Officer, so as not to impede the work of the grantee, carries out such reviews promptly. The Products of Work are accepted as submitted if the Grant Officer has not issued written comments or required corrections within 30 days of the date of the Grant Officer's receipt of such product from the grantee.

2) The grantee shall carryout the required corrections, if any, provided by the Grant Officer and shall promptly return a revised copy of the product to the GTR.

3) The Grant Officer's review, correction, and acceptance of the Official Products of work is limited to (a) corrections of omissions or errors of fact, methodology, or analysis; (b) deletion of irrelevant materials; and (c) improvements of style readability.

4) In the review and acceptance of Official Products of Work, the Grant Officer any not require change in the grantee's stated views, opinions, or conclusions.

5) The Grant Officer may require, if there are any disagreements between the grantee and the GTR as to any corrections, or the methodology or analysis on which conclusions are based, that the grantee insert a Government dissent(s) in the appropriate place(s). The inclusion of dissent(s) in an Official Product of Work, otherwise found acceptable by the Grant Office, and the return to the Grant Officer of a revised copy containing the dissent(s), shall satisfy the requirements for acceptance of the Official Product of Work under this clause.

6) Such dissent shall not apply to any independent publication by the grantee of Independent Products that may arise from the work or findings of this Amended Grant Agreement.

C. The grantee is responsible for complying in full with all closeout-reporting requirements and submitting closeout reports in a timely manner. The Grant Officer will complete the inspection and acceptance of the final work products following review by the GTR and approval of final acceptance by the GTR.

D. The Grant Officer will review the grantee's progress 60 days before the Amended Grant Agreement end date and advise the grantee of:

1) The current Amended Grant Agreement end date;

2) Time limits on the expenditure of funds;

3) Submissions required and the deadlines for such submissions; and

4) Record retention requirements.

Within 90 days after the end date of the Amended Grant Agreement or any approved extension (revised end date), the grantee must submit the following documents to the GTR.

1) Final Financial Report (SF-269A). The final financial report showing a cumulative summary of expenditures to date and indicating the exact balance of unexpended funds. (Report shall cover from Grant Agreement start date to the end of the Amended Grant Agreement.) When the final SF-269A is approved, HUD will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.

2) Final Report. The grantee shall prepare a final report detailing the case study of East Texas desegregation counseling and provide insights and recommendations for others (PHAs, or other entities) who may wish to develop similar desegregation counseling programs. The final report shall be prepared by the grantee in a format suitable for transfer, exchange, and dissemination.

E. No late than 120 days after the Amended Grant Agreement end date, the Grant Officer will (after approval of GTR) review the contents of the official Grant Agreement file against the closeout requirements; take all closeout actions; identify any remaining obstacles to closeout; and require the grantee to comply with any outstanding reports or requirements.

F. The grantee agrees to cooperate with any review in any way possible, including making available records requested by the Grant Officer for inspection.

G. When the Grant Officer has determined to its satisfaction that the Grant Agreement's activities were completed and all Federal requirements were satisfied, the Grant Officer will execute a closeout amendment to the Grant Agreement.

The grantee shall comply with the grant execution and reporting requirements for the FHSC Grant Agreement.

Signed this _____day of _____, 2003

Amended Grant Agreement Signatures

Lone Star Legal Aid Society
Name of Grantee Organization

U.S. Department of HUD
Name of Federal Agency

Paul E. Furrh, Jr.
Executive Director
Lone Star Legal Aid Society

Eileen Rogers
Director
Office of Public Housing

414 E. Pillar Street
P.O. Box 631070
Nacogdoches, TX 75963-107
Address of Grantee Organization

This Grant Agreement may be modified at any time by a written amendment. Amendments must reflect the rights and obligations of either and are signed by the HUD Grant Officer and the grantee. The Grant Officer may issue administrative amendments such as changes in appropriation data.

ETFHSC Management Plan

I. Activities of the FHSC

A. The FHSC Must Become Familiar With All Relevant HUD Regulations and the DHO Program protocol

1. ETFHSC will continue to provide each Housing Specialist with access to all relevant HUD regulations and other publications determined by ETFHSC to be necessary to meet the goals and objectives of ETFHSC.

2. ETFHSC will continue to supply each Housing Specialist with copies of the Desegregated Housing Opportunity (DHO) Program Guide.

3. ETFHSC will continue to attend training sessions to be conducted by HUD on the rules governing the Section 8 program, Court mandates, and the DHO Program Guide.

B. Identification of Desegregative Housing Opportunities (DHO)

1. ETFHSC will continue to utilize a computer program, Neighborhood Mapping, as designed by David Craig, former ETFHSC Policy Analyst, depicting statistically non-impacted areas based on 2000 census data as a means of translating a given address into a particular census block.

2. ETFHSC will continue to efficiently calculate highly complicated demographic data within a specific geographic range and determine all but the objective elements of a property's DHO status.

3. If a DHO unit is located in an unmapped census block, i.e., the unit appears to be in a census block outside the court-approved mapped areas of East Texas cities, and the class member believes the unit is appropriate for his or her family needs, the class member will be required to sign off on the Unit Fact Sheet (UFS) for the unit to be counted as a DHO.

4. ETFHSC will continue to work with HUD as requested to demonstrate the use of the program for use by DHOPHA's.

C. Landlord Outreach Activities

1. ETFHSC will continue to identify potential landlords through existing databases, such as HUD's CISN29 database of all owners and managers currently participating in the various Section 8 programs in the class area;

2. ETFHSC will continue to identify potential landlords by contacting community housing boards, trade organizations, apartment associations, fair housing groups and other housing related organizations for assistance in identifying owners and managers of rental units in the class area;

3. ETFHSC will continue to identify potential landlords by contacting Justices of the Peace in the class area for assistance in identifying owners and managers of rental units in the class area;

4. ETFHSC will continue to identify potential landlords by contacting County Commissioners in the class area for assistance in identifying owners and managers of rental units in the class area;

5. ETFHSC will continue to identify potential landlords by contacting Boards of Realtors in the class area for assistance in identifying those Realtors that (a) own rental units, (b) act as agents for owners of rental units, and (c) can identify owners or managers of rental units in the class area;

6. ETFHSC will continue to identify potential landlords by contacting the Chambers of Commerce in the class area for assistance in identifying owners and managers of rental units in the class area;

7. ETFHSC will continue to identify potential landlords by obtaining publications of available rental units in the class area, such as apartment locators and housing guides;

8. ETFHSC will continue to identify potential landlords by obtaining yellow page listings of rental units in the class area;

9. ETFHSC will continue to identify potential landlords by reviewing property ownership rolls for multiple property owners in Tax Assessors Offices in the class area;

10. ETFHSC will continue to implement its marketing plan that targets both multi-unit owners and managers and also owners and managers of units with three and more bedrooms, placing emphasis on in-person recruitment of the targeted categories of owners and managers, and utilizing telephone and written recruitment for non-targeted owners and managers. The plan

addresses landlord development through contacts with individuals with reputations for community involvement, such as persons on the boards of civil rights, fair housing, and community economic development organizations. Also included in the marketing plan is the development of presentations to groups and meetings where the opportunities of program participation can be explained to property owners and managers;

11. ETFHSC will continue to utilize previously developed landlord recruitment materials;

12. ETFHSC will continue to utilize previously developed landlord outreach and information packets, information flyers and direct mailers utilizing the materials referenced in subtask C.11 to market the benefits of program participation and recruit potential landlords. ETFHSC will continue to distribute these packets to the potential landlords identified in subtask C.10;

13. Real Estate Specialists will execute the marketing plan and enter results into the Desegregative Housing Database; and

14. Potential landlords exhibiting an interest in program participation will be encouraged to do so by Real Estate Specialists, who will continue to supply information as needed on landlord/tenant rights and responsibilities, leases, termination of tenancies, evictions, deposits, housing quality standards, utilities, rights of entry, assistance programs and other resources for problem solving.

D. Desegregative Housing Database

1. ETFHSC will maintain its computerized database that holds information on housing in desegregative areas and potential landlords;

2. All ETFHSC staff will continue to be trained in the efficient use of the desegregative housing database. This will include training in entering data directly into the database, generating reports based on the database, finding specific records, and the significance of each part of the database;

3. ETFHSC will continue to periodically inspect the desegregative housing database for errors. This will involve such tasks as querying the information for obviously incorrect data, looking for rarely updated entries and looking for entries with a very little data;

4. As ETFHSC identifies new desegregative housing, ETFHSC will continue to add the information regarding the identified housing to the desegregative housing database, on a continuing basis;

5. ETFHSC will continue to periodically update the information in the desegregative housing database. This will include such things as updating the availability of vacancies, the current rental rates, and other miscellaneous information.;

E. Assistance with Rent Exceptions

1. ETFHSC will continue to enter rental market data from Unit Fact Sheets as a means of rent monitoring activities in DHO areas;

2. ETFHSC will continue to conduct rent monitoring activities in DHO areas, as needed;

3. ETFHSC will continue to conduct rent monitoring activities in DHO areas, as needed, to include random sampling and review of local newspapers, telephone calls to local landlords, and requests for rent information from knowledgeable associations and organizations; and

4. ETFHSC will continue to determine whether rents in DHO areas are adversely affecting the creation of DHOs for class members. Where the fair market rent established by HUD for a given area is at or below the average rental rate determined by ETFHSC or the PHA, the rates shall be presumed to have an adverse effect on the creation of DHOs, and ETFHSC will consider requesting that HUD grant exceptions to the payment standards for vouchers in a sufficient amount to increase the availability of DHOs for class members.

F. Eligibility Review Services

1. ETFHSC shall review all clients of the FHSC for Class Member status via utilization of HUD's CISN29 system.

2. ETFHSC will screen all clients who contact ETFHSC. This screening will consist of obtaining relevant financial information and ascertaining whether the client is otherwise in compliance with HUD regulations relating to income, family composition, citizenship and eligible immigration status. The client will then receive information regarding HUD's regulations for the Section 8 program and assurance of the clients willingness to comply with these regulations will be sought. All assertions by the client during this pre-screening will be taken at face value. If during the course of the pre-screening the client is found to not be in compliance with HUD regulations, ETFHSC will inform the client of their non-compliance and of their present ineligibility for housing through the Section 8 program. Possible remedies for the client's non-compliance will be sought. If, however, it appears that the client is in full compliance with HUD regulations, they will be referred to the receiving DHOPHA for a

final determination of eligibility. A statement of the financial information given by the client and a statement of willingness to comply with HUD regulations will be signed by the client and kept on file by ETFHSC in a manner consistent with the client's right to privacy.

G. Initial Stage of Counseling

1. ETFHSC will continue to provide initial counseling sessions to groups of class members who are residents of public housing authorities as identified in HUD'S CISN29.

2. The staff of ETFHSC will continue to receive training on the requirements of, and any relevant changes to, the Section 8 program.

3. Meetings will be primarily arranged with ten to twenty class members. ETFHSC Housing Specialists will direct each of these meetings. The goal of these meetings will be to provide each of the elements of initial stage counseling. These meetings will be designed to encourage class members to seek second stage counseling and eventually desegregative housing. Thus, the presentation will be general in nature and accompanied by a variety of handouts designed to provide more detailed explanations. The meetings will be organized in a coherent and accessible manner and will at least cover the topics of Section 8 program terminology, program requirements pertinent to Section 8 rental vouchers, counseling services that will be available to ETFHSC clients, general information on solving credit problems, housekeeping, searching for housing, and dealing with potential landlords. Some of these topics are obviously more appropriate for second stage and post placement counseling, where more detailed and individualized information can be provided. Therefore, topics such as credit and housekeeping will only be dealt with generally during this session.

4. ETFHSC will continue to hand out an information packet at initial stage counseling sessions. These materials will expand on each of the topics discussed during the initial stage counseling meeting. The goal of this packet is to encourage as many class members to apply for second stage counseling as possible. Therefore this information will be designed not to overwhelm the potential client with either technical terminology or too much information.

H. Fair Housing Counseling

1. ETFHSC will train all staff on fair housing laws and issues so that fair housing violations can be identified, factually developed, and forwarded to HUD's FHEO;

2. ETFHSC will compile fair housing publications for use in all stages of counseling;

3. ETFHSC will actively encourage clients, class members and other residents of federally assisted and subsidized housing to notify ETFHSC staff of perceived violations of fair housing laws. ETFHSC will forward reported fair housing law violations to HUD's FHEO office;

4. The Housing Specialists will provide fair housing counseling at all stages of client counseling, as needed. Specifically, Housing Specialists will present an overview of fair housing laws at initial stage counseling, with emphasis on relating the information through real life factual scenarios.

5. During initial stage, second stage, and post placement counseling, the Housing Specialists will discuss the illegality of housing practices that are based on race, skin color or national origin, inclusive of familial status and handicapped accessibility. Because clients will be actively seeking housing during the second stage of counseling, relevant topics that will be covered include housing opportunities offered only in select neighborhoods, site-specific placement, "no children" policies, and selective placement based on prohibited actions/activities. Additionally, lease requirements under HUD rules and regulations and landlord obligations, tenant rights, duties and responsibilities under State law will be discussed. Finally, information on how and where to file a fair housing complaint will be provided, along with a complaint form. Clients will be assisted in completing complaints, as necessary;

6. ETFHSC will compile reported violations to document pattern and practice fair housing law violations by landlords, owners, and managers; and

I. Second Stage Counseling (Motivational Support)

1. From the first contact with the family, the FHSC will need to help families maintain a consistent and high level of enthusiasm and commitment to the program. For many families, the possibility of living in a new environment will be sufficient to energize their activities and strengthen their resolve. However, other families may be more timid about learning new skills (like finding available units and dealing with prospective landlords) or looking for units in unfamiliar locations. Keys to maintaining a family's motivation to succeed include:

    a. Provide detailed information to individual families about housing opportunities in desegregative areas;

b. Conduct individual sessions with each family about communities of interest to the family, including educational opportunities, housing, employment information, and transportation information;
c. Refer each family to at least three vacancies in desegregative areas in neighborhoods selected by the family;
d. Assist families in their housing search, as needed, including providing escorts and transportation to unfamiliar neighborhoods;
e. Assist in lease negotiation;
f. Provide assistance in passing landlord screening requirements;
g. Address fears directly and discuss them thoroughly; and
h. Assure the family that it has the continuing and active support not only of the FHSC, but also of an array of service providers available to solve particular problems;

2. ETFHSC will assist the client in determining which desegregative areas are of interest to the client and will provide detailed information about housing options for the areas designated by the client. Where DHOs exist in areas of interest to the client, ETFHSC will provide information including the address of the DHO, the prospective landlord's name, and the appropriate contact telephone number. ETFHSC will use the housing database discussed in subtask D.1 for this purpose, and will also provide information on the number of available units, number of bedrooms per unit, and other assorted information that will be of interest to ETFHSC clients.

3. ETFHSC shall provide class members with standardized instruction and handouts relating to house cleaning. House cleaning counseling will include:

    a. Appropriate handouts relating to the task of house cleaning;
    b. Instruction on why house cleaning should be important to the client;
    c. Assistance to the client in developing charts on cleaning tasks; and
    d. Assistance to the client in developing an individualized house cleaning plan.

4. ETFHSC shall provide class members with standardized instruction and handouts to assist the client in developing economic self-sufficiency. Self-sufficiency counseling will include:

    a. Instruction on the importance of economic self-sufficiently to the client;
    b. Instruction on budgeting for fixed and variable expenditures;
    c. Assistance in developing a budget suited to the individual client needs;

d. Instructions on maintaining a checkbook and avoiding overdrafts; and
e. Screening client for eligibility for social programs that may result in an increase in family income or resources. Referrals to social and advocacy agencies will be made, where applicable.

5. ETFHSC shall provide class members with standardized instruction and handouts relating to employment. Employment counseling will include:

   a. Helping the client develop a work history;
   b. Suggesting methods for searching for jobs;
   c. Developing an individualized employment search plan; and
   d. Providing a list of resources/agencies for supplemental employment counseling.

6. ETFHSC shall provide class members with standardized instruction and handouts regarding continuing education. Continuing education counseling will include:

   a. Assessment of client's educational background;
   b. Discussion of the benefits of continuing education for the client and their dependents;
   c. Development of an individualized education advancement plan; and
   d. Referral to social or civic organizations.

7. ETFHSC shall provide class members with standardized instruction and handouts on dealing with potential landlords. Instruction on this topic will include:

   a. Instruction on duties and obligations of tenants;
   b. Enhancing personal presentation;
   c. Developing checklist for landlord interview;
   d. Assisting the client in addressing potential landlord concerns; and
   e. Stressing the importance of post landlord interview follow up.

8. When the individual family indicates a need, ETFHSC shall offer the class member a move expense grant to help with rental deposits, utility deposits and moving expenses in the following amounts:

Maximum Moving Expense & Deposit Allocation			
1 BR	2 BR	3 BR	4 BR
$1,000	$1,000	$1,200	$1,400

9. ETFHSC shall provide class members with information on the availability of day care, the availability of indigent health care, and the location of various federal, state, local and private agencies that may be of assistance to the family.

J. Post-Placement Services.

1. Housing Specialists will continue to contact the family at move-in, 30 days post move-in and 90 days post move-in by letter to determine what additional assistance the family may need and to inform the family of the availability of post-placement services. Housing Specialists will document all required contacts. In home contacts will continue to occur as needed and requested.

2. Post-placement services will continue to include presentations and information about the Section 8 self-sufficiency program and relevant changes to the Section 8 Program, mediation services for disputes between the family and the landlord and/or the neighborhood, counseling to families on dispute resolution, facilitation of support networks among families moving to nearby areas, information about community resources such as educational and employment opportunities, parenting skills class, GED classes, and additional detailed information as needed on all topics listed in Subsections I.4 – I.8 and I.10;

3. Additional resources will be developed in conjunction with local church contacts, especially the African-American churches, particularly in the areas of neighborhood socialization and adjustments, transportation, school changes and other major changes that will occur with the family during the transition.

K. Class Members Who Receive A Desegregative Voucher

Under the court-approved settlement agreement, HUD in its final phase, will make available to class members 1,500 desegregative housing opportunities. ETFHSC will focus its placement efforts in the following counties during the balance of the grant:

Jefferson
Orange
Bowie
Houston

Angelina
Harrison
Lamar

L. DHOPHA Responsibilities

The receiving DHOPHA's will assist in the creation of 1500 desegregative housing opportunities as outlined in the DHO Program Guide through the use of turnover vouchers and other vouchers that may be provided.

M. Information

The FHSC shall designate specific personnel to respond to requests for information and requests for assistance from class members desiring to obtain a desegregative housing opportunity. The assistance to be provided shall include referrals of interested class members to public housing developments, and to programs other than low income public housing, that offer desegregative housing opportunities in East Texas.

1. Initial contact with class members will be made via an information letter with an enclosed ETFHSC Global Application and a postage prepaid return envelope. Upon receipt of the completed application, applicants will be entered into the class member database and invited to attend an initial stage counseling session.

2. Initial contacts by interested class members not attending an initial counseling session will be made via telephone to an ETFHSC office. The basic information will be obtained and if the class member is a resident of public housing, will be forwarded to the Regional Housing Counselor for further action. If the class member is a former resident or on the waiting list, they will be referred to the DHOPHA providing service in their county. ETFHSC will staff Housing Counselors/Real Estate Specialists in the following three Regional Offices:

   Texarkana
   Nacogdoches
   Beaumont

3. The ETFHSC Regional Office will be assigned to the following counties, and will be responsible for all client counseling in those counties, as well as all landlord development in those counties:

   Beaumont Regional Office:
   Hardin
   Jefferson
   Liberty
   Orange

Nacogdoches Regional Office:
Anderson
Angelina
Cherokee
Gregg
Henderson
Houston
Jasper
Newton
Panola
Polk
Rusk
Sabine
San Augustine
Shelby
Smith
Upshur
Van Zandt
Wood

Texarkana Regional Office:
Bowie
Camp
Cass
Delta
Franklin
Harrison
Hopkins
Lamar
Marion
Morris
Red River
Titus

4. ETFHSC, in consultation with HUD, will continuously evaluate workloads as the counseling activities of the Housing Specialists develop, and upon concurrence from HUD will reassign counties and/or PHAs as needed to evenly distribute the workloads of the Housing Specialists. ETFHSC will be administered from the Nacogdoches office.

N. HUD's Right to Request Information

1. The FHSC will collect and maintain the data related to its mobility counseling effort. This would include:

a. the number of class members seeking desegregated housing opportunities;
b. evidence of each family (class member) having been referred to at least three vacancies in desegregative areas in neighborhoods selected by the family;
c. the number of class members actually leasing units in non-impacted neighborhoods;
d. the number and name of housing providers recruited into the program; and
e. the number of class members assisted and number of hours staff members devoted to assisting families, and similar data as HUD may require.

2. Additional changes will be made to ETFHSC intake system as either HUD or ETFHSC perceive an additional need for information.

3. The staff of ETFHSC will work diligently so that any information requested by HUD can be supplied in a timely manner.

O. Administrative Requirements

The FHSC shall be required to adhere to the following administrative requirements in performing work under this award:

1. The FHSC shall provide HUD a report each month that provides statistical information on the number of FHSC clients that move to racially non-impacted neighborhoods in the litigation area during that period. This data must be provided to HUD by the tenth day of each month. Because the HAP Contract Date is the official move date for each DHO, ETFHSC will include in its monthly report all placements with HAP dates for that month that have been conveyed directly to ETFHSC by HUD's DHOPHAs or entered into HUD's CIS29 by the fifth day of the month following the reporting period. The report will include backup documentation to verify class member status and the non-impaction determination for the unit.

2. The FHSC shall provide HUD a report each quarter that provides statistical information on its clients to include the number of class members contacted, the number of class members counseled, the number of class members that move to racially non-impacted neighborhoods in the litigation area, and the number of class members that received post placement counseling. The report should also contain a brief narrative on the activities completed that quarter. This data must be provided to HUD 30 days following the end of a quarter and include the statistics for that quarter.

3. The FHSC shall also provide HUD an annual report with the same statistical data and a narrative on the activities for the entire year. This data must be provided to HUD by the 90th day following the end of a quarter.

4. The FHSC shall provide HUD a completed Financial Status Report, Standard Form 269A. The form must be provided to HUD annually 30 days after the end of the fourth quarter.

5. The FHSC shall provide HUD a copy of the Annual Financial Audit Report 30 days after receipt.

6. The FHSC shall provide HUD a close out report as specified in the Amended Grant Agreement, by March 15, 2005.

P. Monitoring

ETFHSC shall monitor the compliance of the providers of low-income housing in the class action area (low-income public housing and assisted housing) with the fair housing laws. The FHSC shall coordinate all monitoring activities with HUD.

1. ETFHSC will train all staff on fair housing laws and issues so that fair housing violations can be identified, factually developed, and forwarded to HUD's FHEO office;

2. ETFHSC will actively encourage clients, class members and other residents of federally assisted and subsidized housing to notify ETFHSC staff of perceived violations of fair housing laws. ETFHSC will forward reported fair housing law violations to HUD's FHEO office;

3. ETFHSC will compile reported violations to document pattern and practice fair housing law violations by landlords, owners, and managers.

4. Attempts by ETFHSC clients to obtain desegregative housing will be well documented and periodically scrutinized for evidence that specific housing providers might be violating fair housing laws. Any violations uncovered through this method will be forwarded to HUD's FHEO office;

5. Members of ETFHSC staff will periodically visit PHAs and other HUD assisted housing in the course of counseling. These staff members will be instructed to observe any violation of fair housing laws. Any observed violations of fair housing laws will be forwarded to HUD's FHEO office for further investigation.

DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

Texas State Office of Public Housing

Young v. Martinez Litigation

Desegregated Housing Opportunity Guide

YOUNG V. MARTINEZ LITIGATION

Desegregated Housing Opportunity Guide

Department of Housing and Urban Development
Texas State Office of Public Housing
801 Cherry Street, Fort Worth, TX 76113
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October 14, 2003

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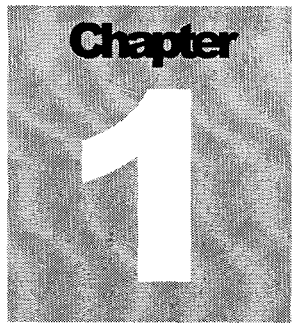
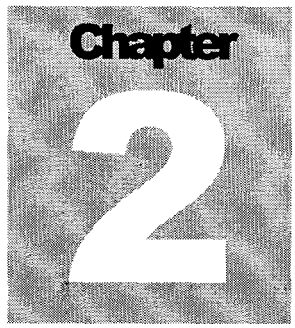


Desegregated Housing Opportunity Program Goal and Guide Purpose

The 2003 Settlement Agreement requires HUD to create 1,500 Desegregated Housing Opportunities (DHOs) in the East Texas Litigation area. HUD will continue the DHO Program to provide higher exception payment standards, landlord incentives, and class member assistance payments in order to provide DHOs for class members in the East Texas Litigation area. This program is only available to Young v. Martinez class members.

The purpose of this guide is to establish a written methodology to implement these initiatives within a framework that will enhance DHO creation. A DHO program to be continued in the 35-county litigation area will directly address the impediments associated with DHO creation. The DHO program will employ three initiatives to achieve the goal of increasing desegregated housing opportunities. HUD, the 25 Housing Authorities administering the Housing Choice Voucher program in the East Texas litigation area, and the East Texas Fair Housing Service Center (ETFHSC) will implement the initiatives. First, HUD will extend the waiver approving increased exception payment standards in 26 East Texas counties for *Young* class members (as defined in Chapter 9) who move into DHOs with Housing Choice Vouchers. Second, HUD will provide moving expense allocations to class members who move into a DHO. Third, HUD will provide landlord incentives to landlords who offer new and/or additional non-impacted units for rental by *Young* class members. The DHO program began March 14, 2002, and will continue until such time as the required total number of DHOs is achieved



Desegregated Housing Opportunity Program Public Housing Authorities (DHOPHA)

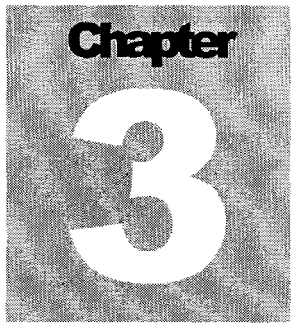
The 25 Housing Agencies in the East Texas Litigation area that administer the Housing Choice Voucher Program will implement the DHO program initiatives.

The 25 DHOPHAs that administer the Housing Choice Voucher Program in the East Texas litigation area and the counties included in each jurisdiction are:

Table 2.1

DHOPHA	County(ies)
1. Alto	Cherokee
2. Anderson County	Anderson, Smith
3. Ark-Tex COG	Bowie, Camp, Cass, Delta, Franklin, Gregg, Harrison, Hopkins, Lamar, Marion, Morris, Red River, Smith, Titus, Upshur, Wood
4. Athens	Henderson
5. Beaumont	Jefferson, Hardin, Orange
6. Beckville	Panola
7. Dekalb	Bowie
8. DETCOG	Angelina, Houston, Hardin, Jasper, Newton, Polk, Sabine, San Augustine, Shelby, Tyler, Cherokee, Henderson, Anderson
9. Edgewood	Van Zandt

Table 2.1 (continued)	
DHOPHA	**County(ies)**
10. Henderson	Rusk
11. Jacksonville	Cherokee
12. Jefferson	Marion
13. Liberty County	Liberty
14. Livingston	Polk
15. Longview	Gregg
16. Marshall	Harrison, Gregg, Marion, Panola, Rusk, Upshur
17. Orange	Jefferson, Hardin, Orange
18. Paris	Lamar
19. Pittsburg	Camp
20. Port Arthur	Jefferson, Hardin, Orange
21. Rusk	Rusk, Smith
22. Tatum	Rusk
23. Texarkana	Bowie
24. Tyler	Smith
25. Wills Point	Van Zandt



Desegregated Housing Opportunity Program Funding

The 25 Housing Agencies will receive funding to support the DHO program initiatives from the sources discussed below.

The Desegregated Housing Opportunity Public Housing Authorities (DHOPHAs) will utilize their current voucher allocation to create DHOs. The average rate of turnover vouchers at each DHOPHA will adequately support the DHO Program. Each DHOPHA must utilize 50 percent of these turnover vouchers for the DHO Program. A DHOPHA that has voucher allocated for litigation purposes only (DHO vouchers) will continue to use those for class members placed in a DHO by ETFHSC.

Table 3.1 identifies "Extraordinary Administrative Fees" the DHO can request/claim on a Budget and Year End Settlement Statement to support the DHO program initiatives.

Table 3.1

Fee Amount	Extraordinary Administrative Fees	Reference DHO Guide
$250 per placement	Placement Expense Payment	Chapter 11
Up to $1000	Cost Reimbursement Fees For Landlord Incentives	Chapter 6
$1500 per each DHO Voucher	One-Time additional fee for Each class member family placed in a DHO	Chapter 12

Both the cost reimbursement fees and the one-time fees are provided consistent with the criteria of 24 CFR 982.152 (ii) as it has been demonstrated that DHO-eligible families have experienced difficulty in finding or renting appropriate housing necessary to satisfy the requirements of the Consent Decree.

The DHOPHA's Total Annual Contributions Available (Annual Budget Authority and ACC Reserves) will be used to cover any extraordinary administrative fees identified herein and the increase in the exception payment standard identified in chapter 4. If total available funds are insufficient to cover these costs then additional funds will be requested in accordance with PIH Notice 2002-6.

All funds shall be provided in accordance with HUD rules, regulations, and procedures relating to the payment of Section 8 extraordinary administrative fees. The following identifies specific procedure the DHOPHA is to use for identifying these fees on their budget (or revised budget) and year-end settlement statement.

Budget:

1. HUD Form 52673, Estimate of Total Required Annual Contributions: On line 20 identifying the extraordinary fee (placement expense payment, cost reimbursement, one-time fee) and the estimated cost.

2. HUD Form 52663, Requisition of Partial Payment of Annual Contributions: On line 12 show the amount of the extraordinary fee budgeted.

Note: There is no special requirement for identifying the higher exception payment standard that will be used in determining HAP for the DHO program. The DHOPHA can combine the HAP for DHO and non-DHO units on the HUD Form 52672, Supporting Data for Annual Contributions Estimates.

Year End Settlement Statement:

HUD Form 52681, on Line 18 identifies the extraordinary administrative fees being claimed and the actual costs associated with these fees. A summary list of all DHO Placements and payments made must be submitted with form HUD 52681.

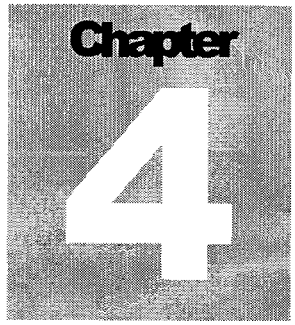
DHOPHAs shall submit the above documents to their Financial Analyst at the Section 8 Financial Management Center.

DHOPHAs are entitled to cost reimbursement fees for landlord incentives and extraordinary administrative fees for nonrefundable security deposits in a circumstance where there is no legitimate basis for the class member to refuse the offer of a DHO unit. In order to receive the fees, the DHOPHA must document that:

1. The class member was offered mobility counseling,
2. The class member was referred by the ETFHSC or a DHOPHA to a landlord who is willing to accept the voucher,
3. The unit is in a non-impacted area,
4. The unit passes HQS,
5. The unit is located outside an area of racial hostility, and
6. There is no legitimate basis to refuse an offer (limited to remoteness to jobs or day care and lack of adequate and feasible transportation).

This information should be included in the monthly "Reporting Period Summary" to HUD.

The DHOPHA should follow the same procedures as discussed above in order to receive payment for nonrefundable application fees. Additionally, the DHOPHA must document the above information in the monthly report to HUD.



Exception Payment Standard

Based on an analysis of market rental data, the Office of Policy Development and Research recommended exception payment standards in certain counties in the East Texas litigation area. Subsequent to those recommendations, the Assistant Secretary for Public and Indian Housing approved a waiver that further increased exception payment standards for **class members** *who moved to non-impacted neighborhoods in 27 counties in the litigation area.*

Each DHOPHA shall adopt the percentages in Table 4.1, which shall be used by the DHOPHAs in calculating the maximum exception payment standard amounts for the counties in their jurisdiction(s). The exception payment standard amounts are to be used exclusively when a class member leases a unit in non-racially impacted census blocks (as defined by the Final Judgment and Decree, and later modified by the Judicially approved Neighborhood Maps). Further, in counties with exception payment standards originally approved at less than 110 percent of the FMR, the DHOPHA shall use 110 percent of the FMR (as allowed by 24 CFR § 982.503) in non-racially impacted census blocks as shown in Table 4.1. The exception payment standard can be paid only when the rent is determined to be reasonable when compared to unassisted rental units (see Chapter 5).

Table 4.1	
County	**Percentage of FMR for Use in Non-Impacted Neighborhoods**
Camp	120%
Houston	120%
Jasper	110%
Liberty	114%
Morris	110%
Newton	110%
Sabine	110%
San Augustine	117%
Tyler	120%

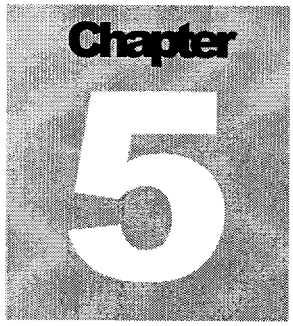
Each DHOPHA with jurisdiction in the counties included in Table 4.2 shall adopt the exception payment standard percentages in Table 4.2 for that county. The exception payment standard percentage shall be used by the DHOPHA in calculating the maximum exception payment standard amount. The exception payment standard amounts are to be used exclusively when **class members** lease units in non-racially impacted census blocks (as defined by the Final Judgment and Decree, and later modified by Judicially approved Neighborhood Maps).

Table 4.2	
County	Percentage of FMR for Use in Non-Impacted Neighborhoods
Angelina	163%
Anderson	136%
Bowie	142%
Cass	135%
Cherokee	138%
Delta	138%
Franklin	137%
Gregg & Upshur	155%
Hardin	142%
Harrison	142%
Henderson	133%
Hopkins	123%
Jefferson & Orange	142%
Lamar	137%
Marion	141%
Nacogdoches	148%
Panola	119%
Polk	126%
Red River	132%
Rusk	135%
Shelby	128%
Smith	145%
Titus	142%
Van Zandt	132%
Wood	135%

The Department used the following method to approve the increased exception payment standards. As HUD received market rental data, the data was analyzed by the Field Office and forwarded to Headquarters on a county-by-county basis. The Assistant Secretary for Public and Indian Housing approved the increased exception payment standard for the respective county by the amount the data supports and in accordance with the formula set forth in the paragraph below. The Assistant Secretary for Public and Indian Housing also issued the necessary waivers to implement the new exception payment standard in each county.

In order to substantially increase the number of units available to class members throughout the East Texas litigation area, HUD compiled data that included those properties, (1) where landlords were willing to participate in the Section 8 program; (2) that were suitable; and (3) that were located in non-impacted neighborhoods. After inspecting the property list for each jurisdiction, a median rent by bedroom size was calculated in order to make available to class members 50 percent of the units not previously reached by the payment standard in place. The increase to the exception payment standard was the percentage amount necessary to reach the median rent for each bedroom size. Based on the data for these communities, HUD approved increased exception payment standards..

The maximum exception payment standard shall be used to compute the amount of housing assistance payment (HAP) for class members moving to units in racially non-impacted neighborhoods for the duration of the DHO Program. The increased exception payment standard shall remain in effect for a family originally placed in a unit through the DHO Program as long as such family continues to lease a unit in a non-impacted census block with continued voucher assistance. The payment for a family assisted under the DHO Program shall not be reduced during this period.



Rent Reasonableness

In accordance with 24 CFR § 982.507, the DHOPHA may not approve a lease for a class member moving to a unit in a racially non-impacted neighborhood until the PHA determines that the initial rent to owner is a reasonable rent.

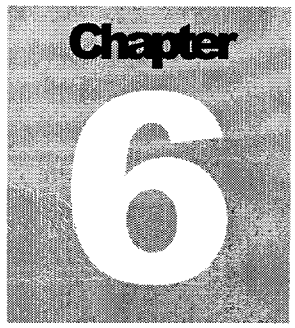
Each DHOPHA must determine whether the rent to the owner of the unit considered for a DHO is a reasonable rent in comparison to rent for other comparable unassisted units. If the DHOPHA's rent reasonableness database does not have sufficient data to make a determination, the DHOPHA shall immediately make additions to the comparability study to include comparable units from comparable neighborhoods in the area surrounding the neighborhood in question. These units should be used in assessing the rent reasonableness of a DHO unit. The ETFHSC maintains a database with addresses of units located in non-impacted neighborhoods. The ETFHSC shall provide the DHOPHAs with these addresses and update the data on a regular basis. When the rent for a unit located by the ETFHSC cannot be determined as reasonable because of lack of similar units to compare to, the DHOPHA shall contact the Office of Public Housing for a determination.

PHAs must ensure that rents charged by owners to housing choice voucher program participants are reasonable. This determination involves two comparisons. First, the PHA must compare the rent for the voucher unit to rents for similar unassisted units in the marketplace. Second, the PHA must compare the rent to rents for similar units on the premises.

In conducting rent reasonableness, the PHA must determine whether the rent to the owner is a reasonable rent in comparison to rent for other comparable unassisted units. In determining comparability, the PHA must consider:

- ✓ Location, quality, size, unit type, and age of the contract unit, and
- ✓ Amenities, housing services, maintenance, and utilities the owner must provide under the lease.

For more information on rent reasonableness, refer to Chapter 9 of the Housing Choice Voucher Guidebook.



Landlord Incentives

One-time fees are provided consistent with the criteria of 24 CFR 982.152 (ii) as it has been demonstrated that DHO-eligible families have experienced difficulty in finding or renting appropriate housing necessary to satisfy the requirements of the Consent Decree.

DHOPHAs are authorized to provide an incentive payment to owners of properties located in racially non-impacted census blocks who make the property available to a class member participating for the first time in the DHO program. In order for a landlord to receive the incentive, the unit must meet all of the following criteria:

1. The unit shall be determined to be non-impacted pursuant to the process outlined in Chapter 8 herein;

2. The unit shall be leased by a class member, as evidenced by an executed lease; and

3. The unit shall be approved by the DHOPHA and offered for rent through the DHOPHA's Housing Choice Voucher program, as evidenced by an executed HAP contract.

Table 6.1 sets forth the landlord incentive that shall be offered for a qualifying multi-family unit[1].

[1] Multi-Family project is defined in HUD Handbook 4560.1 - Mortgage Insurance for Multifamily Moderate Income Housing Projects, Section 221(d)(3) and Section 221(d)(4) as a building with five or more units. Individually owned units such as townhomes, will be regarded as single-family units.

Table 6.1 Multi-Family Units	
Bedroom Size	**Incentive Amounts**
1	$500
2	$600
3	$700
4	$800
4 plus	$900

Table 6.2 sets forth the landlord incentive that shall be offered for a qualifying single family home.

Table 6.2 Single Family Home	
Bedroom Size	**Incentive Amounts**
1	$500
2	$700
3	$800
4	$900
4 plus	$1000

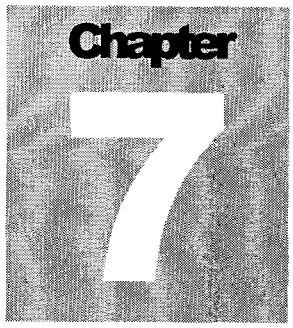
The landlord incentive of $1000 shall be offered for a unit modified to qualify as handicapped accessible, regardless of bedroom size, when it is leased to a family with a handicapped family member. This unit must be wheelchair accessible according to the Uniform Federal Accessibility Standard. The landlord must also provide the necessary accommodation for a resident who is sight or hearing impaired. The unit must have an accessible route into and through the unit.

The landlord incentive is paid in the amount designated for the actual bedroom size leased.

The DHOPHA shall mail the incentive check by first class postage to the landlord with the HAP check. In the event that the tenant cannot move into the unit for reasons beyond the control of the class member; e.g., the landlord does not correct a Housing Quality Standard (HQS) deficiency, the DHOPHA shall not pay the landlord incentive. (See Page 6 for the circumstance when the landlord will be paid.)

The DHOPHA will strive to achieve the smooth, efficient, and expedient issuance of landlord incentive checks.

In addition to the DHOPHA's internal accounting records, the DHOPHA shall enter all data concerning the landlord incentive in CISN29, see the CISN29 Users Manual for details on completing these data fields. Additionally, the data must be included on the "Reporting Period Summary" submitted monthly to the Office of General counsel.



Class Member Assistance Payments

Cash grants shall be paid to class members moving to desegregated housing opportunities in the East Texas litigation area who would otherwise suffer a financial hardship if they were required to bear the costs of moving.

The class member shall be eligible for class member assistance payments pursuant to the terms contained herein.

The funding for security deposits shall be provided to the class member as a grant. The grant shall be structured so as to provide a "buy in" or "incentive" to each class member. At the end of the occupancy the security deposit (minus any lawful deductions) shall be refunded directly to the class member.

The funding for moving expenses for stoves, refrigerators, vacuum cleaners, and lawn mowers shall be provided to the class member as a grant.

Each DHOPHA shall release moving expense funds on behalf of or to a class member in an amount not to exceed the maximum moving expense and deposit allocation indicated in Table 7.1, which is based on the actual bedroom size leased.

Table 7.1

Maximum Moving Expenses & Deposit Allocation				
1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	4 Plus Bedrooms
$1,000	$1,000	$1,200	$1,400	$1,500

The Housing Counselor may request that a check be issued for moving expenses. The Requisition for Check form used for this purpose shall be approved by each DHOPHA. In the extraordinary situation where a DHO is likely to be lost unless immediate action is taken, the Housing Counselor shall request a check be issued within one business day of the receipt of a Requisition for Check. Additionally, in certain extraordinary situations it may be necessary for the DHOPHA to provide a security deposit check directly to a class member to avoid the delay associated with mailing the check to the landlord. In this situation, the DHOPHA shall allow the class member to pick up the check for hand delivery to the landlord.

Each DHOPHA shall approve a ledger form for use by the Housing Counselor in documenting moving expenses paid to or on behalf of a class member. Each Housing Counselor shall maintain a ledger for each class member and it will be kept in the class member's file at all times.

The first entry on the ledger shall indicate the class member's maximum moving expense allocation, per Table 7.1. The Housing Counselor shall enter each allowable moving expense on the ledger at the time that each allowable moving expense check is issued.

The following items shall be paid directly by the DHOPHA in the order specified:

1. Application fees and/or security deposit paid directly to the landlord;

2. Utility deposits paid directly to the utility companies;

3. Stove and/or refrigerator expense, paid directly to the stove/refrigerator provider; and

4. Moving expenses paid directly to the class member (moving equipment, movers, boxes, tape, and other expenses directly related to the physical move);

5. Vacuum cleaner and/or lawnmower expense (if authorized by the class member), paid directly to the vacuum/lawnmower provider.

It is permissible for the DHOPHA to reimburse the class member or appropriate individual directly when a deposit was required to secure a unit prior to the DHOPHA issuing the check to the landlord or utility company.

At the time the security deposit check is issued to the landlord, the DHOPHA shall obtain the landlord's signature on a Security Deposit Agreement. The purpose of the Security Deposit Agreement is to ensure the return of the security deposit to the DHOPHA in the event that the class member does not move into the unit due to:

1) The landlord's failure to execute the required HAP contract;

2) The landlord's failure to execute the lease with the tenant;

3) The failure of the unit to pass HQS inspection;

4) The failure of the unit to pass rent reasonableness standards; or

5) Any other failure of the class member to lease the unit that is not solely the fault of the class member.

In the event that the class member does not lease the unit and the security deposit is not refunded to the DHOPHA pursuant to the Security Deposit Agreement because the failure to lease the unit was solely the fault of the class member, the class member shall not be eligible for the balance of the moving expense allocation until the class member has repaid the amount of the forfeited security deposit to the DHOPHA.

If a desegregated housing opportunity to which a class member is moving lacks either a stove or refrigerator and the prospective landlord is unwilling to furnish the item, the DHOPHA shall offer to use the balance of the moving expense allocation available to the class member for the acquisition of the items, due to the fact that they are required items for HQS inspection. The DHOPHA shall inform the class member that the amount allocated toward these items will be deducted from the class member's moving expense allocation. The DHOPHA shall review the remaining moving expense allocation with the class member, who will then either assist in the acquisition of these items, or reject the offer for assistance.

Moving expenses shall be based on the actual bedroom size leased, and shall be paid directly to the class member without supporting documentation according to the amounts set forth in Table 7.2. Moving expenses exceeding the amounts set forth in Table 7.2 must be supported by documentation such as receipts, bills, invoices, etc

Table 7.2				
Moving Expense Grant by Bedroom Size				
1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	4 Plus Bedrooms
$200	$250	$375	$450	$525

If a desegregated housing opportunity to which a class member is moving requires either a vacuum cleaner and/or a lawnmower, the DHOPHA shall offer to use the balance of the moving expense allocation available to the class member for the acquisition of the items, due to the fact that they will assist the class member in maintaining the DHO unit. The DHOPHA shall inform the class member that the amount allocated toward these items will be deducted from the class member's moving expense allocation. The DHOPHA shall review the remaining moving expense allocation with the class member, who will then either assist in the acquisition of these items, or reject the offer for assistance.

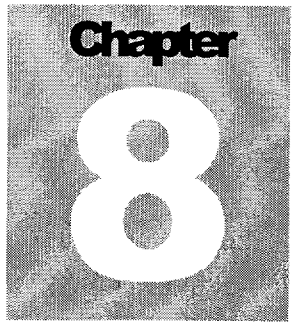
The class member will be required to sign a form at the time of the regular briefing acknowledging that the class member understands the terms of the assistance payments.

The class member shall provide the DHOPHA a receipt for any expenses that the DHOHA does not issue the check directly to the landlord, utility company, or vendor except for the moving expenses set forth in Table 7.2.

When a class member must relocate from a DHO unit for any reason approval must be received from HUD and Plaintiffs' counsel in order to count the move as a DHO and pay moving expenses. The DHOPHA and/or ETFHSC should forward a request for determination via electronic mail and include the circumstances surrounding the need for relocation. The request should be sent to:

Robin_L._Barton@hud.gov

In addition to the DHOPHA's internal accounting records, the DHOPHA shall enter all data concerning the class member assistance payments in CISN29, see the CISN29 Users Manual for details on completing these data fields. Additionally, the data must be included on the "Reporting Period Summary" submitted monthly to the Office of General counsel.



Verifying Non-Impacted Census Blocks

The term "non-minority census block" as used in the Final Judgment and Decree, shall mean a census block that satisfies the criteria for a non-minority census block set forth in §§ 6, 15, and 28 of the Declaration of Timothy David Craig, dated June 13, 2001, and that has been designated as a non-minority census block on a court-approved neighborhood map for that jurisdiction. Notwithstanding the foregoing, a census block will not be regarded as a non-minority census block if social factors, including isolation from community services, indicate that the census block should be regarded as a minority census block.

Prior to issuing landlord incentive checks or assistance payments to class members, the DHOPHA must verify that the unit is located in a non-impacted census block by requesting a determination from the Fort Worth Office of General Counsel (OGC). Similarly, prior to adding a unit to a referral list, the DHOPHA must verify that the unit is located in a non-impacted census block. The ETFHSC shall make determination on the properties for ETFHSC clients.

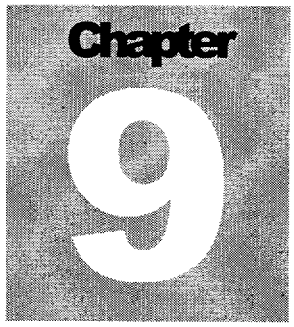
To receive a determination on the property, the DHOPHA must first complete a *Unit Fact Sheet.* Then the DHOPHA shall contact OGC. The points of contact are Erin Allen, Debbie Holland, and Wanda Holiday. The DHOPHA will forward a request for determination via electronic mail and include the address of the property and a name and phone number of the individual at the DHOPHA who is available to answer any questions that might arise. The request should be sent to all three of the electronic mail addresses below:

erin_e._allen@hud.gov
debbie_l._holland@hud.gov
wanda_f._holiday@hud.gov

The DHOPHA will receive an electronic message with the determination and the census block and tract. Additionally, the DHOPHA will receive a map indicating the location of the unit via facsimile. The electronic message determination and the map must be attached to the *Unit Fact Sheet.* Any questions or concerns regarding this process should be directed to Erin Allen at (817) 978-5926, Debbie Holland at (817) 978-5999, or Wanda Holiday at (817) 978-5923.

The DHOPHA will include the Unit Fact Sheet with determination in the monthly "Reporting Period Summary" (see Chapter 12) and will be submitted in HUD's quarterly report to the Court.

If a class member finds a possible DHO unit that is located in an unmapped census block; i.e., the unit appears to be in a census block outside the court-approved mapped areas of the East Texas cities, and the class member thinks the unit would be appropriate for his or her family, the class member should sign the UNIT FACT SHEET and be the unit will be counted as a DHO.



Class Member Status Verification

In 1987, the Court approved HUD's appeal to limit the plaintiff class in the Young litigation to applicants for and residents of all traditional low-income housing programs owned by public housing authorities in the 36 East Texas counties.

Before credit can be given for providing a class member a desegregated housing opportunity, HUD must provide the Court verification of class member status. As defined above, a class member is an African American applicant for or resident of public housing.

As part of the monthly "Reporting Period Summary" to HUD, the DHOPHA must provide verification for each class member placed in a unit located in a non-impacted neighborhood in the litigation area. The verification will be included in the documentation supporting each DHO created. To ascertain if the individual has ever resided at or applied for public housing in the 36 counties, the DHOPHA and the ETFHSC may begin the process by entering the head of household's social security number or the last name in the class member verification search feature in CISN29. If any Housing Authority has ever recorded data on this individual in CISN29, the class member's name and the Housing Authority's name will be displayed on the screen. If the name appears on the screen, refer to the CISN29 Users Manual for detailed instructions on how to proceed.

If the class member status cannot be verified through CISN29, the DHOPHA or ETFHSC must obtain documentation as follows. For individuals claiming class member status through residency in low-income public housing, the required verification is a copy of the lease agreement between the class member or class member's head of household and the public housing authority, indicating the class member's residency in low-income public housing and the date of the tenancy. Another form of acceptable verification is the form HUD-50058 that also indicates the class member's residency in low-income public housing and the date of tenancy. Please note that a class member need not be the head of household, but is required to currently live or have lived in low-income public housing.

For individuals claiming class member status through their presence on a low-income public housing waiting list, the required verification is either:

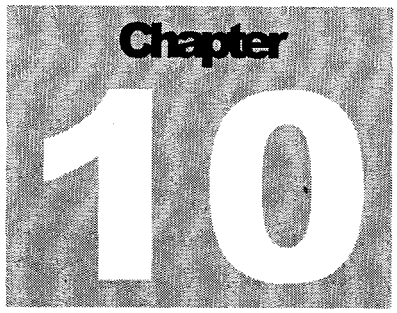
1. A copy of the application for low-income public housing completed by the class member or indicating the class member's status as a family member of an applicant and the date of the application;

2. A copy of the low-income public housing waiting list indicating the class member's name or status as a family member of an applicant and the date of the application. **or**

3. A letter from a PHA offering a public housing unit.

In some cases, a class member may have applied or resided at a Housing Authority other than the DHOPHA that will administer the DHO voucher. The DHOPHA must request the documentation to verify class member status from the sending Housing Authority. The DHOPHA will request the documentation by sending via facsimile or electronic mail a "Request for Class Member Status" form. All Housing Authorities in the litigation area will be charged with completing and returning the form with documentation via facsimile or electronic mail as expediently as possible.

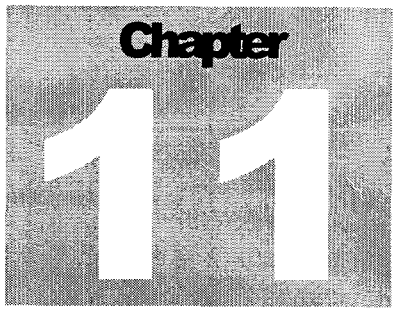
In the event that none of the above forms of verification can be located, the Executive Director must document the reason(s) for the missing data and certify that the family either resides in or applied for low-income public housing in order to verify class member status.



Class Member Preference

Desegregated Housing Opportunities shall be offered, first, to class members residing in predominately African American low-income public housing projects, second, to class members who are on a waiting list for low-income public housing as of the Final Judgment and Decree, and third to class members who apply for low-income public housing subsequent to the Final Judgment and Decree.

To provide DHOs to class members through the Housing Choice Voucher program, the DHOPHA shall adopt a class member preference. The class member preference shall have a weight greater than any other local preference the DHOPHA might already have. Only an African American applicant for or resident of low-income public housing who qualifies for voucher assistance and locates an affordable unit in a verified racially non-impacted census block qualifies for the preference. Chapter 11, Administrative Process, includes the procedure for applying the class member preference.



Administrative Process

On March 14, 2002, Michael Liu, Assistant Secretary for Public and Indian Housing, adopted a Desegregated Housing Opportunity (DHO) Program that authorizes the expansion of the Demonstration Program initiatives to all 35 counties in the East Texas litigation area.

Significant to the DHO Program is ensuring that all class members are contacted and provided the opportunity to participate in the program. To make certain this is accomplished, HUD will assist the ETFHSC and the DHOPHAs in a course of action that insures that class members throughout the 35-county area are thoroughly briefed on the benefits of the program and presented an opportunity to participate.

In addition to class member applicants for and residents of their own public housing sites, certain DHOPHAs will be assigned to housing authorities in their same jurisdiction that do not administer the Housing Choice Voucher program. The chart below indicates those Housing Authorities for which DHOPHAs will be responsible. (Please note that this table includes only those DHOPHAs assigned to non Section 8 PHA(s).)

Table 11.1

DHOPHA	Non Section 8 PHAs
1) Ark-Tex COG	New Boston, Maud, Clarksville, Detroit, Bogata, Avery, Cooper, Cumby, Como, Mount Vernon, Talco, Mount Pleasant, Naples, Omaha, Daingerfield, Atlanta, Linden, Hughes Springs, Avinger, Alba, , Winnsboro,
2) Athens	Malakoff
3) DETCOG	Huntington, Diboll, Grapeland, Crockett, Jasper, Kirbyville, Newton, Corrigan, Hemphill, Pineland, San Augustine, Center, Timpson, Tenaha, Woodville

Table 11.1 (continued)	
DHOPHA	**Non Section 8 PHAs**
4) Edgewood	Fruitvale, Grand Saline
5) Henderson	Overton
6) Liberty County	Cleveland, Dayton
7) Longview	Gladewater
8) Paris	Blossom, Deport
9) Texarkana	Bowie County
10) Tyler	Gilmer, Big Sandy. Van, Mineola

In order to ensure that all class members are informed about the DHO Program, HUD and the DHOPHA will coordinate with the ETFHSC to continue the outreach efforts currently underway. This will include the use of mailings to public housing residents and applicants, holding meetings at public housing sites, and publicizing these meetings using flyers and posters at the sites.

DHOPHA staff will provide a comprehensive presentation of the DHO program. Whenever possible, HUD staff will attend initial stage counseling sessions and provide an introductory presentation of the DHO Program.

In addition to administering the Housing Choice Voucher program waiting list and making offers in accordance with the Administrative Plan, the DHOPHA's will identify all class member applicants for the Housing Choice Voucher program (class member status must be verified first). Next the DHOPHA shall contact interested applicant class members by date and time of application to attend a briefing on the DHO Program.

Any Section 8 applicant class member interested in participating in the program will then be screened for eligibility in accordance with the DHOPHA's administrative plan. An interested class member determined to be eligible for the Housing Choice Voucher program will attend a detailed mobility briefing that includes procedures for locating and securing a unit in a non-impacted census block.

At the mobility briefing, the class member will be given a list of properties in non-impacted neighborhoods as well as the resources available in those neighborhoods. The class member will receive a *Letter of Intent to Issue a Voucher* to present to prospective landlords and a *Request for Tenancy Approval* to complete when the class member has located a suitable unit.

The class member will be briefed on both forms. The *Letter of Intent to Issue a Voucher* informs the landlord that the class member is entitled to receive Housing Choice Voucher assistance at a DHO approved property and provides the landlord with a point of contact at the DHOPHA. Upon locating a unit, the class member will submit to the DHOPHA the address and/or location of the property for verification of DHO status. The DHOPHA will notify the class member of

the unit's DHO status. If the DHOPHA confirms the property as a DHO, the *Request for Tenancy Approval* will be returned to the DHOPHA once the landlord and class member have reached an agreement regarding the property.

Once the DHOPHA receives a *Request for Tenancy Approval,* an inspection of the property shall be arranged immediately. Upon completion of the inspection, the inspector shall notify the landlord of all necessary remedial actions. Once the unit passes HQS and the rent is determined to be reasonable, the voucher will be issued and a HAP contract shall be prepared. At this time, the class member is awarded the class member preference and all required data is entered in CISN29 to properly record the DHO (see Chapter 12). When the lease and HAP contract are executed, the DHOPHA issues the HAP check and landlord incentive check (see Chapter 6). Also, the class member's name is removed from the Section 8 waiting list.

At the time that all transactions are completed, the class member will be provided a toll-free telephone number to contact HUD staff concerning the DHO Program or any other issues that might arise.

Throughout the process of negotiating the lease and ensuring the unit passes HQS, the class member shall receive assistance payments when required. For example, in order to hold the unit, a security deposit may be issued. At the same time a security deposit is issued, the DHOPHA must also obtain the landlord's signature on the Security Deposit Agreement (see Chapter 7).

Turnover Vouchers

Each DHOPHA must utilize 50 percent of turnover vouchers for the DHO Program. By the fifth day of each month, the DHOPHA must provide a utilization report via electronic mail that includes, as of the first day of that month, the number of vouchers under lease, the number of vouchers issued to families searching, and the number of vouchers that became available the preceding month. The report should be sent to:

Robin_L._Barton@hud.gov

Based on the number of vouchers made available during the previous month, the DHOPHA will determine if there are sufficient vouchers to support a DHO Program Briefing. If so, the DHOPHA will proceed as outlined above. If not, the DHOPHA will postpone until the number of vouchers is sufficient to support a briefing.

Annual Recertification Process

One hundred and twenty days prior to the term of their lease, class members residing in units located in racially impacted areas will be contacted to attend a DHO Program Briefing. All class member Housing Choice Voucher Program participants interested in relocating to a racially nonimpacted neighborhood will be issued a *Letter of Intent to Issue a Voucher* and a *Request for Tenancy Approval.* The DHOPHA will proceed as outlined above and provide the class member assistance in locating a unit.

The ETFHSC – DHOPHA Partnership

The ETFHSC shall continue its counseling services designed to provide information and counseling to class members with an emphasis on public housing resident families in the designated counties (Jefferson, Orange, Lamar, Bowie, Houston, Angelina, and Harrison). The ETFHSC will work with and through the DHOPHAs to expand and improve current mobility programs.. The ETFHSC shall continue to make referrals of class members to the DHOPHAs. The referral of a class member by ETFHSC shall occur after the class member has attended, at a minimum, an initial stage mobility counseling session and after the ETFHSC verifies class member status. The ETFHSC should verify class member status through CISN29 by checking the class member verification status report. The class member status verification is obtained by accessing the *Class Member* option in the Report Dashboard under *Reports* option. If the applicant is not verified in CISN29 as a class member, the ETFHSC shall contact the DHOPHA who administers the voucher program for that area and request the DHOPHA obtain class member verification. All class members who indicate an interest in participating in the ETFHSC mobility-counseling program at the initial stage counseling session shall be referred to the DHOPHA for an eligibility determination. At the initial stage counseling session, the ETFHSC will ensure that class members know that participation in the DHO Program is dependent on the eligibility determination. ETFHSC shall offer second stage mobility counseling to the class member, but the referral process shall not be contingent upon second stage mobility counseling. ETFHSC's written referral of a class member to the DHOPHA for an eligibility determination shall consist of the following documentation:

1) ETFHSC Referral transmittal letter;
2) ETFHSC *Global Application*;
3) Executed *Authorization for the Release of Information/Privacy Act Notice* (HUD-9886),
4) Executed *Authorization for the Release of Information*,
5) Executed *Verification of Income/Employment* form used by the DHOPHA
6) ETFHSC *Request for Eligibility and Briefing*, and
7) Class member status verification.

In making referrals to the DHOPHA, ETFHSC shall distinguish between routine referrals for class members who have not yet located a DHO unit and referrals of class members who have already located a DHO unit. Referrals of class members who have

already located a DHO unit shall be processed immediately by the DHOPHA. The DHOPHA shall expedite the eligibility determination, briefing and HQS inspection in order to avoid the loss of the DHO.

Following the DHOPHA's determination of the class member's eligibility, the DHOPHA shall complete the *Request for Eligibility and Briefing* form and return it by fax to ETFHSC.

The DHOPHA shall indicate whether the class member is eligible for Section 8 program participation on the *Request for Eligibility and Briefing* form. If the class member is eligible, the DHOPHA shall indicate the date and time of the scheduled Section 8 program briefing. If the class member is not eligible, the DHOPHA shall indicate the facts supporting the DHOPHA's determination that the class member is not eligible for program participation.

The DHOPHA shall notify the class member in writing of the date and time of the Section 8 program briefing.

The class member shall bring to the briefing the following documentation:

1) Social security numbers of each and every household member; and
2) Birth records, birth certificates, or other acceptable means of documenting familial status.

A class member who fails to bring the required documentation may attend the briefing, but will not be issued either a *Letter of Intent to Issue Voucher* or *Request for Tenancy Approval* forms until the documentation has been received by the DHOPHA. The DHOPHA shall utilize the *Request for Eligibility and Briefing* form to advise ETFHSC in writing of a class member's failure to bring all required documentation to the briefing.

The DHOPHA shall utilize the *Request for Eligibility and Briefing* form to notify ETFHSC in writing of the date that the class member completes the briefing process.

The DHOPHA shall issue a *Letter of Intent to Issue Voucher* and *Request for Tenancy Approval* forms to each class member at the time that the class member completes the briefing process.

The DHOPHA shall use CISN29 to track certain elements of the DHO leasing process, including the following:

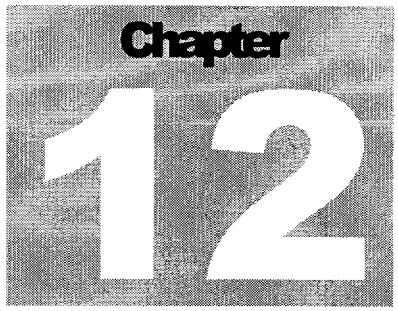
1) The date the DHOPHA issues the *Request for Tenancy Approval* forms to the class member;
2) The date the class member returns the completed *Request for Tenancy Approval* forms to the DHOPHA;
3) The date the unit passes the HQS inspection;
4) The HAP contract date.

The DHOPHA must enter this data into CISN29 upon completion of each individual action.

The DHOPHA shall send the ETFHSC send via electronic mail notification either upon the execution of the HAP contract, or upon the DHOPHA's determination that a lease will not be executed for the DHO unit. The notification should include the head of household's name, address of the DHO unit, the family's portion of the rent, and the date of the HAP contract.

The DHOPHAs and ETFHSC shall provide documentation required by one another via facsimile or electronic mail in an effort to avoid delay and potential loss of DHOs. Each party shall take appropriate action (Unit Fact Sheet, check issuance, scheduling of HQS inspections, briefing, etc.) upon the receipt of a facsimile or electronic mail of documentation.

For success of the program, it is important that the DHOPHAs and the ETFHSC follow up with class member activities throughout the entire process and communicate the status of the family to all parties involved.



Reporting Process

HUD will provide a tracking system to track all data required for reporting DHO creations to the Court.

HUD's Young Implementation Office has provided CISN29 to record all data necessary to track DHOs. The system will be capable of producing reports that show class member name, address, landlord information, census block and tract, amount of landlord incentives, and amount of cash assistance payment. CISN29 also will be used by the DHOPHA to record this data on class members that were referred by the ETFHSC.

Each DHOPHA shall ensure that the data in CISN29 is accurate and up-to-date. All data regarding a completed DHO transaction must be entered in CISN29 within two days of executing the HAP contract. The applicant and resident screens shall be completed as soon as the activity occurs relating to class member moving to a DHO unit. For detailed instructions on how to enter the data, see the CISN29 Users Manual. For further assistance with CISN29, contact the Young Implementation Office at (817) 978-9401 or J-QUAD at (877) 913-6795.

If a class member applicant is not already entered into the CISN29, the DHOPHA must enter the applicant's data.

In addition to completing the required fields in CISN29, the DHOPHA will provide HUD the following:

1. "Reporting Period Summary" report showing name, address, type of class member status verification, incentives paid, landlord name, and the HAP contract date. Send the report via electronic mail to Erin Allen at:

   erin_e._allen@hud.gov

2. The "Unit Fact Sheet" for each class member moving to a DHO unit. and the class member verification data must be sent via facsimile to:

Erin Allen, (817) 978-5563

The ETFHSC shall also provide a monthly report by the tenth of each month to HUD. A report in Excel spreadsheet format should be sent via electronic mail to:

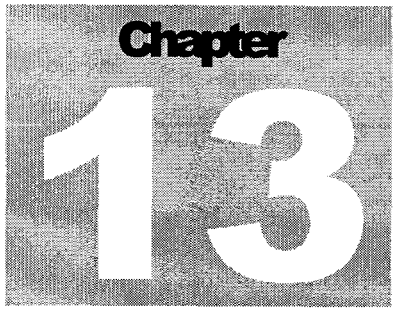
erin_e._allen@hud.gov

The report includes:

Name, address, and status of each class member placed in a DHO (resident of or applicant for public housing and relevant dates), HAP date, landlord name and phone number, census tract and block, and type of residence, and DHOPHA that administers the voucher.

A hard copy of the spreadsheet and the following documents should be mailed to **Office of General Counsel, 801 Cherry St, 28th Floor, Fort Worth, TX 76102**:

1) Documentation use to determine class member status,
2) The "Unit Fact Sheet" for each DHO unit,
3) The map of the DHO unit showing it is in a non-impacted tract and block.



Recruiting and Retaining Landlords

The best way to recruit new owners is to operate the housing choice voucher program effectively and treat owners professionally.

Recruiting and retaining landlords is a crucial part of creating DHOs. There are a variety of techniques PHAs have successfully used to reach and retain owners with units located in racially non-impacted census blocks. Some of these techniques are listed below. While each DHOPHA must select the approaches it believes will be effective in its area and then test their effectiveness, HUD, the DHOPHA, and the ETFHSC will meet to develop a marketing strategy for that area.

Retaining Landlords

Frequently, the enthusiasm of property owners for the housing choice voucher program fluctuates with the strength of the rental market. Owners who advertise their interest in families with housing assistance when the market is soft may become reluctant when there are plenty of renters looking for vacancies at any price.

The PHA that expects to maintain strong utilization rates through periods of economic growth will need to treat landlords as important partners in the program. Probably the most important effort in maintaining the interest of landlords is the PHA's success in serving landlords with efficient, market-oriented business practices. **The cardinal rule to successful PHA-landlord relationships is timely HAP payments.** Like all rent, the HAP payment is due and payable on the first of each month. Property owners need rental income to cover mortgage payments and the costs of maintaining the property. One late payment will catch the attention and remain in the memory of even the largest landlord. Consider encouraging landlords to have HAP payments deposited directly into their accounts. Consistent timeliness from one year to the next will form the basis of the landlord's willingness to work with the PHA to find resolutions when differences arise.

The second most important area of PHA performance and perhaps the area where PHAs have the most difficulty succeeding is inspections. In a tight housing market, high performing owners are able to turn an apartment over in 24 hours when an HQS inspection is not required. When PHA staff fail to acknowledge the unassisted renter as its competition and respond appropriately, owners may not find patience for the PHA inspection process. HUD rules require PHAs with programs smaller than 1,250 vouchers to complete an initial inspection within 15 days of receiving the request for tenancy approval and encourage larger agencies to strive for similar performance. While PHA staff may find the 15 day standard a challenging one, owners with the choice of another tenant ready to move in immediately will see this as 15 days of lost rental income. In addition to speed, consistency is also important. Nothing can be more frustrating to an owner than finding that inspectors from the same office make different calls on identical conditions. Beyond that, consistency in standards may result in educating the owner and helping him or her know what items must be repaired before the next initial or annual inspection. The owner's ability, with an understanding of HQS standards, to prepare a unit to pass the HQS inspection at the inspector's first visit will serve the needs of both the owner and the PHA.

A landlord's experience with annual inspections will also contribute to his interest or disinterest in subsequent voucher program leases. Consistency and responsiveness are essential. Any additional effort to serve the needs of the landlord is worth considering. Special efforts to decrease the amount of the landlord's time invested in voucher program procedures may make the program more appealing to landlords. Some housing agencies arrange for the owner and tenant to sign the lease and the HAP contract in the unit at the time of the initial inspection if the unit passes the initial inspection. Some schedule all of the annual inspections in a building at one time. A strongly recommended practice is to eliminate local requirements for owner signatures at the time of the annual inspection or the annual reexamination. There are no HUD rules requiring landlord signatures in the annual renewal cycle.

Landlords also appreciate PHA assistance in dealing with problem tenants. Without ever appearing to "take sides", the PHA can often help by meeting with the landlord and tenant together and impartially reviewing the obligations of each and the consequences of violating those obligations.

Improving the landlord's ability to contact an inspector or get the answer to a question can have a significant impact on the landlord's enthusiasm for the program. In a busy voucher program, an inspector's telephone answering machine may fill up with messages in the time it takes to retrieve the accumulated messages. In many situations, better landlord service can be provided by either an ombudsperson or supervisor responding to landlord calls if that person has the knowledge and the authority to solve the landlord's problem. In the absence of an ombudsperson, a clerk who can make changes to an inspector's schedule, find the answer to a technical question or take a detailed message may be more helpful than a machine. In every case, however, making staff accountable for responsiveness to landlords is essential.

General, on-going communication with landlords is also helpful to maintaining their enthusiasm for the program and can be accomplished with a newsletter or flyer stuffed

in the envelope with the HAP check. The newsletter can educate landlords about program requirements, inform landlords about changes in the program and provide helpful hints including property maintenance information not specifically related to the program. The PHA option to screen housing choice voucher program applicants may be used to better serve landlords. There are, however, potential pitfalls in this practice; and, the PHA must be cautious in implementing screening procedures. The PHA must be particularly careful not to promise more service than it can truly deliver. A PHA that decides to conduct screening beyond drugs and violent criminal activity will be wisest to specify the screening activities the PHA will perform and those the landlord will be expected to perform. The PHA should provide only information on the sources contacted and the specific information received, not the PHA's judgment as to the meaning or value of responses received.

One PHA has established an advisory board of landlords who have experience with the PHA's housing choice voucher program. Landlords on the advisory board participate in briefings for potential landlords, assist the PHA in recruiting new landlords and may assist in resolving program or processing issues with other program landlords.

When the PHA does a good job of keeping current landlords happy, it will have greater success at recruiting additional landlords.

Landlord Recruitment

Various techniques that a PHA may use to recruit landlords are as follows:

- ✓ Landlord briefings (information meetings about the housing choice voucher program) are a tried and true approach to getting the attention of potential landlords;
- ✓ Participation by PHA representatives as speakers at meetings of real estate groups is another beneficial activity;
- ✓ Many PHAs have become members of local property owners organizations;
- ✓ Landlord advisory group;
- ✓ Newsletters;
- ✓ Meetings with real estate groups;
- ✓ Use of PHA web site to provide explanations of program information;
- ✓ A number of PHAs have developed special incentives to encourage the participation of new landlords;

- Some have used either administrative fee reserves or grant money to cover "holding fees" offered to landlords in place of rent until an initial inspection and lease up activities can be completed.

- PHAs have also used gift certificates to local restaurants as an incentive for new landlord participation and for current landlords who bring a new landlord to the program. Staff at one PHA was surprised that this approach worked so well and was relatively inexpensive. Staff reported, "If you feed them, they will come."

✓ Tenancy education program;

✓ Credit counseling and repair program; and

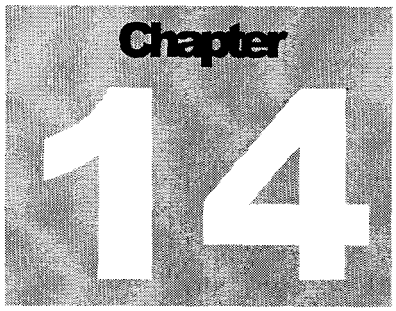
✓ One message, delivered at briefings and in newsletters that has been successful in attracting landlords' attention is a suggestion that the landlord can eliminate the cost of advertising vacant units. For good units in a strong market, if the landlord informs the PHA of a vacancy, the PHA can assure the landlord of its ability to refer tenants.

✓ Landlord list from CISN29 may be used as an inventory of current or past participants of the Housing Choice Voucher Program. For this reason the Housing Authority must make every effort to update the landlord contract information.

The best way to recruit new owners is to operate the housing choice voucher program effectively and treat owners professionally. Treat landlords as the important business partner that they are, and make additional efforts to serve the landlord's needs. This includes minimizing the time required to inspect units and to start HAP payments, applying program rules consistently, being timely and predictable in all program processing, maintaining effective and prompt communications with owners (e. g., returning calls quickly, identifying a single point of contact), and making payments accurately and on time.

Landlord Contact Information Documentation in CISN29

The landlord contact information must be recorded in CISN29 at the time the voucher holder submits the Request for Tenancy Approval (RFTA) form. If the landlord previously participated in the voucher program, the landlord's name and contact information will appear on the screen. The user should review the information displayed and determine if all contact information (contact name, address, and phone number) matches the data on the RFTA. If the contact data matches, the user should select the landlord name and the new unit information will be added to the landlord inventory. If the landlord data does not match, the user should update the landlord contact information. For assistance with this process, contact Bill Joye at (817) 978-9407 or Leslie Bradley at (817) 978-9416 or J-QUAD at (877) 913-6795, extension 4.



Mobility Counseling

The DHOPHAs will be responsible for implementing a variety of services designed to facilitate the desegregated movement of class member families in the East Texas litigation area.

The DHOPHA must provide mobility counseling to class members and explain the advantages that may appeal to families willing to consider moving to a racially non-impacted neighborhood. Some of those may include:

- ✓ Improved schools for children;
- ✓ Proximity to jobs or job opportunities;
- ✓ Better-quality housing; and more responsive owners; and
- ✓ Examples of ways to assist in housing search.

PHAs may wish to provide case studies of families who have successfully moved to racially non-impacted neighborhoods, including a description of the experience (good and bad) and its benefits. Some PHAs request families who have made mobility moves to volunteer to appear in person or on video tape to describe their experiences. These real-life stories can help families who are considering such a move to set reasonable expectations. Some PHAs conduct participant surveys to determine participant satisfaction with the housing choice voucher program and their neighborhoods. PHAs use this as a means of encouraging families to consider mobility moves, and of providing a realistic description of the benefits and drawbacks of moving to a new neighborhood to prospective movers.

The briefing presentation should provide information about the costs of moving (e. g., security deposits, actual moving costs) and obtaining transportation, day care, and other services in new neighborhoods. This discussion should also cover any services or funding that the PHA or another agency can provide to make the move successful.

Other items that the PHA might choose to include are:

- ✓ Neighborhood profiles and maps of racially non-impacted neighborhoods with affordable rental housing;

- ✓ Maps showing the jurisdiction of the PHA and neighboring PHAs and indicating where the family may lease a unit. There should also be maps identifying racially impacted areas;

- ✓ Information on owner practices that may exist in higher cost neighborhoods (e. g., more screening, higher security deposits);

- ✓ Descriptions of other services that the PHA or other agencies provide to assist in the search for and successful leasing of a unit. This might include a description of a resource area or room at the PHA where more detailed information is available. It might also include information about a local organization that assists families in finding affordable housing or in preparing very low-income families for the success in leasing; and

- ✓ Information on public transportation routes and costs and of any special programs available designed to assist very low-income families with their transportation challenges.

Examples of ways to help families compete for and retain housing outside areas of poverty and minority concentration include:

- ✓ Referrals for credit and leasing history counseling;

- ✓ Referrals to sources of financial assistance (grants or loans) for the move: security deposits, application fees, utility deposits, moving expenses;

- ✓ Referrals to other counseling needed by the family: employment, training and educational opportunities, drug abuse, domestic violence;

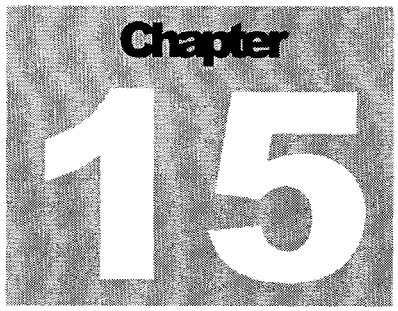
- ✓ Training programs for housing choice voucher families on tenant-owner relations, upkeep of the unit, and how to be a good tenant. Some PHAs have had success in using such programs, including certificates that families have completed training, as a marketing tool in attracting new owners;

- ✓ Help in negotiating the rent and conducting a housing choice voucher holder-owner meeting to be sure that both parties have a common set of expectations about the relationship; and

- ✓ Quick follow-up (some PHAs offer 24 hour access) if there are issues between the owner and tenant that cannot be easily resolved. This promise of fast intervention is a major attraction to many owners. It helps them place a lower level of risk on leasing to a program family and may even provide an advantage over leasing to an unassisted family.

Many PHAs do not feel that they have the resources to develop their own in-depth counseling programs. Some of the activities mentioned above, however, are not overly expensive, and more costly services may be available to housing choice voucher families through other programs. For example, many PHAs have been able to work with local Temporary Aid to Needy Families (TANF) offices. These funds effectively use programs financed with TANF surplus funds to provide services that help TANF families succeed and not return to the welfare roles.

PHAs with concentrations of housing choice voucher families and PHAs with very tight and competitive housing markets may find that additional expenditures in services are cost-effective in improving community relations and program success rates, as well as providing new opportunities for participant families.



Monitoring

HUD will provide staff to provide technical assistance and ensure that the outreach, monitoring, and compliance components of the DHO Program are carried out.

The DHO Program Coordinator will have oversight of the program. Staff from HUD will be assigned to each DHOPHA and each ETFHSC Regional Office. This staff member will serve as the liaison between the DHOPHA and ETFHSC and facilitate the operation of the DHO Program.

Initially, HUD staff will develop a strategy in coordination with the DHOPHA and ETFHSC to conduct outreach at the DHOPHAs to ensure that class members are fully apprised of the DHO Program and the various incentives offered under the Program. Outreach efforts will be recorded and monitored so that all class members are accounted for and efforts are well documented.

Monitoring and oversight of the DHOPHAs and the ETFHSC in their compliance efforts with the Program will be carried out on an ongoing basis. A system will be put into place to report on the progress and problems encountered by DHOPHAs and the ETFHSC. Staff assigned to the DHOPHAs and each ETFHSC Regional Office will be onsite and play a troubleshooting role in addressing issues faced by the DHOPHAs and the ETFHSC in carrying out the Protocol. Troubleshooting involves answering questions, providing technical assistance and guidance, and resolving issues, if warranted. All questions, concerns, and issues should be sent via electronic message directly to the HUD staff assigned to the DHOPHA and/or ETFHSC Regional Office with a copy to Robin Barton, DHO Coordinator.