

EXHIBIT

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VOLUNTARY COMPLIANCE AGREEMENT
BETWEEN

THE UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

AND

THE CITY OF HOUSTON, TEXAS

TITLE VI INVESTIGATION CASE NUMBER: 06-16-R001-6

I. INTRODUCTION

This Voluntary Compliance Agreement (the "Agreement") resolves the U.S. Department of Housing and Urban Development ("HUD" or the "Department")'s investigation of the City of Houston (the "City")'s actions with respect to the housing development proposed for 2640 Fountain View located in City Council District G (Fountain View), and more generally, the investigation of the City's procedures for approving Low-Income Housing Tax Credit applications. HUD issued a Letter of Findings ("Letter") on January 11, 2017 concluding that the City violated Title VI. On February 24, 2017, the City submitted to the Department correspondence contesting the facts, findings and concerns of the Letter.

The City and the Department understand and acknowledge that the facts, findings and concerns are disputed by the City and that resolution of the disputes would be time-consuming for both parties. In order to expedite just resolution of these matters and to avoid further administrative procedures or litigation over these matters, the parties have agreed to enter into this Agreement. The parties agree that all issues, findings, concerns, and questions in the Letter are fully and finally resolved and superseded by this Agreement.

The City receives funds from HUD through the Community Development Block Grant program, the HOME program, Housing for Persons with AIDS program, the Emergency Solutions Grant program and the Community Development Block Grant Disaster Relief program. The City is subject to various Federal civil rights laws and regulations including Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d-1 and its implementing regulations at 24 C.F.R. Part 1 (Title VI).

II. DEFINITIONS

The Parties - The parties to this Agreement are the U.S. Department of Housing and Urban Development and the City of Houston.

City - The City of Houston, Texas and its elected or appointed officials, officers, directors, agents (including contractors), employees and successors or assigns.

Effective Date - The Effective Date of this Agreement is the date of the last signature in Section VII.

III. GENERAL PROVISIONS

- A. This Agreement is binding upon the City and the Department.
- B. The parties agree that nothing contained in this Agreement shall be construed to be a finding or determination by the Department that the City, Mayor Sylvester Turner, or any of the City's agents, employees or other elected or appointed officials engaged in unlawful practices that may have discriminated on the basis of race or national origin or any other legally protected category of persons.
- C. The parties agree that nothing contained in the Letter or this Agreement shall be construed as an admission of liability or an admission of a violation of or non-compliance with any law or policy.
- D. This Agreement shall not be construed to limit or reduce the obligation of the City, and the City's programs, services, and activities, to comply with federal civil rights laws and implementing regulations, including Title VI and its implementing regulations.
- E. This Agreement shall terminate two (2) years from the Effective Date of the Agreement, provided that no default or violation is then continuing hereunder.
- F. It is understood that, upon execution of this Agreement by the Parties, it is a public document.
- G. The parties agree that this Agreement does not supersede, or in any manner change, the rights, obligations, and responsibilities of any person or class of persons to exercise their rights under Title VI, the Fair Housing Act, or any other Federal, State, or local civil rights statute or authority with respect to any past, current, ongoing, or future actions. This Agreement does not create any private right of action for any person or class of persons not a Party to this Agreement.
- H. For the purposes of this Agreement, "days" refers to calendar days.

IV. SPECIFIC PROVISIONS

A. Houston's Voucher Mobility Program

1. HUD and the City recognize that landlords' reluctance to rent to voucher holders may pose a barrier to mobility for voucher holders in the City. HUD commends the City's implementation of a Voucher Mobility Pilot program to encourage landlords in all areas of the City to rent to qualified families regardless of source of income. Working with an existing nonprofit and the local housing authorities leasing to tenants within the City of Houston or the surrounding extraterritorial jurisdiction, the City will continue to implement a Voucher Mobility Program with a proposed target of serving 350 voucher holders during the pilot period. The Voucher Mobility Program will target rental homes zoned to A+ to B rated public schools based upon the Children at Risk rankings.
2. The City will track initial lease up rates, eviction rates and lease renewals along with other data points available tracking educational success. Subject to initial data demonstrating success in the pilot phase, the City will seek opportunities to expand funding for the program beyond the initial pilot phase.

B. Actions with respect to the Houston Housing Authority

1. The City recognizes Houston Housing Authority ("HHA") as a key partner in addressing the City's affordable housing needs. The City has agreed to and has provided HHA (1) \$227,530 in Health and Human Services Program funds for management of the Houston/Harris County Continuum of Care Rapid Rehousing Collaborative financial assistance funds in January 2017 and an additional \$286,002.25 from the same funding source for the rapid rehousing effort in March 2017; and (2) \$2,398,136.71 in HOME and Community Development Block Grant ("CDBG") funds, which covers program and administrative funds for managing the program, for housing a minimum of 250 chronic or near chronic homeless individuals in June 2017.
2. In continuing the partnership with HHA, the Mayor and the City agree to seek, subject to City Council approval, a mutual aid agreement, which will provide HHA an additional \$2 million funding from FEMA, as soon as FEMA funds are made available, to partner with the City in assisting families, who were made homeless by the unprecedented flooding from Hurricane Harvey, in locating housing. This funding will be in addition to the \$2 million private funding HHA already received.

C. Low Income Housing Tax Credit Site Selection Policy

1. The City certifies that the City's Housing and Community Development Department ("HCDD") has developed and made public clear minimum standards and scoring criteria for reviewing requests and making recommendations for Resolutions of Support or No Objection for Housing Tax Credit developments.

2. The City and HUD agree that affordable housing is needed in all areas of Houston. During the term of this Agreement, the City agrees to develop and duly adopt through its applicable practices (1) a policy for objectively evaluating Resolutions of Support or Resolutions of No Objection for Low Income Housing Tax Credit applications, which shall not permit veto or special points for any particular Council member, and (2) a Multifamily Priorities policy, as such may be amended from time to time (with notice to HUD during the term of this Agreement), reflecting considerations deemed relevant by the City and consistent with the requirements of the Fair Housing Act and regulations promulgated hereunder. The City proffers as its evidence of good faith in these respects, the "Multifamily Priorities – 2018" and the "Request for Support Resolution from City of Houston for 9% Tax Credits," attached and incorporated hereto as Exhibit A and B (the "Policies"). The City will submit final proposed plans to HUD for review and approval, it being understood that the attached Policies are generally in acceptable form.

D. Affordable Housing Development Strategy

1. The City has agreed to and has submitted a request to HUD for comprehensive technical assistance under the OneCPD/Community Compass Technical Assistance Program to assist the City in addressing uniquely challenging circumstances it faces. This technical assistance will support the City, consistent with recent HUD guidance, in analyzing opportunities to affirmatively further fair housing – including innovative place-based neighborhood development and mobility opportunities – and to prepare for the future development of an Assessment of Fair Housing.
2. The above referenced technical assistance will also assist the City in identifying opportunities to affirmatively further fair housing through the deployment of future disaster recovery funding the City expects to receive as part of the recovery from the devastation of Hurricane Harvey.
3. The City will request that the above referenced technical assistance assist the City with each of the following:
 - a. Provide Houston HCDD with data and analysis to understand changes in community needs, real estate market dynamics, and capital absorption capacity,
 - b. Assist Houston HCDD to redesign existing programs in anticipation of a significant increase in funding and production, and design new programs to respond to evolving community needs and market opportunities,
 - c. In anticipation of a significant increase in funding and program production, provide Houston HCDD with analysis of the implications for existing systems and business processes and recommendations for improvement and building organizational capacity,

- d. Support Houston HCDD to align its strategies and programs across all existing HUD planning documents to leverage and complement the Department's disaster recovery plans, and
 - e. Support Houston HCDD to develop coordinated public participation plans for all HUD funded programs and expand meaningful participation by the public.
4. The City agrees that qualified projects (meeting the resolution requirements of the City set forth in neutral guidelines such as those attached as Exhibit B and in compliance with the City's neutral statement of multifamily priorities attached as Exhibit A) that are in high opportunity areas like District G, should be advanced for consideration of City Council during the term of this Agreement as a priority. Nothing herein precludes or limits the City's right to advocate for or advance any housing projects to serve historically disadvantaged and under-resourced communities in the City.

V. IMPLEMENTATION

1. Within thirty (30) days of the Effective Date, the City will identify an individual to serve as Agreement Administrator. The Agreement Administrator must have prior experience that demonstrates knowledge of and expertise concerning the Title VI, the Fair Housing Act, and the regulations implementing those statutes, as well familiarity with the Low-Income Housing Tax Credit program. The Agreement Administrator will serve as the point of contact for HUD regarding this Agreement.
2. All reports, certifications and other documents identified for submission by the City to HUD in the preceding sections are to be submitted to the following:

Garry L. Sweeney, Director
Fort Worth Regional Office of FHEO, Region VI
U.S. Department of Housing and Urban Development
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76012

3. For any plan, program, strategy, or other record that the City is required by the terms of this Agreement to submit to HUD for approval, if HUD does not accept the City's submission, the City must resubmit within thirty (30) days. Three (3) non-accepted submissions submitted in a row will constitute breach of this Agreement.

VI. ENFORCEMENT

4. HUD may conduct an on-site or any other review of the City's compliance with the provisions of this Agreement, and upon reasonable notice by HUD, the City will grant HUD's employees access to its premises, records, and personnel during normal business hours throughout the term of this Agreement.

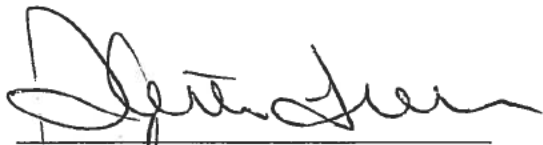
5. In the event that the City fails to comply with any requirement of this Agreement without obtaining advance written agreement from HUD, HUD may enforce the terms of this Agreement by any contractual, statutory or regulatory remedy available to HUD after HUD has provided the City with notice of its failure to comply and at least thirty (30) days to comply with any requirement of this Agreement. Failure to carry out the terms of this Agreement may result in suspension or termination of or refusal to grant or to continue federal financial assistance, or other actions authorized by law. If the City timely cures, the Department shall not take any action to enforce the terms of this Agreement.
6. Acts or omissions by the City that violate the terms of this Agreement may serve as grounds for HUD to determine that the City has breached its duties. If the Department determines that the City has breached the Agreement, it will notify the City, in writing. The City will be deemed to have received the written notice of breach three days after mailing, if first class U.S. mail is used. The City will then have 30 days after receipt of such notice to remedy the breach. The Department may, in its discretion, provide, in writing, for a longer period to remedy the breach, depending upon the particular circumstances.
7. Enforcement (or lack thereof) by HUD of any provision or deadline in the Agreement will not be construed as a waiver of the City's obligations or HUD's rights with regard to all deadlines and provisions of this Agreement.
8. This Agreement may be modified or amended only by written agreement, executed by all Parties. Waiver of any one provision of this Agreement will not be deemed to be a waiver of any other provision.

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VII. SIGNATURES

The Parties have executed this Voluntary Compliance Agreement in multiple copies, each of which is an original.

For the City of Houston

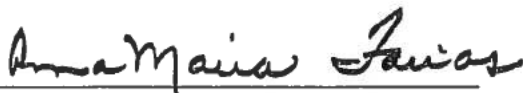


Sylvester Turner, Mayor
City of Houston

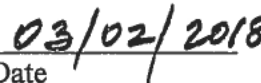


Date

For the U.S. Department of Housing and Urban Development



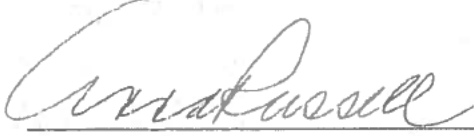
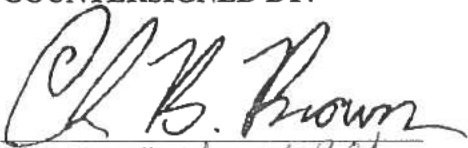
Anna María Farías, Assistant Secretary
Fair Housing and Equal Opportunity



Date

VII. SIGNATURES - CONTINUED

The Parties have executed this Voluntary Compliance Agreement in multiple copies, each of which is an original.

For the City of Houston <i>Signature on separate page</i>	
Sylvester Turner, Mayor City of Houston	Date
ATTEST/SEAL:  City Secretary	COUNTERSIGNED BY:  City Controller DATE COUNTERSIGNED: 3-6-18
For the U.S. Department of Housing and Urban Development <i>Signature on separate page</i>	
Anna María Farías, Assistant Secretary Fair Housing and Equal Opportunity	Date