2014 State of Texas Consolidated Plan
One-Year Action Plan

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EXECUTIVE SUMMARY

24 CFR §91.320(b)

The 2014 One-Year Action Plan ("Plan") illustrates the combined actions of the Texas Department of Housing and Community Affairs ("TDHCA"), Texas Department of Agriculture ("TDA"), and Texas Department of State Health Services ("DSHS"), referred to collectively as the "State". The One-Year Action Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development ("HUD") for Program Year ("PY") 2014. This Plan is for the HOME Investment Partnerships ("HOME") Program, the Emergency Solutions Grant ("ESG") Program, the Community Development Block Grant ("CDBG") Program, and the Housing Opportunities for Persons with AIDS (HOPWA) Program. The 2014 PY begins on February 1, 2014, and ends on January 31, 2015. The performance report on PY 2012 funds is scheduled to be made available in May 2014.

This Plan consists of the following sections:

- Summary: Provides a detailed synopsis of the Plan.
- General Information: A description of the State's plan to undertake other activities that address the requirements of 24 CFR §91.320(b) (executive summary), §91.320(c) (resources and objectives), §91.320(f) (geographic distribution), §91.320(h) (homeless and other special needs activities), and §91.320(i) (barriers to affordable housing).
- Action Plans: Program-specific plans for HOME, ESG, CDBG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320(d) (activities), §91.320(e) (outcome measures), §91.320(g) (affordable housing goals), and §91.320(k) (program-specific requirements).
- Other Actions: A description of the State's plan to undertake other activities that fulfill requirements of §91.320(j).

OBJECTIVES AND OUTCOMES

The 2014 One-Year Action Plan:

1. Reports on the intended use of funds received by the State from the HUD for PY 2014
2. Explains the State's method for distributing CDBG, ESG, HOME, and HOPWA program funds; and
3. Provides opportunity for public input on the development of the annual plan.

The State's progress in achieving the goals put forth in the One-Year Action Plan will be measured according to HUD guidelines (24 CFR §91.520) and outlined in the Annual Performance Report released yearly in May.

In accordance with the guidelines from HUD, the State complies with the Community Planning and Development ("CPD") Outcome Performance Measurement System. Program activities are categorized into the objectives and outcomes listed in the chart on the next page.

OBJECTIVES	OUTCOME 1 Accessibility	OUTCOME 2 Affordability	OUTCOME 3 Sustainability
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility (**SL-1**)	Enhance Suitable Living Environment Through Improved/New Affordability (**SL-2**)	Enhance Suitable Living Environment Through Improved/New Sustainability (**SL-3**)
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability (**DH-1**)	Create Decent Housing with Improved/New Affordability (**DH-2**)	Create Decent Housing with Improved/New Sustainability (**DH-3**)
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility (**EO-1**)	Provide Economic Opportunity Through Improved/New Affordability (**EO-2**)	Provide Economic Opportunity Through Improved/New Sustainability (**EO-3**)

The objectives and outcomes as they apply to each of the four programs are listed below. The estimated performance figures are based on planned performance during the PY (February 1st through January 31st) of contracts committed and projected households to be served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year ("SFY" - September 1st through August 31st) are based on anticipated units and households at time of award.

HOME Program Performance Measures, PY 2014

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	260
DH-2	No. of tenant-based rental assistance ("TBRA") units	202
DH-2	No. of existing homeowners assisted through owner-occupied assistance	35
DH-2	No. of homeowners assisted through homebuyer assistance	114

ESG Performance Measures, PY 2014

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	16,321
DH-2	The provision of non-residential services including homelessness prevention assistance.	3,717

CDBG Performance Measures, PY 2014

Objectives and Outcomes	Performance Indicators	Expected Number
SL-1	Infrastructure Improvements	220
SL-2	Infrastructure Improvements	10
SL-3	Infrastructure Improvements	65
SL-1	Residential Rehabilitation	50
DH-3	Residential Rehabilitation	2
DH-2	Homeownership Assistance	0
SL-1	Community Facilities	8
SL-1	Public Service	0
SL-1	Clearance Demolition Activities	5
EO-1	Direct Financial Assistance	32
EO-2	Direct Financial Assistance	5
EO-3	Infrastructure Improvements to Assist Businesses	30

HOPWA Performance Measures, PY 2014

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	TBRA housing assistance	390
DH-2	Short-term rent, mortgage, and utility (STRMU) housing assistance	525
DH-2	Supportive Services (restricted to housing case mgt., smoke detectors, and phone service)	915
DH-1	Permanent Housing Placement (security deposits, application fees, credit checks)	13

EVALUATION OF PAST PERFORMANCE

The HOME Program committed $72,188,762 with 1,528 total households reported in PY 2012 (February 1, 2012, through January 31, 2013). Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2012

Activity	Amount
Homebuyer Assistance (all activities)	$3,301,597
Homeowner Rehabilitation	$31,134,938
Tenant-Based Rental Assistance	$4,048,375
CHDO Rental Development	$3,000,000
CHDO Single Family Development	$300,000
CHDO Operating Expenses	$50,000
Rental Housing Development	$30,353,852
Total	$72,188,762

Federal fiscal year (FFY) 2011 1st allocation Emergency Shelter Grants Program (ESGP) funds received during PY 2011 were awarded in July 2011. The State's ESGP contracts began on September 1, 2011 and will end August 31, 2012, corresponding with the SFY. The table below reflects ESGP PY 2011 contract expenditures during 2/1/12–8/31/12. Only seven months of these twelve-month contracts are reported in the OYAP because of the imperfect overlap of the reporting period and contract period.

ESGP Fund Expenditures by Activity, PY 2012
(SFY11 2/1/12–8/31/12)

Activity	Funding Amount	Percentage
State Admin shared with local governments	$148,500	4.75%
Operation Administration	$232,129	7.42%
Rehabilitation	0	0%
Essential Services Street Outreach	$252,609	8.07%
Essential Services Shelter	$515,146	16.46%
Maintenance, Operations, Furnishings	$1,035,951	33.11%
Homelessness Prevention	$944,460	30.19%
Total Funds Expended	**$3,128,796**	**100%**

***Includes ESGP expenditures from two contract periods, FFY 2011 1st Allocation*

FFY 2011 2nd Allocation funds received during PY 2011 were awarded in December 2011. So that the contracts for these funds would run concurrently with the PY 2012 Emergency Solutions Grants contracts, the contracts began on October 1, 2012 and will end on September 30, 2013. They are administered under ESG rules. The table below reflects ESG PY 2011 2nd Allocation contract expenditures during 9/1/12-1/31/13, as the reporting period is still ongoing.

ESG Fund Expenditures by Activity, PY 2012
(SFY12: 9/1/12-1/31/13)

Activity	Funding Amount	Percentage
State Admin shared with local governments	$25,424	3.76%
State Administration	$37,695	5.58%
Street Outreach	$3,250	0.48%
Emergency Shelter	$312,012	46.14%
Homelessness Prevention	$170,194	25.17%
Rapid Re-Housing	$85,033	12.58%
HMIS	$42,504	6.29%
Total Funds Expended	**$676,112**	**100%**

**Includes ESG expenditures from FFY 2011 2nd Allocation*

FFY 2012 Allocation funds were awarded in June 2012. The contracts began on October 1, 2012 and will end on September 30, 2013. The table below reflects ESG PY 2012 Allocation contract expenditures during 9/1/12-1/31/13.

ESG Fund Expenditures by Activity, PY 2012
(SFY12: 9/1/12-1/31/13)

Activity	Funding Amount	Percentage
State Admin shared with local governments	$73,648	3.40%
State Administration	$114,119	5.27%
Street Outreach	$97,575	4.51%
Emergency Shelter	$791,267	36.57%
Homelessness Prevention	$526,491	24.33%
Rapid Re-Housing	$442,738	20.46%
HMIS	118,067	5.46%
Total Funds Committed	**$2,163,905**	**100%**

**Includes ESG expenditures from FFY 2012 Allocation*

During Program Year 2012, the Texas CDBG (TxCDBG) Program committed a total of $66,837,912 through 225 awarded contracts. For contracts that were awarded in PY 2012, 391,803 persons were anticipated to receive service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY 2012

Fund	Program Description	2012 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	$36,638,894
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	$10,187,370
Colonia Construction Fund	Colonia Construction Fund provides grants for colonia projects, primarily water, sewer and housing.	$5,499,508
Colonia EDAP Fund	Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	$0 Awards were made in the fall of 2011 and spring of 2013, outside PY12; Excess PY2012 funds were transferred to Colonia Construction Fund
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans. Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	$0 Awards were made in the summer of 2011, outside PY12; Excess PY2012 funds were transferred to Colonia Construction Fund.
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	$3,200,000
Planning / Capacity Building	Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.	$610,170
Disaster Relief/ Urgent Need	Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	$8,698,193
STEP Fund	Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	$1,503,777
Renewable Energy	Provides grants to cities and counties for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy). The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water.	$500,000
Total		**$66,837,912**

The HOPWA Program expended $2,653,258 in PY 2012 and served a reported 982 HOPWA-eligible individuals with housing assistance. Funds were used toward TBRA (tenant-based rental assistance) and emergency assistance (*i.e.*, STRMU) to prevent homelessness of low-income persons with HIV/AIDS, PHP (permanent housing placement) services, support services and administration. DSHS' HOPWA program also supported an additional 944 family members residing with the HOPWA client.

Client outcome goals for housing stability, reducing risks of homelessness, and improving access to care were achieved for 2012. The majority of HOPWA clients had contact with a case manager/benefits counselor with schedules specified in client's individual service plan (98%, up from 94% in 2011) and housing plans for maintaining or establishing stable on-going housing (97%, same as 2011, as reported in the HOPWA Access to Care and Support Outcomes Chart in the 2012 Consolidated Annual Performance and Evaluation Report ("CAPER"). By the end of the 2012 HOPWA project year, 99% of TBRA (up from 92% in 2011) and 98% of STRMU households (up from 96% in 2011) were living in stable/temporarily stable housing with reduced risk of homelessness, both well above the 2011 national goal of 85% for TBRA and 60% for STRMU. Ending the project year with a combined 99% of TBRA and STRMU clients living in stable or temporarily stable housing with reduced risk of homelessness is a major achievement for the Texas HOPWA program.

For direct housing assistance (TBRA, STRMU, and PHP), $2,162,159 was budgeted and $2,052,999 was expended (95%). Individually, TBRA was budgeted at $1,724,987 with $1,616,507 expended (94%); STRMU was budgeted at $429,743 with $429,651 expended (100%); and PHP was budgeted at $7,429 with $6,841 expended (92%). The Supportive Services' budget was $449,202, and $420,883 was expended (94%). Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 2012

Activity	Amount
Expenditures for Housing Information Services	$0
Expenditures for Resource Identification	$0
Expenditures for Housing Assistance (equals the sum of all sites and scattered-site Housing Assistance)	$2,052,999
Expenditures for Supportive Services	$420,883
Grantee Administrative Costs expended	$27,650
Project Sponsor(s) Administrative Costs expended	$151,726
Total of HOPWA funds expended during period	**$2,653,258**

GENERAL INFORMATION

The following General Information section addresses the requirements of 24 CFR §91.320(b), §91.320(c), §91.320(f), §91.320(h), and §91.320(i). General Information includes Citizen Participation; Managing the Process; Available Resources; Geographic Areas of Jurisdiction and Allocation; Homeless Needs and Other Special Needs Categories; Barriers to Affordable Housing; and Monitoring.

CITIZEN PARTICIPATION

§91.320(b)

CITIZEN PARTICIPATION PROCESS

The Action Plan was made available for a 30-day public comment period from September 16 to October 16, 2013. In addition, one public hearing was held on October 1, 2013 in Austin, TX. Written or oral comments were accepted at the public hearing and by mail, fax, or email.

For FY 2014 TDHCA will meet with Continuum of Care lead agencies and a survey will be sent to Continuum of Care agencies to solicit specific comment on the ESG program design. Comments received from the meeting and survey will be considered during the development of the FY 2014 program.

EFFORTS MADE TO BROADEN PUBLIC PARTICIPATION

The notification process for the public hearings included the following: a notice in the Texas Register; a TDHCA website posting; a notice printed in Spanish; email to TDHCA email lists including approximately 3,000 cities, counties, developers, non-profit organizations, legislative contacts, advocacy groups, subcontractors, and other interested parties; and postings on social media outlets, such as Facebook and Twitter. A Spanish interpreter was available at the public hearing.

PUBLIC COMMENT

Attachment A: Public Comment on the One Year Action Plan and Staff's Reasoned Responses

Public comment was received from four entities: Easter Seals of Central Texas; Grantworks, Inc.; Motivation, Education and Training, Inc (MET); and the Promoting Independence Advisory Committee (PIAC). A summary of their comments and staff's reasoned responses are below.

Comment 1: Easter Seals of Central Texas and the PIAC both had comments on the five percent of the HOME funds that benefit persons with disabilities who live in any area of the state. Currently the TDHCA calculates five percent for persons with disabilities as five percent of the annual allocation. Easter Seals of Central Texas and PIAC recommend this amount be calculated from the annual allocation *and* the projected program income. They further recommended that the projected additional amount of up to $610,000 would be used as tenant-based rental assistance (TBRA) for persons on the Project Access waitlist, which has approximately 185 households.

Staff response: The Department is committed to serving persons with disabilities, and has a strong record of focusing attention on households attempting to exit institutions. The Department added staffing and funding resources toward this initiative in 2013.

In accordance with §2306.111(c)(2) of the Texas Government Code, the HOME Program sets aside five percent of the annual HOME allocation for the benefit of persons with disabilities who live in any area of the state. While these funds are specifically reserved, many households with a member who is disabled are also served utilizing non set-aside funding. Historically, set-aside funds serving persons with disabilities have been carried forward from year to year because the Department has received an insufficient number of requests to fund households to utilize all set-aside funds.

While the Department strongly supports the initiatives around furthering the ability of persons with disabilities to exit institutions and has taken proactive steps to guide administrators on how to “bridge” a client from the Project Access waiting list to the HOME TBRA program, we are concerned that holding funds aside solely for Project Access clients might place TDHCA in a position of having to deny an equally qualified person with a disability not exiting an institution from access to assistance. For example, if a set-aside of the amount suggested solely for the Project Access wait list is created, but not fully used, and demand increases from other clients with disabilities, the funds would not be available to assist the non-Project Access clients. They would be denied access to the remaining PWD funds. The Department believes that with an increased level of outreach and proposed changes to the HOME rules that would allow the charging of soft costs to TBRA activities, more administrators may apply to HOME with the intent to serve individuals existing institutions. In the event that demand under the set-aside exceeds resources and the Department determines this has a direct impact on the ability of individuals to exit institutions, TDHCA will consider proposing that funds under future HOME allocations be reserved for the benefit of this population. No changes are recommended at this time based on this comment.

Comment 2: Grantworks Inc. recommended that HOME create a provision that would assign program income and de-obligated funds first to single family activities before being placed in other funding categories. Rental housing development has over $9 million in funds estimated available for next year, while single family activities have only $5 million. There are not many, if any, other sources of funds to accomplish this much needed work in rural Texas. The amount of $1,754,596 currently listed in the Action Plan for homeowner rehabilitation assistance is the same allocation as for 2013, but Grantworks is concerned there may be fewer de-obligated funds this year to supplement the amount.

Staff response: The HOME Funding amounts in the Plan represent an approximate, planned use of funds for the 2014 HOME Allocation, expected to be awarded by HUD next year. Staff will take these comments into consideration when funding decisions are made based on TDHCA’s Deobligation Policy, which can be found in 10 Texas Administrative Code §1.19.

Comment 3: MET recommended that HOME funding cycles and other TDHCA funding cycles correspond with U.S. Department of Agriculture (USDA) funding cycles for farmworker housing. This recommendation was specifically in regards to the USDA farm labor housing (Section 514/516) in order to show commitment of other funding sources, which is required within one year of USDA approval. If the timetables do not correspond, MET suggests that TDHCA allow for conditional commitment by the Board before the development is project-ready. MET cites California, Florida, Washington, and Oregon which have state grant and loan programs specifically to work with Section 514/516.

> Staff response: The Department's rules and OYAP do not impose restrictions that preclude the Department from having a cycle that aligns with funding cycles of other federal programs, such as the USDA 514/516 programs. However, the Department has little control over the timing of HUD's provision of HOME funding to the Department or the timeframes associated with other federal programs not administered by the Department. Still, the Department generally endeavors to make multifamily HOME program funding available through open cycle Notices of Funding Availability (NOFA) so that HOME funding can be effectively leveraged with other sources of funds. In fact, multifamily HOME funds are currently available under an open cycle NOFA. The Department's rules also do not require "firm commitments" at the time application is made to the Department for multifamily HOME funds. The rules provide for a six month period subsequent the Board's approval of an award to secure and close on the other sources of funds with the possibility for time extensions for good cause. Any changes to these requirements would need to be addressed through the rulemaking process and not through changes to the OYAP. No changes are recommended based on this comment.

Comment 4: MET recommends that predevelopment and grant funds be created in HOME to help developers attract USDA funding for farmworker housing.

> Staff response: Currently, 10 TAC Chapter 10 governs the loan terms required for loans provided through the HOME program and addresses timing issues associated with the funding. Currently, this chapter is proposed for amendment but the public comment period has closed. The Department would be happy to consider your comments in the future. No changes are recommended based on this comment.

Comment 5: MET encourages TDHCA to implement the recommendations cited in *Texas Rural Farmworker Housing Analysis*.

> Staff response: Many of the recommendations provided in the study would require additional sources of funding or funding with fewer federal restrictions, such as large state funded rental assistance or predevelopment loan programs. The Department remains open to implementing recommendations reflected in the study, but the Department does not have the available resources to commit to carrying out many of the recommendations. As is evident in the study, the majority of the best practices highlighted from other states rely on large sources of state funding. The Department, instead, has attempted to maintain rules and requirements that do not preclude farmworkers from accessing the affordable housing

that is funded and developed through the Department's programs. No changes are recommended based on this comment.

Comment 6: MET recommends that farmworkers could be removed as a "special need" since their status as a "special need" has not resulted in significant progress in service (15 migrant farmworkers served by TDHCA from 2005-2011). However, MET encourages TDHCA to require tracking of farmworkers served to make sure that the reports track all persons served, as MET concedes that there may be undercounting occurring. Finally, MET recommends that TDHCA should change the term "migrant farmworker" to "migrant and seasonal farmworker" in order to be consistent with the *State of Texas Analysis of Impediments to Fair Housing Choice* and *US National Agricultural Workers Survey*. The change in term would assist a more vulnerable population, since seasonal farmworkers often have lower incomes than migrant farmworkers.

Staff response: The reporting of an individual's status as a farm worker is only done through a voluntary process and HOME grantees are not required to solicit an individual's status as a farm worker or non-farm worker. In effect, there are two layers of voluntary reporting that result in these figures. In addition there is neither a specific incentive for a household to divulge their status in this regard nor a specific incentive for the HOME grantee to request such information. On this basis, staff believes that the figure reflected in the report is likely to be understated. No changes are recommended based on this comment.

Comment 7: MET recommends that farmworkers should have a "small program" created specifically for farmworker or workforce housing.

Staff response: The recommendations made by MET are more appropriately addressed by the Department's rulemaking process for the specific funding source from which MET would like a program created. No changes are recommended based on this comment.

Comment 8: MET recommends that TDHCA should outreach to the farmworker population to make sure they are aware of available services.

Staff response: The recommendations made by MET are more appropriately addressed by the Department's rulemaking process for the specific funding source from which MET would like outreach performed. No changes are recommended based on this comment.

Comment 9: MET recommends that TDHCA assign a staff person to provide assistance to and build capacity of organizations providing farmworker housing or rural options.

Staff response: The Department's multifamily and compliance staff is available to assist potential applicants and developers in better understanding the rules and regulations associated with layering funding sources to facilitate farm worker housing development. Staff would note that it is exceedingly rare that staff is contacted to assist with questions associated with farm worker housing. However, staff is consistently available to assist when questions do arise, including attendance at conferences concerning with development of farm worker housing. The Department has not experienced a volume of inquiries associated with farm worker housing that would warrant such a specific assignment. No changes are recommended based on this comment.

MANAGING THE PROCESS

LEAD AGENCY

TDHCA is the lead agency for the Plan.

AGENCY PARTICIPATION

Before preparing the Plan, representatives of the TDHCA, TDA, and DSHS met with various organizations concerning the prioritization and allocation of the State's resources. Because this is a working document, public input throughout the year is taken into account in its preparation.

Collaborative efforts between TDHCA and numerous organizations resulted in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA acknowledges the assistance provided by several public and private organizations to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the One Year Action Plan. Public and private organizations made contributions in various forms, including direct contact (both at conferences and remotely) and provision of research materials, especially online.

TDA maintains successful partnerships with HUD, state agencies, state program committees, federal funding partners, local communities, councils of governments ("COGs"), public and private sectors, and others involved in the CDBG program. Through public hearings, application workshops, technical assistance visits, monitoring visits, interagency work groups, and general communications, it has worked to keep the public aware of program modifications and changes. In addition, public input is received during the course of these various hearings and workshops and such is taken into account in preparing the One Year Action Plan.

TDA works with a variety of other programs through several interagency workgroups. Workgroups focusing on State and federal funding coordination statewide and in the colonias include the Texas Water Development Board ("TWDB"), the Secretary of State's Office, the U.S. Department of Agriculture's Rural Development division, the North American Development Bank and Border Environment Cooperation Commission, the Comptroller's Office, the Attorney General's Office, the Texas Commission on Environmental Quality ("TCEQ"), Housing and Health Services Coordination Council (HHSCC), Texas Water Infrastructure Coordination Committee ("TWICC"), and TDHCA.

DSHS contracts with seven Administrative Agencies across the State to provide administrative support in implementing the State's HOPWA formula program. One of the Administrative Agencies' responsibilities is to work with HIV Planning Councils in the major metropolitan areas of the State and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services Plans and needs assessments. In both the major metropolitan and other areas of the State, HIV Services Plans and needs assessments are developed through consultation with clients and other stakeholders. Administrative Agencies are also required to evaluate the effectiveness of the services plans in meeting the Plans' stated goals and identified needs and to periodically assess the need for reallocation of resources to assure the efficient and appropriate expenditure of funds.

ENHANCE COORDINATION

Understanding that no single entity will be able to address the enormous needs of the State of Texas, the Governor's Office, the Texas Secretary of State, TDHCA, TDA, DSHS, Texas Department of Aging and Disability Services ("DADS"), Texas Health and Human Services Commission ("HHSC"), Texas Department of Family and Protective Services ("DFPS"), the Texas Department of Criminal Justice ("TDCJ"), the State Independent Living Council, One Star Foundation and the Veteran's Commission actively lead partnerships in the provision of housing, housing-related and community development endeavors. The State works with many housing and community development partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local governments, nonprofits, faith-based organizations, property managers, state and local elected officials, COGs, and other state and federal agencies.

TDHCA has staff committed to many external State advisory workgroups and statutory commissions. Many of these commissions have members from the public and private sectors. These external groups include, but are not limited to:

Workgroup/Commission	***Lead agency***
Community Advising and Planning for the Prevention and Treatment of Mental and Substance Use Disorders (formerly Mental Health Planning Advisory Commission ["MHPAC"])	DSHS
Community Resource Coordination Groups ("CRCG")	HHSC
Faith and Community Based Initiative	One Star Foundation
Governor's Commission for Women	Governor's Office
Interagency Colonia Coordination Workgroup and Interagency Border Affairs Workgroup	Secretary of State
Interagency Coordinating Commission for Building Healthy Families ("ICC")	DFPS
Money Follows the Person Demonstration Advisory Committee ("MFTPDAC")	DADS
Promoting Independence Advisory Committee ("PIAC")	DADS
Reentry Task Force	TDCJ
State Independent Living Council	State Independent Living Council
Texas Coordinating Council for Veterans Services	Texas Veteran's Commission

In addition to the external workgroups and commissions, TDHCA is the lead agency for three groups: the Disability Advisory Workgroup ("DAW"), Texas Interagency Council for the Homeless ("TICH"), and the Housing and Health Services Coordination Council ("HHSCC").

TDHCA has actively maintained a DAW which provides ongoing guidance to the Department on how TDHCA's programs can most effectively serve persons with disabilities. TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process.

The **TICH** was created in 1995 to coordinate the State's homeless resources and services. As defined in Texas Government Code §2306, Subchapter KK, TDHCA is the lead agency of the TICH and provides clerical and advisory support. TICH is charged with surveying and evaluating resources to address homelessness in Texas; assisting with coordinating and providing services for homeless persons throughout the state; increasing the flow of information among service providers; developing guidelines to monitor services; providing technical assistance to TDHCA in assessing housing needs for persons with special needs; establishing a central resource and information center for the state's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the HHSCC.

HHSCC is codified in Texas Government Code §2306.1091. The HHSCC's duties are to:

- Develop and implement policies to coordinate and increase state efforts to offer service-enriched housing;
- Identify barriers preventing or slowing service-enriched housing efforts, including barriers attributable to regulatory requirements, administrative limitations, limitations of funding, and limited coordination;
- Develop a system to cross-educate staff in state housing and health services agencies to increase the number of staff with expertise in both areas;
- Identify opportunities for state housing and health service agencies to provide technical assistance and training to local housing and health services entities;
- Develop performance measures to track the progress of barrier elimination, coordination between housing and health services staff, and the provision of technical assistance;
- Develop a biennial plan to implement the goals described; and
- Deliver a report of the HHSCC's findings and recommendations to the governor and LBB by August 1st of each even-numbered year.

The 83rd Texas Legislature, during its regular session, passed House Bill 736 which expanded membership of the HHSCC from 16 members to 17 members by adding a representative from the Texas Veterans Commission. Members include: the Executive Director of TDHCA; eight members appointed by the Governor; and eight members appointed by State Agencies. TDHCA provides the HHSCC with clerical and advisory support. The 2012-2013 Biennial Plan was submitted on August 1, 2012 and is available to the public on the TDHCA website at http://www.tdhca.state.tx.us/hhscc/biennial-plans.htm.

AVAILABLE RESOURCES

§91.320(c)

The Plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with §91.315. Descriptions of the funding amounts for the specific HUD programs covered by this Plan are provided in each program's Action Plan section. The Plan must also describe resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The Plan must explain how federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. A description of the match requirements of the HUD programs covered by this Plan are provided in each program's Action Plan section.

HOME Addresses Available Resources

Available resources for HOME include the annual allocation for 2014 which is estimated at $24,029,941; an estimated $3,000,000 in program income; and funds that may be deobligated or returned from administrators unable to complete their contract requirements. TDHCA will also provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the SFY, which is funded from sources which include loans originated from the proceeds of single family mortgage loans issued by the State. Contributions from the State's Housing Trust Fund will also be available to provide matching funds. Some matching funds will be provided from State administrators. Finally, funding from local political jurisdictions will be provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified Community Housing Development Organizations ("CHDO") applicants.

The private funds available for priority needs may include loans or grant programs through private banks, for-profit or nonprofit organizations; this source of funding varies from year to year.

ESG Addresses Available Resources

ESG available resources are in the *Homeless and Other Special Needs Categories* section below, starting on page 26.

CDBG Addresses Available Resources

Many CDBG projects include leveraging funds from other state or federal resources including among others, TWDB, USDA Rural Development, Federal Emergency Management Agency, and USDA Natural Resource Conservation Service. Grant recipients provide the greatest share of non-federal public sources of funds for cost sharing on the funded projects. For Program Year 2012, the grant recipients provided additional financial resources in the amount of $22,909,790. For economic development projects, business owners contribute equity funds into the CDBG-funded projects.

HOPWA Addresses Available Resources

Situated within a comprehensive network of HIV care services, the Texas HOPWA Formula program addresses the unmet housing services needs of persons living with HIV ("PLWH") and their families in

Texas by providing housing assistance and supportive services to program-eligible individuals. These services are integrated with the larger Ryan White program both in administration and service delivery, which in turn is integrated into the larger, multi-sectoral system for delivering treatment and care to these clients.

Leveraged funds are absolutely essential for the provision of HOPWA program administration and supportive services for HOPWA clients in the State of Texas. DSHS, Administrative Agencies, and Project Sponsors expect to continue to receive leveraged funds from federal, state, local, and private resources to administer the HOPWA program and to achieve established program objectives for 2014. For project year 2012, Project Sponsors reported $1,240,655 in leveraged funds for housing assistance and other support. With $612,832 leveraged funds from Ryan White program funding. Because housing case management is sometimes combined with medical and non-medical case management, a significant amount of housing supportive services is leveraged from other funding sources. DSHS also collects leveraged dollars Administrative Agencies expend on administrative costs because Administrative Agencies do not receive any HOPWA funding to administer the HOPWA program. For 2012, Administrative Agencies reported $107,102 (down from $112,651 in 2011 and $150,079 in 2010) leveraged for HOPWA administrative costs.

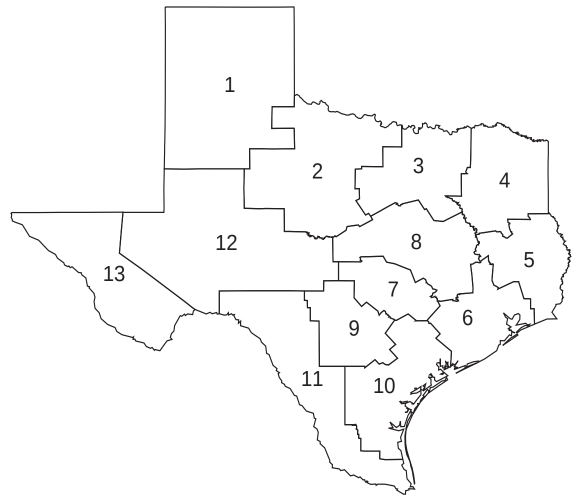
Project Sponsors and Administrative Agencies continue to address long term goals with clients and help them establish a financial plan that can assist them with securing and/or maintaining permanent housing. Budget restraints continue to be a challenge for Administrative Agencies and Project Sponsors and the Ryan White program is a payer of last resort, but considerable efforts to find viable solutions and the “do more with less” approach makes a significant impact on supporting HOPWA clients, improving access to care, and preventing homelessness. Some areas have experienced an increase in the number of clients living below 200% of the Federal Poverty Level. As more individuals are diagnosed with HIV and access services, the demand for affordable, safe housing has increased while the funding available for housing assistance has decreased. Project Sponsors make efforts to leverage HOPWA funds from other foundations to support housing assistance programs. Between 2010 and 2011, there has been an increase of 28 PLWH in one HSDA. Of these PLWH, most (55%) are coming in late to care and need many support services including housing. Utilizing Ryan White Program funds to supplement HOPWA funding has helped, but the funding is limited from both programs and future funding is uncertain. Administrative Agencies work closely with local resources, including local housing authorities, but the Housing Choice Voucher (HCV) program in some areas are not accepting new applications, rarely approving old applications, have long wait lists, which can extend into over a two-year waiting period, or the program is not offered in some of the rural areas. As a result, clients remain longer on HOPWA which impedes progress on enrolling new clients when funding is limited.

GEOGRAPHIC AREAS OF JURISDICTION AND ALLOCATION

§91.320(f)

HOME PROGRAM GEOGRAPHIC PRIORITIES

For the HOME Program, Section 2306.111(d) of the Texas Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME funding. The 13 regions used under the RAF are shown in the figure to the right, State Service Regions. This RAF objectively measures the affordable housing need and available resources in the 13 State Service Regions TDHCA uses for planning purposes. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources. Regional funding adjustments are made based on the results of this comparison.



The 2014 RAF will distribute funding for the following activities:

- CHDO Project Funds,
- Rental Housing Development Program,
- Single Family Activity Program.

Matching funds, with the exception of the Housing Trust Fund, are not subject to the RAF. The table below shows the regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Per Section 2306.111(c) of the Texas Government Code, TDHCA shall expend 95 percent of HOME funds for the benefit of non–Participating Jurisdictions ("PJ") of the State. PJs are areas of the state that receive HOME funds directly from HUD. Five percent of HOME funds shall be expended for the benefit of persons with disabilities who live in any area of the State.

2014 Targeted Distribution of Funds under the RAF

Regions	Regional Funding Amount	Regional Funding Percentage	Rural Funding Amount	Urban Funding Amount
1	$916,230	5%	$708,530	$207,699
2	$593,198	3%	$530,797	$62,401
3	$3,769,300	21%	$584,243	$3,185,056
4	$2,184,800	12%	$1,516,956	$667,844
5	$1,239,626	7%	$906,440	$333,187
6	$1,194,950	7%	$385,211	$809,739
7	$2,149,674	12%	$208,026	$1,941,648
8	$975,654	5%	$573,993	$401,661
9	$1,118,577	6%	$492,954	$625,623
10	$948,211	5%	$507,401	$440,810
11	$1,663,843	9%	$956,777	$707,066
12	$803,784	4%	$383,096	$420,688
13	$687,378	4%	$48,593	$638,785
Total	$18,245,225	100%	$7,803,016	$10,442,209

TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in Section 91.320(d). However, the geographic distribution of HOME funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

ESG Geographic Priorities

Beginning with FFY 2013, ESG funds are reserved for each of the HUD-designated Continuum of Care (“CoC”) Regions according to a combination of the region’s proportionate share of the state’s total homeless population, based on the Point-in-Time count submitted to HUD by the CoCs, and the region’s proportionate share of people living in poverty, based on the American Community Survey (ACS) poverty data published by the Census Bureau. For the purposes of distributing funds, the percentage of statewide homeless population is weighted at 75% while the percentage of statewide population in poverty is weighted at 25%.

CDBG Geographic Priorities

Funds for projects under the Community Development (“CD”) Fund are allocated among the 24 State planning regions based on the following:

The original CD formula is used to allocate 40 percent of the annual State CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual State CDBG allocation.

Original CD formula (40%) factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible non-entitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

HUD formula (21.71%) - The formula is the same methodology that HUD uses to allocate CDBG funds among the States for use in non-entitlement areas. The HUD factors, percentages, and methodology are specified in 42 USC. §5306(d). TDA will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the non-entitlement areas in that region and the population of the non-entitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non-entitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the non-entitlement areas in that region and the extent of housing overcrowding in the non-entitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the non-entitlement areas in that region and the age of housing in the non-entitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non-entitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the non-entitlement areas in that region and the population of the non-entitlement areas of all 24 regions (counted one time - 20% weight).

TDA will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, task forces, and input from the Texas Rural Health and Economic Development Advisory Council, Regional Councils of Governments, local and state government officials, and other interested parties.

The allocation methodology as described in Section II C – Allocation of Funds by Fund Category has resulted in approximately 93.6% of overall funding benefiting low and moderate income persons for the last three Program Years. It has resulted in funding the non-housing priority needs described below while resulting in a very high percentage of awards primarily benefiting extremely low-income, low-income and moderate income households.

The allocation methodology as described in Section II C – Allocation of Funds by Fund Category has resulted in approximately 93.6% of overall funding benefiting low and moderate income persons for the last three Program Years. It has resulted in funding the non-housing priority needs described below while resulting in a very high percentage of awards primarily benefiting extremely low-income, low-income and moderate income households

Non-housing Community Development
Priority Needs Summary Table

Priority Community Development Needs	**Priority Need Level** H=High, M=Medium, L=Low, N=No Such Need
PUBLIC FACILITY NEEDS	M
INFRASTRUCTURE IMPROVEMENT	H
Solid Waste Disposal Improvements	M
Drainage and Flood Control Improvements	H
Water System Improvements	H
Street and Bridge Improvements	H
Sewer System Improvements	H
PUBLIC SERVICE NEEDS	M
ECONOMIC DEVELOPMENT NEEDS	H
OTHER COMMUNITY DEVELOPMENT NEEDS	M
PLANNING	M

The Priority Needs Summary Table uses the following definitions:

- High Priority (H): Activities to address this need will be funded by the State during the five-year period.
- Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.
- Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
- No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.

The table below illustrates the amount of all fund category application requests for the 2013-2014 CDBG program years. Requested amounts are included for water, sewer, engineering, street paving, administration, housing rehabilitation, drainage, removal of architectural barriers, acquisition demolition, community center, senior centers and fire protection. Under the Community Development Fund, each region, through its Regional Review Committee, establishes its funding priority through scoring factors that reflect local prioritization of need. To be competitive, the applications submitted generally reflect the local needs as prioritized through the Regional Review Committee process and are therefore reflective of local needs. Each cycle, the Regional Review Committee has an opportunity to revise its local priorities to reflect any change in needs.

Requests for Community Development Program Funds for 2013-2014 by Activity

Activity	Amount Requested
Water Facilities	$75,253,323
Sewer Facilities	$49,439,830
Street Improvements	$14,229,037
Rehabilitation of Private Properties (sewer service)	$5,054,202
Flood and Drainage Facilities	$2,517,213
Rehabilitation of Private Properties	
Rehabilitation of Private Properties (water service)	$928,154
Neighborhood Facilities / Community Centers	$294,551
Parks, Playgrounds, and Other Recreational Facilities	$912,238
Fire Protection Facilities and Equipment	$517,776
Clearance/Demolition Activities	$590,000
Acquisition	$634,803
Economic Development For Profit	$9,244,900
Other Eligible Activities	$269,772
Planning & Urban Env. Design	$1,522,685
Senior Centers	$644,300
Sidewalks/Other Public Facilities	$9,435,221
General Administration	$15,467,900
Engineering/Architectural Serv.	$21,582,974
Total	**$208,538,879**

HOPWA Geographic Priorities

Texas is the second largest state in the United States in population (second only to California) and six cities in Texas have a population of over 500,000 (Austin, Dallas, Fort Worth, El Paso, Houston, and San Antonio). These six cities are the same ones funded directly from HUD for HOPWA activities. The surrounding counties of five of these cities have been designated Eligible Metropolitan Areas/Transitional Grant Areas (EMA/TGA) because they have emergent populations of people with HIV and therefore a pressing need for funding to provide HIV-specific medical care.[1] Texas has 254 counties. Nearly 70,000 people in Texas are known to have HIV. It is estimated that an additional 17,000 people in Texas are living with HIV, but are currently unaware of their status. The number of people known to have HIV increased by 34% from 2005 to 2011.[2] In order to meet the needs of PLWH in Texas, the

[1] 2010 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning

[2] http://www.dshs.state.tx.us/hivstd/reports/default.shtm, Texas HIV Surveillance Report 2011

HOPWA funding allocations are geographically distributed across the State according to the 26 HIV service delivery areas (HSDA), covering all 254 counties in Texas, and are allocated based on several factors, including past performance and unmet need.

HOMELESSNESS AND OTHER SPECIAL NEEDS CATEGORIES

§91.320(h)

SOURCES OF FUNDS

Of the 67 organizations funded through the Emergency Solutions Grant (29 organizations from the FFY 2011 2nd Allocation and 38 organizations from the 2012 Allocation), information regarding service to the chronically homeless is only available for the organizations funded through the 2012 Allocation. Based on these 38 organizations, it is estimated that 24 serve the chronically homeless. The table below indicates the existing bed capacity in shelters and the unmet need (persons in need of shelter) taken from data collected for the 2012 Housing Inventory Count submitted to HUD by CoC organizations in the State.

Number of Beds for Persons Experiencing Homelessness in Texas

Emergency Shelter	Existing Beds	Unmet Need
Family Beds	5,221	1,898
Individual Beds	7,868	4,384
Child Only Beds	111	787
Total	13,200	7,069

Transitional Housing	Existing Beds	Unmet Need
Family Beds	5,379	3,971
Individual Beds	4,084	3,612
Child-Only Beds	66	308
Total	9,529	7,891

Permanent Supportive Housing	Existing Beds	Unmet Need
Family Beds	4,343	3,778
Individual Beds	6,012	5,944
Child-Only Beds	0	230
Total	10,355	9,952

HOMELESSNESS PREVENTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS ADDRESSES HOMELESSNESS

Funded primarily with State appropriated funds, the **Homeless Housing and Services Program's (HHSP)** purpose is assisting those cities in Texas with a population of 285,500 or more (per the latest census figures) in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. The cities that currently meet this threshold are: Arlington, Austin, Corpus Christi, Dallas, Houston, El Paso, Fort Worth, and San Antonio. In SFY 2014, HHSP funding totals $5 million. It is estimated that HHSP subrecipients will assist 6,500 persons and 2,600 households.

On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, a bill that reauthorized the McKinney-Vento Homeless Assistance programs and substantially revised the **Emergency Shelter Grants Program**. In its revision, the Emergency Shelter Grants Program was renamed the Emergency Solutions Grants (ESG) program. During PY 2013 (2/1/13-1/31/14), the Department administered FFY 2011 2nd allocation funds, FFY 2012 ESG Program funds (the contract term for those funds is 10/1/12-9/30/13), and PY 2013 funds (the contract term for those funds is 10/1/13-9/30/14).

For purposes of this Plan, Statewide information on homeless service providers has been collected from the ESG subrecipients that were awarded funding in FFY 2012. This is not a comprehensive listing of ESG service providers in the State since entitlement cities and counties receive ESG funding directly from the US Department of Housing and Urban Development. Organizations that apply for these local ESG funds are not included. Contracts awarded in FFY2012 will end 9/30/2013 and the Department anticipates that approximately 41,000 persons will be assisted.

TEXAS DEPARTMENT OF AGRICULTURE ADDRESSES HOMELESSNESS

TDA does not have a specific program directed at homelessness. It is a member of the HHSCC created by the Texas Legislature. HHSCC continues to explore the opportunity for service-enriched housing options as cost efficient housing alternatives for the homeless population.

TEXAS DEPARTMENT OF STATE HEALTH SERVICES ADDRESSES SPECIAL NEEDS

DSHS' mission is to improve the health and well-being in Texas. To achieve its mission, DSHS is responsible for certifications, licenses and permits for certain health-related equipment, facilities, businesses and occupations; community mental health and family health resources; substance abuse recovery resources; vital records, such as birth, death, marriage and divorce records; and health-related data and reports.

The Department of State Health Services Community Mental Health and Substance Abuse Division receives funds through the federal government's Center for Mental Health Services. Funds are used for administration of homelessness prevention services and mental health crisis services through **Projects for Assistance in Transition from Homelessness ("PATH")**. Service areas include Amarillo, Austin, Beaumont, Conroe, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Harlingen, Houston, Laredo, Lubbock, San Antonio, and Waco. Funds are available to political subdivisions of State of Texas, units of local government and non-profit entities.

The HOPWA program prevents homelessness by providing STRMU to eligible individuals living with HIV in emergency situations. HUD has placed an emphasis on providing assistance to chronically homeless and veterans. Six clients categorized as chronically homeless and 29 veterans were served in 2012 for a total of 35 special needs clients assisted. DSHS' HOPWA program also benefited an additional 944 household members, of which 64 were reported to be HIV-positive. This demonstrates that the Texas HOPWA program is essential to housing not only direct clients, but additional PLWH, which is a vital step in linkage and adherence to medical care. Many clients that have received housing assistance from the HOPWA program would have had no other means to obtain housing and care for themselves.

BARRIERS TO AFFORDABLE HOUSING

§91.320(i)

The State of Texas has given local jurisdictions a great amount of authority over their lands. As a result, many of the regulatory barriers to affordable housing found at the state level in other states do not exist in Texas. For instance, municipalities have zoning authority. Even though zoning may be a barrier to affordable housing depending on minimum lot size required, this is not a regulatory barrier imposed by the State of Texas. In fact, counties do not have zoning authority, eliminating such a potential barrier completely in non-incorporated areas. The State of Texas also does not impose impact or development fees or deed restrictions on developments. Furthermore, TDHCA is not a regulatory agency for building codes with the exception of limited aspects of manufactured housing and developments that receive funding through TDHCA. Impact fees, deed restrictions and building codes may add to the cost of development, but these are not part of the State's regulations. The State has recently released the draft version of Phase 2 of State of Texas Plan for Fair Housing Choice: Analysis of Impediments, which goes into detail regarding state and local regulatory and land use barriers. It may be accessed at http://www.tdhca.state.tx.us/housing-center/fair-housing.

In contrast, the State does encounter two regulatory barriers to affordable housing, as found below.

Environmental Regulations

In accordance with federal law, the Department upholds federal environmental regulations, such as the National Environmental Policy Act, Endangered Species Act, Clean Air Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by several State agencies including but not limited to the Texas Commission on Environmental Quality ("TCEQ"), the Texas Historic Commission ("THC"), Texas Parks and Wildlife ("TPWD"), and the DSHS. These include rules for the installation of septic systems and for development over the Edwards Aquifer, preservation of historic sites, regulation of toxics exposure and asbestos exposure. The restrictions associated with the regulations can add to the cost of development which, in turn, may raise the cost of the housing thereby decreasing the number of affordable units which can be provided.

Public Opposition

When a developer proposes an affordable housing development, state law and statues requires that the developer notify local community groups and state and local officials. The required public notification process provides notice to persons who may oppose affordable housing.

Given the climate surrounding the development of affordable housing and the likelihood of encountering NIMBY attitudes, developers may avoid proposing affordable developments in areas where they believe such reactions are likely because of the potentially significant increased costs of addressing NIMBYism and the increased likelihood of opposition thwarting their ultimate success. In turn, developers may choose to propose affordable multifamily developments in areas with fewer perceived barriers to development, often areas with lower median household income and concentrations of affordable housing where there is often a strong local desire for development of affordable housing.

However, in general, Texas residents share similar values about housing, regardless of their race, ethnicity, income or disability. Most of the value statement questions in a recent survey of Texas residents meant to detect NIMBYism received low ratings; especially “I prefer to live near people who are of my race or ethnicity.”[3] In fact, the value statement “I prefer to live in a neighborhood with many different types of people” had the second highest rating across the groups surveyed.

Because cases of NIMBYism can be difficult to track (e.g. there is no “database” of NIMBY activities) it is hard to measure where NIMBYism occurs most often. The cases of NIMBYism most often found and described are frequently associated with proposed Low Income Housing Tax Credit (“LIHTC”) developments. Although not exclusive to these areas, NIMBYism appears anecdotally to be more likely to be a concern in areas with socioeconomic and housing homogeneity.

STRATEGY TO OVERCOME REGULATORY BARRIERS TO AFFORDABLE HOUSING

Local governments and officials more often have a greater awareness of their local economic, demographic and housing conditions. In order to meet the needs of residents in all parts of the second largest state in the nation, the State of Texas gives local governments a key role in most matters affecting their own lands. Note that, as a governmental entity, TDHCA cannot lobby or attempt to influence the policies related to the governing of the State of Texas. However, TDHCA can and does encourage localities to become educated and proactive in the way they approach affordable housing.

The State of Texas does not implement zoning, impose impact development fees or deed restrictions, or regulate building codes and so cannot directly affect these barriers. Nonetheless, TDHCA does act as an information resource to assist localities in overcoming unnecessary regulatory barriers which may increase the cost of housing. TDHCA is accomplishing this with the following:

- Adding robust research and analysis regarding regulatory and land use barriers to the Analysis of Impediments.
- Continuing research on defining and addressing any identified State and local policy barriers.

TDHCA also mitigates the affects of its environmental and public notice regulatory requirements, compliance with which must be monitored by TDHCA. For example, TDHCA offers environmental compliance training free of charge for organizations and entities that receive funding through TDHCA. These trainings are conducted through webinars that serve the entire state. In this way, TDHCA helps local communities comply with environmental rules and public notice requirements.

To ensure that local officials and the public have the most accurate and current information regarding the potential impact of affordable housing in their area, the Department has limited funds available for research studies on issues regarding affordable housing. In June 2010, TDHCA’s Governing Board authorized the release of a Request for Proposal to conduct a Comprehensive Analysis of Rural and Farmworker Housing in Texas. In May 2011 TDHCA entered into a contract with Bowen National Research to conduct this analysis.

TDHCA recognizes the unique challenges of affordable housing in rural Texas and for farmworkers in Texas. The Department anticipates using this report in the future to assist with program planning and it

[3] Texas Department of Housing and Community Affairs, (2012). ***State of Texas Plan For Fair Housing Choice: Phase 2 Analysis of Impediments to Fair Housing [Draft]***. pg 257, available online at http://www.tdhca.state.tx.us/housing-center/fair-housing/docs/DRAFT-FairHousingChoice-AI-Phase2.pdf.

will be shared with the community to demonstrate need and provide recommendations for the creation of affordable housing in rural Texas and for farmworkers in Texas. TDHCA received the final study in late summer 2012. Elements of this study include (found at http://www.tdhca.state.tx.us/housing-center/pubs-special.htm):

- Outreach to a wide spectrum of rural stakeholders;
- Rural Texas socioeconomic and demographic analysis;
- Rural Texas housing supply and demand analysis; and
- Analysis of affordable housing developer capacity.

Some members of the public fear that affordable housing may increase traffic, increase crime, and lower the value of surrounding properties. Conversely, some members of the public observe that allowing people who serve the community to afford to live in the same community reduces traffic by reducing the distance between where people live and where they work. Furthermore, studies about factors contributing to increased criminal activity tend to point to community disinvestment, overcrowding, and lack of jobs and community services. Affordable housing can help address several of these factors by allowing for community investment and alleviating overcrowding. Regarding property values, in some instances affordable housing has contributed to improvement of property values by serving as a keystone of neighborhood revitalization.[4] By educating the public on the positive attributes of affordable housing, TDHCA believes it can help the public build a more positive understanding of and appreciation for the benefits of affordable housing.

[4] Joint Center for Housing Studies of Harvard University. (2011). America's Rental Housing: Meeting Challenges, Building on Opportunities. Retrieved from http://www.jchs.harvard.edu/publications/rental/rh11_americas_rental_housing/AmericasRentalHousing-2011-bw.pdf

MONITORING

§92.330

HOME AND ESG MONITORING

TDHCA has established oversight and monitoring procedures within the TDHCA HOME, Compliance and Community Affairs divisions to ensure that activities are completed and funds are expended in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes. TDHCA's monitoring efforts are guided by both its responsibilities under the HOME and ESG and its affordable housing goals for the State of Texas. These monitoring efforts include the following:

- Identifying and tracking program and project results
- Identifying technical assistance needs of subrecipients
- Ensuring timely expenditure of funds
- Documenting compliance with program rules
- Preventing fraud and abuse
- Identifying innovative tools and techniques that support affordable housing goals
- Ensuring quality workmanship in funded projects
- Long-term compliance
- Risk management
- Sanctions

Identifying and Tracking Program and Project Results

HOME contract and project activities are tracked through the TDHCA Contract System, including funds committed, pending projects, funds drawn, activities and contracts completed, and funds disbursed through the internet-based system, HUD's Integrated Disbursement and Information System ("IDIS"), and other reports generated as needed. The Contract System provides information necessary to track the success of the program and identify process improvements and administrator training needs. IDIS tracks HOME Program data such as commitment and disbursement activities, the number of units developed, the number of households assisted, the ongoing expenditures of HOME funds, and beneficiary information.

Other resources utilized by TDHCA to track project results include a performance team, to provide oversight and monitor contract progress, and an asset management division and loan servicing division. If either of these areas identifies problems, steps are taken to resolve the issue, including project workouts and oversight of reserve accounts. Real Estate Analysis, the division for underwriting economic feasibility pre-award, is also responsible for identification of high risk housing developments, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period. Finally, the establishment of a Physical Inspections section in the Compliance Division assists with maintaining quality and integrity during project construction.

ESG project and contract activities are tracked through TDHCA's Contract System. This system maintains funds drawn, funds expended, performance data, and other reports as needed. ESG data such as commitment and disbursement activities, number of persons assisted, ongoing expenditures, and program activities are also tracked through HUD's IDIS.

Identifying Technical Assistance Needs Administrators

Identification of technical assistance needs for HOME and ESG subrecipients is performed through analysis of administrator management practices, analysis of sources used by TDHCA to track technical assistance such as information captured in the HOME Division Database and Contract System, review of documentation submitted, desk reviews based on state and federal requirements results of on-site audits, contract benchmarks, technical assistance visits, phone calls, e-mail and monitoring visits.

Ensuring Timely Expenditure of Funds

TDHCA ensures adequate progress is made toward committing and expending HOME and ESG funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and TDHCA enter into an Agreement. HUD Performance deadlines for spending and reporting matching funds are reviewed on a monthly basis to track expenditure totals. To ensure the timely reprogramming of funds, HOME set-aside requirements are also tracked as a part of the HOME Fund Balance Report, which reports the Division's status of HOME funds including program income and de-obligated funds. Additionally, the Department includes performance benchmarks in the Department's State HOME Rule and as part of its written agreements. Working through TDHCA's reservation systems, HOME Program single-family activities are more responsive to local needs and provide more timely access to HOME funds based on readiness-to-proceed.

Documenting Compliance with Program Rules

Compliance with program rules is documented through contract administration and other formal monitoring processes. Staff document compliance issues as part of their ongoing contract management reviews and notify administrators of any noncompliance and required corrective action. On-site reviews, including physical onsite project site inspections of a representative sample of project sites, on-site reviews of client files, shelters, and the delivery of services are conducted with summarized reports identifying necessary corrective actions.

TDHCA has developed a set of standards for HOME and ESG administrators to follow to ensure that subcontractors and lower-tiered organizations entering into contractual agreements with administrators perform activities in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes.

TDHCA maintains a database to document an administrator's compliance history with rental housing developments. During the application process the previous participation of the applicant is evaluated. The compliance history is considered by TDHCA's Board prior to finalizing awards.

Preventing Fraud and Abuse

TDHCA monitors how funds in the HOME and ESG programs are managed during its onsite visits through a review of supporting documentation provided by the administrator and through information gathered from outside sources. This is done throughout the contract period to ensure that funds are spent on eligible activities and in a compliant manner. If an administrator fails to manage funds properly, a number of actions may be taken, up to and including initiations of proceedings to impose administrative penalties and, beginning September 1, 2013, initiation of debarment proceedings. TDHCA may also pursue reimbursement of disallowed costs. Also, if fraud is suspected, TDHCA makes reports to the State Auditor's Office and works carefully with appropriate enforcement authorities including HUD, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

Identifying Innovative Tools and Techniques that Support Affordable Housing Goals

Staff identifies innovative tools and techniques to support affordable housing goals by attending trainings and conferences, maintaining contact with other State affordable housing agencies, attending conferences, and through the HUD internet listserv and HUD website.

Ensuring Quality in Funded Projects

Ensuring the administrator provides the committed product, amenities and compliance with accessibility requirements is a Departmental priority. Staff ensures the quality of workmanship in HOME-funded projects through the inspection process. TDHCA staff, in conjunction with Manufactured Housing Inspectors, conducts inspections to substantiate the quality of the work performed. Deficiencies and concerns are identified during an initial inspection, with corrective action required by construction completion. The clearance of a final inspection is required of all rental housing developments funded by the Department.

TDHCA staff also attends and conducts trainings on rehabilitation best practices. Manufactured Housing and Physical Inspection Staff assisting with conducting inspections have been given the necessary tools to thoroughly complete these inspections and are provided annual training by Department staff on the procedures, expectations, and accessibility requirements.

Other processes used to ensure quality workmanship have included revisions to TDHCA's program rules. TDHCA is proposing to require the use of Texas Real Estate Commission ("TREC") licensed inspectors or other qualified inspector individuals to be used for initial and final inspections. Requirements also include the submission of plans and specifications for reconstruction and construction of units, certificates of occupancy or similar documents, and standards for the correction of deficiencies outlined on the final inspection report.

Long-Term Compliance

The Compliance Division is responsible for long term monitoring of HOME rental developments and conducts onsite monitoring reviews in accordance with 24 CFR §92.504(d) of the HOME Final Rule and the Department policies and procedures, as described in 10 TAC, Compliance Rules, Subchapter F, the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreements.

The Compliance Division schedules and performs on-site monitoring reviews at the commencement of leasing of all HOME rental developments. HOME rental developments are monitored every 1 to 3 years as required by federal regulations and continue to be monitored throughout the development's affordability period. An onsite monitoring review consist of staff reviewing 20% percent, or 5 minimum, resident files to ensure compliance with income and rent restrictions and all other federal regulations. A physical inspection of the development, buildings and units is also completed in accordance with HUD's Uniform Physical Condition Standards (UPCS) protocol. In addition, the Compliance staff conducts on-going limited accessibility inspections with the construction requirements of Section 504, Rehabilitation Act of 1973, and Fair Housing Act. The Department is committed to ensuring HOME rental developments are in compliance with federal and state rules and regulations. If a HOME development fails to comply with those, the Department has created enforcement procedures and administrative penalties described in 10 TAC, Compliance Rules, Subchapters A and C, and 10 TAC, Chapter 1, Subchapter A, Rule 1.14.

Risk Management

HOME contracts are monitored based on a risk assessment model that is updated on an annual basis or more frequently if required. Some of the elements of the Risk Assessment Model may include the type of activity, existence of a construction component, Davis/Bacon requirements, results of previous on-site visits, status of the most recent monitoring report, amount funded, previous administrator experience, entity type, and Single Audit status. In addition to the results of the risk assessment survey, referrals from division staff are considered when determining in depth monitoring reviews or required technical assistance. An emphasis is placed on monitoring of contracts within the current draw period and contracts with projects in the affordability period as defined by HUD.

If complaints are received by the Department, they are considered a risk management element and will be reviewed in detail. Supplemental monitoring activities will be performed to ensure program compliance and detection of possible fraud or mismanagement.

The Risk Assessment Model is also implemented for ESG. TDHCA monitors ESG subrecipients based on an assessment of associated risks. The assessment of associated risks utilizes factors developed by the Department's Compliance Division in conjunction with the Community Affairs Division. The factors include the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and dollar amounts of Department funds contracts and single audit issues. Additional risk factors include length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, current program expenditure level, prior program year cumulative expenditure levels (if applicable), total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. Subrecipients with the highest rankings are considered high risk and will receive an on-site monitoring review. Subrecipients with low rankings will have a desk review conducted. During the onsite monitoring review, staff determine subrecipients' compliance with the ESG contract, ESG State Regulations, State Policy Issuances, 24 CFR Ch V, Part 576, OMB Circulars related to expenditure of funds, and requirements of Chapter 58 of the Environmental Protection Act.

Sanctions

Based on the results of ongoing HOME monitoring, sanctions are imposed for noncompliance issues based on the severity of noncompliance, which may include delays in project set-ups, draw request processing, questioned/disallowed costs, suspension of the contract, or contract termination. When necessary, the Executive Director executes a report to the State Auditor's Office for possible investigation of fraud as required by Section 321.022(a) of the Texas Government Code. Sanctions imposed may affect future application requests and scoring. In addition, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

The majority of HOME administrators comply with program rules and regulations. However, for the few who do not, after technical assistance and a corrective action period are provided, administrative penalties are considered. The Department's enforcement provisions in10 TAC, Chapter 1, Subchapter A, Rule 1.14 and 10 TAC, Chapter 60, Subchapter §60.307[5] establish monetary penalties for owners who do not correct noncompliance violations. Owners are referred to the Department's Administrative Penalty Committee for enforcement. The Department conducts informal meetings with owners to address their compliance violations and work with them to restore compliance. The administrative penalty process is proving to be a successful and effective tool for restoring compliance.

In addition, the Department has the ability to debar individuals and companies from participation in our Housing Tax Credit program. Effective September 1, 2013, this ability will extend to other TDHCA programs. Debarred entities will be listed as such on the Department's website which will likely affect their ability to be awarded contracts with other state and federal agencies.

The results of ongoing ESG monitoring will also determine if sanctions are imposed for noncompliance issues. Sanctions range from questions or disallowed costs, corrective action, quality improvement plans, the use of the modified cost reimbursement method of payment, de-obligation of funds, suspension of funds, and/or termination of the contract. TDHCA's legal staff is notified and, where warranted, referrals are made to the Attorney General's Office. Sanctions imposed affect the future consideration of ESG applications for funding.

CDBG Monitoring

TDA ensures thorough monitoring of the TxCDBG program with four components: project implementation, contract management, audit, and monitoring compliance.

Project Implementation

Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development Unit, Compliance Unit and Finance Division to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

Contract Management

All open TxCDBG projects are assigned to a specific Contract Specialist who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Contract Specialists monitor progress and compliance through formal reporting procedures. Program Specialists for Labor Standards and Environmental compliance also exist under the TDA's project oversight function. Additionally, all reimbursement requests require complete supporting documentation and are routed through TDA's Finance Division before payment is made.

Audit

The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations that spend more than $500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. Submission of a Single

[5] These provisions are potentially being moved to Chapter 1. TDHCA will update the citation in the final version of the Action Plan.

Audit to the Agency is required regardless of whether or not the Audit findings pertain to CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

Monitoring Compliance

On-site programmatic reviews are conducted on every CDBG contract prior to close-out to ensure the contractual obligations of each grant are met. In September 2011, the TxCDBG program implemented a new risk assessment methodology covering compliance monitoring of funded projects. The new process uses an objective risk assessment tool to evaluate the programmatic compliance risk of CDBG-funded projects.

Contracts scored according to the risk assessment tool will be grouped into a range of three categories: High Risk, Medium Risk, and Low Risk. Monitoring staff will conduct risk assessments of CDBG contracts to determine whether monitoring reviews are to be performed onsite or as desk reviews. All High Risk contracts are to be monitored onsite. Medium Risk and Low Risk contracts are to be monitored as desk reviews, unless otherwise directed by TxCDBG management.

In addition, the risk category is used to determine the timeframe for monitoring the project. Contracts will be selected for monitoring according to their risk category and according to the approximate percentage of total CDBG funds drawn.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance unit communicates with the staff of the Project Management unit as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

HOPWA MONITORING

A team of DSHS consultant staff monitor the Administrative Agencies' ("AA") HOPWA administration activities, and the AAs monitor the Project Sponsors for HOPWA program compliance. This monitoring involves periodic site visits, technical assistance, desk audits, and review of quarterly program progress reports submitted by the Project Sponsors and AAs. Desk audits are conducted by the Contract Management Unit at the division level in DSHS. Additionally, fiscal audits are conducted as part of a centralized service of DSHS, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

AAs and Project Sponsors are required to comply with HUD regulations, the DSHS Program Manual and their contractual Statement of Work. The DSHS HOPWA program manual is located at http://www.dshs.state.tx.us/hivstd/hopwa/default.shtm. The HOPWA monitoring tool Statement of Work, renewal application, and Grantee Oversight Resource Guide can also be accessed from this same DSHS webpage. Principles for fiscal administration are established by the Texas Uniform Grants

Management Standards located at www.governor.state.tx.us/files/state-grants/UGMS062004.doc. The requirements for project monitoring contract monitoring and other pertinent policies and procedures established by DSHS are located at http://www.dshs.state.tx.us/hivstd/pops/default.shtm.

HOUSING ACTION PLAN: HOME INVESTMENT PARTNERSHIPS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2014

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goals of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between State and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of low-income Texans. TDHCA provides technical assistance to all recipients of HOME funds to ensure that all participants meet and follow the State guidelines and federal regulations.

The State of Texas HOME Program anticipates receiving $24,029,941 in HOME allocated funds and $3,000,000 in multifamily and single-family program income for a total of $27,029,941 estimated funding available for distribution.

ALLOCATION OF PY 2014 FUNDS

§91.320(d) and (f)

TDHCA will use the following method for allocating funds and may make adjustments throughout the program year to transfer funding from an undersubscribed activity or set-aside to an activity that may be experiencing higher demand:

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of Allocation) [1]	$2,402,994	10%
CHDO Project Funds Set Aside (15% of Allocation)	$3,604,491	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) [1]	$180,225	1%
State Mandated Funds for Contract for Deed Conversions [1]	$2,000,000	5%
Housing Programs for Persons with Disabilities (5% of Allocation) [1, 2]	$1,201,497	5%
Rental Housing Development Program	$9,371,677	39%
General Funds for Single Family Activities	$5,269,057	25%
Total PY 2013 HOME Allocation	$24,029,941	100%
Estimated Program Income (to be used to fund HOME-eligible activities) [1]	$3,000,000	—
Total Estimated Funding Available for Distribution	**$27,029,941**	**—**

[1] The funding for these activities is not subject to the Regional Allocation Formula.

[2] Per Section 2306.111(c) of the Texas Government Code, TDHCA shall expend 95 percent of HOME funds for the benefit of non–PJ areas of the State. Five percent of HOME funds shall be expended for the benefit of persons with disabilities who live in any area of the State.

The following targets will be used to distribute General Funds for Single Family Activities:

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$1,754,596	33.3%
Homeowner Rehabilitation	$1,754,596	33.3%
Tenant Based Rental Assistance	$1,759,865	33.4%
Total Estimated Funding Available for Distribution	$5,269,057	100.0%

Estimated PY 2014 Beneficiaries

Based on anticipated program activities TDHCA estimates that the number of PY 2014 beneficiaries assisted will be approximately 611 low-, very low-, or extremely low-income households. On the basis of historical performance, TDHCA estimates that approximately 50 percent of those households will be minority households.

DESCRIPTION OF ACTIVITIES

§91.320(d) and (e)

Homeowner Rehabilitation

Rehabilitation, new construction or reconstruction assistance is provided to eligible homeowners for their existing home in the form of a grant or loan. The home must be the principal residence of the homeowner and the homeowner must meet all other eligibility requirements.

Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction, newly constructed single family housing must meet the International Code Council's International Residential Code or International Building Code, whichever is applicable to the type of housing being developed and energy efficiency standards as currently required by State statute. In addition, disaster mitigation may be required in accordance with state and local requirements, or as established by HUD, where needed to mitigate the risk of potential disasters (such as hurricanes, flooding, and wildfires). In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. If a home is newly constructed or reconstructed, the applicant must also ensure compliance with the universal design features in new construction established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family housing.

The available funding for program year 2014 under this activity is approximately $2.0 million, which may only be used in non-PJs. The Department may set-aside a portion of these funds during the 2014 program year using a reservation system as a method of distribution. In addition, the Department may allow the refinance of existing debt for single-family, owner-occupied housing, when rehabilitation to correct substandard conditions is the primary use of the HOME funds. This amount does not include Housing Programs for Persons with Disabilities funding that may be issued under a separate NOFA. Finally, the State may decide to conduct a portion of these activities directly.

Tenant-Based Rental Assistance

According to the American Community Survey 1-Year Estimates for 2011, approximately 50% or 1,511,565 households that rent in Texas have a housing cost burden of equal or greater than 30 percent of their income in 2011. Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months. If available, additional funds may be set-aside to provide assistance beyond 24 months. Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) in 24 CFR §982.401. The Department may set-aside a portion of these funds during the 2014 program year using a reservation system as a method of distribution. In addition, the Department may set-aside a portion of the estimated program income toward maintaining a reservation system as a method of distribution during the 2014 program year that can be used to fund TBRA activities. Finally, the State may decide to conduct a portion of these activities directly.

Homebuyer Assistance with or without Rehabilitation

§92.254

According to the American Community Survey 1-Year Estimates for 2011, approximately 25% or 1,380,048 households that own a home in Texas had a housing cost burden of equal or greater than 30 percent of their income in 2011. Down payment, closing cost, rehabilitation, and contract for deed conversion assistance may be provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.
- Acquisition or new construction costs for the replacement of manufactured housing.

Eligible homebuyers receive assistance in the form of a loan. HBA loans are required to be repaid at the time of resale of the property, refinance of the first lien, or repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence. If any of these occur before the end of the loan term, the Department will follow the recapture or resale provisions described in this Plan.

Pursuant to 24 CFR §92.251, housing that is rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. Housing units that are provided assistance for acquisition must meet all applicable State and local housing quality standards and code requirements, as well as the Department's property standards. Finally, the State may decide to conduct a portion of these activities directly.

The available funding for this activity is approximately $2.0 million, which may only be used in non-PJs. This amount does not include Housing Programs for Persons with Disabilities funding, which may be issued under a separate Notice of Funding Availability ("NOFA"). The Department may set aside a portion of these funds during the 2014 program year using a reservation system as a method of distribution.

Rental Housing Development

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing. TDHCA will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 10 years. A standard underwriting review will be performed on applications under this activity. TDHCA generally make awards in the form of a loan. Owners of rental units assisted with HOME funds must comply fully with the states' affirmative marketing plan and meet affirmative marketing requirements as delineated in the Department's Compliance Rules. Owners of rental units assisted with HOME funds also must comply with initial and long-term income restrictions and keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local, state, and federal construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the UPCS as developed by the Real Estate Assessment Center ("REAC"), the International Building Code, Texas Government Code, and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability.

Eligible expenses and activities may further be limited by TDHCA in accordance with State rule and legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing. Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule at 10 TAC §1.5.

For applications consisting of five or more HOME-assisted units, the applicant is required to submit an Affirmative Marketing Plan in accordance with the HOME Final Rule (24 CFR §92.351) and the state's affirmative marketing plan. The Department's Compliance Division monitors for compliance with the requirements specified in the HOME Final Rule (24 CFR §92.351) and also delineated in 10 Texas Administrative Code Chapter 10 Subchapter F.

Approximately $9.3 million is available for Rental Housing Development Funding for these activities may only be used in non-PJs. The Department may also make additional funds available according to the Department's de-obligation policy. This amount does not include the Housing Programs for Persons with Disabilities funding which may be issued under a separate NOFA.

Administrative Expenses

Up to 10 percent of the sum of the Program Year HOME basic formula allocation and program income may be set aside for HOME Administrative expenses to cover the costs of administering the statewide program. A portion of this set-aside may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations and nonprofit developers are not eligible to receive administrative funds. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

CHDO Set-Aside

A minimum of 15 percent of the annual HOME allocation, approximately $3.6 million (plus $240,000 – for CHDO operating expenses) is reserved for CHDOs. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly-owned for-profit or nonprofit subsidiary must be the managing general partner. A CHDO may also own and operate housing that it does not develop. These organizations can apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project.

For applications consisting of five or more HOME-assisted units, the applicant is required to certify that they will comply fully with the state's affirmative marketing plan and submit an Affirmative Marketing Plan in accordance with the HOME Final Rule (24 CFR §92.351). The Department's Compliance Division monitors for compliance with the requirements specified in the HOME Final Rule (24 CFR §92.351) and also delineated in 10 Texas Administrative Code Chapter 10 Subchapter F.

In accordance with 24 CFR §92.208, up to 5 percent of the State's Fiscal Year HOME allocation may be used for operating expenses of CHDOs. In accordance with §92.300(a)(2)(f), a CHDO may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or $50,000, whichever is greater, of the CHDOs total operating expenses in that fiscal year. TDHCA may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity.

Contract for Deed Conversions

The 81st Legislature passed Appropriations Rider 6 to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI). Furthermore, TDHCA is targeted to convert no less than 200 contracts for deeds into traditional notes and deeds of trust. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60 percent of AMFI and the home converted must be their primary residence. HOME funds may be used in the administration of this program at the determination of the Department. If HOME funds are used for this activity, the program must comply with federal requirements as established in 24 CFR §92 and in accordance with §2306.111 (c), Texas Government Code, these funds may only be used in non-PJs. As a statutorily required set-aside, these funds would not be subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code. Finally, the State may decide to conduct a portion of these activities directly.

Housing Programs for Persons with Disabilities

According to the American Community Survey 1-Year Estimates for 2011, there were approximately 2,906,416 people in Texas, or approximately 11.5 percent, had some type of disability. Of these, 326,044 persons between 5 and 64 years of age have self-care limitations. Approximately 21.9 percent of persons over the age of 17 with a disability were under the poverty level. However, leveraging other federal funds, the numbers of persons with disabilities transitioning from institutional living into community-based living is increasing, becoming a priority for the State of Texas. The Department's Tenant-Based Rental Assistance Program is a critical component in the housing continuum toward helping households transition back into the community.

Approximately 5% of the State's annual HOME allocation shall be directed toward assistance for Persons with Disabilities ("PWD") who live in any area of the State. TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule, 10 Texas Administrative Code §1.15.

PREFERENCES FOR SUBPOPULATIONS

TDHCA may consider allowing HOME Administrators to propose to limit beneficiaries or give preferences to certain groups of the low-income population as described in this section, provided the limitations or preferences do not violate nondiscrimination requirements in 24 CFR §92.350. These preferences or limitations will be described in applications for award or Administrator program designs. Marketing materials and affirmative marketing plans must clearly describe these preferences, and the purpose of these preferences.

Programs designed to target assistance to special needs populations may include the elderly, frail elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS, persons with Violence Against Woman Act (VAWA) protections (domestic violence, dating violence, sexual assault, or stalking), colonia residents, migrant farmworkers, homeless populations, veterans, wounded warriors (as defined by the Caring for Wounded Warriors Act of 2008), and public housing residents. Preferences may also include programs designed to assist veterans, households with a member who is pregnant, households with a member entering an institution of higher learning provided the household does not consist of an individual that is not eligible to receive Section 8 assistance on the basis of their student status, disaster victims, refugees or families of refugees, persons transitioning out of incarceration, and persons transitioning out of foster homes and nursing facilities,

For Administrators who have programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs from Administrators that limit assistance to households that include a member within the following populations: persons with who has HIV/AIDS, mental illness, alcohol or other drug addiction, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, Administrators may only give preference to populations described in this section.

TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section provided that another federal or state funding source for the rental housing requires a limitation or preference.

FUNDING DISTRIBUTION

Funding distribution is described on page 20 above.

Review of Applications

All programs will be operated through direct administration by TDHCA or announced by the release of a NOFA. For NOFA, applicants must submit a complete application to be considered for funding, along with an application fee determined by TDHCA. Applications received by TDHCA will be reviewed for applicable threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials. Information related to NOFAs, application requirements and fees, and application review procedures and materials is available at http://www.tdhca.state.tx.us/home-division/index.htm.

Selection Process

Qualifying applications are recommended for funding based on the Department's rules and any additional requirements established in the Notice of Funding Availability. Applications submitted for development activities will also receive a review for financial feasibility, underwriting and compliance under the Department's existing previous participation review process.

Match Requirements

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources may include the following:

- Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.
- Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME-assisted, but that meet the requirements as specified in 24 CFR §92.219(b)(2).
- Eligible match contributions from State recipients and administrators, as specified in 24 CFR §92.220 and §92.221.
- Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Deobligated HOME Program Funds

When administrators have not successfully expended the HOME funds within their contract period, TDHCA de-obligates the funds and pools the dollars to award applicants according to TDHCA's Deobligated Funds Policy at 10 TAC §1.5, and consistent with the reservation system and any open NOFAs.

APPLICABLE FEDERAL AND STATE REGULATIONS

24 CFR §91.320(k)

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR §§92.205–92.209 and 10 TAC Chapter 23 for single family rental and 10 TAC Chapter 10 for multifamily rental.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 USC Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5 percent of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2 percent of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments.

Minority Participation

As part of the State's minority outreach program, it is the policy of the Department to encourage the use of Historically Underutilized Businesses (HUB). The purpose of the HUB program is to promote full and equal business opportunities for all businesses in an effort to remedy disparity in state procurement and contracting in accordance with the HUB goals specified in the State of Texas Disparity Study. The department and all its programs comply with the Texas Comptroller of Public Accounts HUB Program which describes the minimum steps and requirements to be undertaken by the comptroller and state agencies to fulfill the state's HUB policy and attain aspirations goals recommended by the Texas Disparity Study. In addition, all applicants to the HOME Program are required to certify that they will comply fully with the state's affirmative marketing plan and submit an affirmative marketing plan as part of the application process. Additionally, form HUD-702, which lists businesses used for the contract including HUBs, is required from Administrators with the final draw request for each HOME activity.

In an effort to comply with the regulations under Title VI of the Civil Rights Act of 1964, TDHCA has developed a Limited English Proficiency (LEP) policy. Tile VI ensures program access to residents of Texas designated as possessing "limited English proficiency" or LEP. The policy outlines the responsibilities of TDHCA and its administrators and contractors in relation to Title VI. TDHCA commits to conduct an assessment to determine the extent of its obligation to provide LEP services. Federal guidance requires a Four-Factor Analysis which analyzes (1) the number or proportion of LEP persons served or encountered in the eligible service population; (2) the frequency with which LEP persons come into contact with the program; (3) the nature and importance of the program, activity or service provided by the program; and (4) the resources available and costs to the recipient. TDHCA also commits to develop, maintain, and periodically update a Language Access Plan (LAP). TDHCA will also train staff, administrators, and contractors and inform LEP persons about policies and procedures regarding the LAP.

Economic Opportunities for Low- and Very Low-Income Persons

TDHCA will require administrators that receive Section 3-covered assistance, including housing rehab, construction, or reconstruction, to comply with and report on Section 3. Such report enumerates low-income persons hired and trained as a result of the construction activity. Contracts using Section 3-covered funds will include the Section 3 Clause (24 CFR §135.38) as a certification signifying compliance. The TDHCA web site contains compliance guidance and public notification of economic opportunities. Section 3 encourages the use of Section 3 business concerns (those that commit to creating economic opportunities for low-income persons in the general vicinity of the HUD-funded construction project) and employment of Section 3 residents. Section 3 status does not depend on minority status. Section 3 residents are people who make 80 percent or less than the area median family income and reside in the general vicinity in which certain HUD-funded assistance takes place.

Recapture Provisions under Homeownership Programs

24 CFR §92.254(a)(4)

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR §92.254(a)(5). Recapture provisions are not applicable for HOME-assisted multifamily rental projects; in the case of default, sale, short sale, and/or foreclosure, the entire HOME investment must be repaid.

TDHCA has elected to utilize the recapture provision under 24 CFR §92.254(a)(5)(ii) as its primary method of recapturing HOME funds under any program the State administers that is subject to this provision. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing:

1. Recapture the amount of the HOME investment reduced on a *pro rata* share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas. If there are no Net Proceeds from the sale, no repayment will be required of the homebuyer and the balance of the loan shall be forgiven:

   (HOME investment / (HOME investment + homeowner investment)) X net proceeds = HOME amount to be recaptured

   (Homeowner investment / (HOME investment + homeowner investment)) X net proceeds = amount to homeowner

3. The household can sell the unit to any willing buyer at any price.

4. In the event that the assisted property is rented or leased, or otherwise ceases to be the principal residence of the initial household, the entire HOME investment is subject to recapture.

5. In the event of sale to a subsequent low-income purchaser of a HOME-assisted homeownership unit, the low-income purchaser may assume the existing HOME loan and recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in §92.254) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability period must be established based on that assistance to the buyer.

RESALE PROVISIONS UNDER HOMEOWNERSHIP PROGRAMS

In certain limited instances, TDHCA may choose to utilize the resale provision at 24 CFR §92.254(a)(5)(i) under any program the State administers that is subject to this provision. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:

1. Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, or if the initial Household is not longer occupying the property as their Principal Residence.

2. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase at an affordable price to a reasonable range of low- or very low-income homebuyers that will use the property as their principal residence. Affordable to a reasonable range of low-income buyers is defined as targeting households for homeownership assistance that have median incomes between 70 and 80 percent and meet the Department's current underwriting guidelines established in the HOME Rules under 10 TAC Chapter 23.

3. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment. Fair return on investment is defined as the sum of down payment and closing costs paid from the initial seller's cash at purchase, closing costs paid by the seller at sale, the principal payments only made by the initial homebuyer in excess of the amount required by the loan, and any documented capital improvements in excess of $500. Fair return on investment is paid to the seller at sale once first mortgage debt is paid and all other conditions of the initial written agreement are met. In the event there are no funds for fair return, then fair return does not exist. In the event there are partial funds for fair return, then fair return shall remain in force.

4. The initial homebuyer's investment of down payment and closing costs divided by the Department's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer. The balance of appreciated value shall be paid to the Department. If appreciated value is zero, or less than zero, then no appreciated value exists. The HOME loan balance will be transferred to the subsequent buyer and the affordability period will remain in effect. The period of affordability is based on the total amount of HOME funds invested in the housing.

5. In the event that the assisted property is sold during the affordability period, rented or leased, or otherwise ceases to be the principal residence of the initial household, the entire HOME investment will become immediately due and payable if the property does not continue to meet the affordability requirements for the remainder of the affordability period.

OTHER FORMS OF INVESTMENT

24 CFR §91.320(k)(2)(i)

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR §92.205(b).

Refinancing Debt

§91.320(k)(2)(iii)

If the State intends to use HOME funds to refinance existing single family or mortgages or debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR §92.206(b). For refinancing to be an eligible cost, the rehabilitation cost must exceed the amount of debt that is refinanced with HOME funds.

TDHCA may use HOME funds to refinance existing single family mortgages or debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR §92.206(b). TDHCA shall use its underwriting and evaluation standards, codified at 10 Texas Administrative Code, Chapter 10 for multifamily rental housing and its HOME Program Rule for single family housing at 10 Texas Administrative Code, Chapter 23, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

- That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;
- No HOME funds will be used to refinance affordable housing developments that were constructed within the past 10 years.
- Sets a minimum funding level for rehabilitation on a per unit basis;
- Requires a review of management practices to demonstrate that disinvestments in the property has not occurred;
- That long term needs of the project can be met;
- That the financial feasibility of the development will be maintained over an extended affordability period;
- State whether new investment is being made to maintain current affordable units, and or create additional affordable units;
- Specifies the required period of affordability;
- Specifies that HOME funds may be used throughout the entire jurisdiction, except as TDHCA may be limited by the Texas Government Code; and
- States that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

CPD Outcome Performance Measurement System Reporting

24 CFR §91.320(c)(3), §91.3320(e), §91.320(g)

In accordance with the guidelines from HUD, TDHCA will comply with the new CPD Outcome Performance Measurement System. Compliance will be attained through the creation and development of additional tracking screens in TDHCA's central database to enable the Department to capture information needed for input into IDIS. HOME Program eligible activities will be categorized into the objectives and outcomes listed in the chart below. It is anticipated most HOME Program eligible activities will be categorized as Outcome #2 and Objective #2.

The estimated performance figures are based on planned performance during the PY (February 1st through January 31st) of contracts committed and projected households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the SFY (September 1st through August 31st) are based on anticipated units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

OBJECTIVES	OUTCOME 1	OUTCOME 2	OUTCOME 3
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility	Enhance Suitable Living Environment Through Improved/New Affordability	Enhance Suitable Living Environment Through Improved/New Sustainability
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability	Create Decent Housing with Improved/New Affordability (DH-2)	Create Decent Housing with Improved/New Sustainability
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility	Provide Economic Opportunity Through Improved/New Affordability	Provide Economic Opportunity Through Improved/New Sustainability

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	260
DH-2	No. of tenant-based rental assistance units	202
DH-2	No. of existing homeowners assisted through owner-occupied assistance	35
DH-2	No. of first-time homeowners assisted through homebuyer assistance	114

HOME Homeless and Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Units To Be Completed
Homeless households	10
Non-homeless households	756
Special needs households	484

HOMELESS ACTION PLAN: EMERGENCY SOLUTIONS GRANT PROGRAM

PY 2014 will be the third program year that the ESG Program has been fully implemented. The ESG program reflects the changes in the program's focus from addressing the needs of the homeless people in emergency shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness and to a greater focus on collaboration and coordination with the HUD designated CoCs. ESG funds can be utilized for the following purposes:

- The rehabilitation or conversion of buildings for use as emergency shelter for the homeless;
- The payment of certain expenses related to operating emergency shelters;
- Essential services related to emergency shelters and street outreach for the homeless; and
- Homelessness prevention and rapid re-housing assistance.

FEDERAL RESOURCES EXPECTED PY 2014

During PY 2014 (2/1/2014—1/31/2015), TDHCA anticipates receiving $6,944,311 in Federal Fiscal Year (FFY) 2014 ESG program funds. During PY 2014, the Department will also expend any funds unexpended from the prior FFY 2013. Refer to the Allocation of Funding, later in this section.

RECIPIENTS

Recipients of ESG funds will be the lead agency for the CoC or their designee. Each CoC will in turn distribute funds to units of general local government and private nonprofit organizations, including community and faith-based organizations, still with a strong emphasis on local collaborations.

ESTIMATED PY 2014 BENEFICIARIES

Based on the change toward funding CoCs, TDHCA expects to fund between 11 and 20 subrecipients during PY 2014 (See the ESG Obligation Process and the Application of Funding later in this section). There are twelve current Continua of Care; to the extent that the number of Continua changes, so will the number of subrecipients. It is estimated that approximately 15,000 homeless persons or persons at risk of homelessness will be assisted in PY 2014.

Targeted Beneficiaries

The targeted beneficiaries are homeless individuals and individuals at risk of homelessness.

FUNDING DISTRIBUTION

24 CFR §91.320

TDHCA has administered ESGP since 1987. TDHCA will administer the S-094-DC-48-0001 ESG funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 USC. Sec 11371 *et seq.*). TDHCA obligated FFY 2011 2nd allocation and FFYs 2012 and 2013 through a statewide competitive application process. For FFY 2014, TDHCA will award ESG funds to each of the CoCs or their designee through a contract with the CoCs' collaborative applicant or other designated qualified legal entity that is in place as of January 1, 2014, if by that date, the COC has been established in accordance with 24 CFR §578.5, whose board is using a process outlined in 24 CFR §578.7(a)(3), that will comply with the conflict of interest requirements indentified in 24 CFR §578.95(b), that has a centralized or coordinated assessment process per 24 CFR §578.7(a)(8) and written policies and procedures in place covering the whole COC or area in which the services are coordinated as outlined in 24 CFR §576.40(e)(3). If a COC cannot meet these requirements or chooses not to administer the ESG program, TDHCA will award that COC's share of funding through a competitive application process. In succeeding years, the Department plans to award all funding directly to CoCs' collaborative applicant or designated qualified legal entity. Each CoC will submit a plan in accordance with TDHCA guidance and requiring TDHCA approval, for how the COC will distribute these funds.

Objectives

The ESG program provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless.

The Department has developed strategic goals to guide the use of ESG funds. The strategic goals for the ESG program are to:

- Increase community wide planning and strategic use of resources within continua to prevent and end homelessness.
- Improve coordination of mainstream and targeted services, capitalizing on existing strengths and increasing efficiency.
- Shift the emphasis from outputs to outcomes, improving data collection and performance measurement. Subrecipients must shift their emphasis from simply providing services and assistance to providing services that achieve outcomes.
- CoC Subrecipients, as well as those local organizations they fund will use HMIS data to regularly analyze performance data and continuously improve their program.

Helping low-income households avoid becoming homeless

The new ESG program has broadened the activities that can be used to help low income families and individuals avoid becoming homeless. These homelessness prevention activities include short- and medium-term rental assistance and various housing relocation and stabilization services such as security and utility deposits and housing stability case management.

In addition to the provision of homelessness prevention services, ESG funds being provided to the CoCs more actively promote coordination with other providers in their communities and integration with mainstream services to marshal all available resources. One of the performance measures that subrecipients may be measured against will be their ability to help increase non-cash benefits for its program participants by helping them obtain other resources for which program participants are eligible to receive.

Reaching out to homeless persons and assessing their individual needs

The new ESG program allows the usage of funds to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. One of the possible performance measures that subrecipients will be measured against will be their ability to help homeless persons move into permanent housing destinations, achieve higher incomes and gain more non-cash benefits. To ensure long-term housing stability, clients will be required to meet with a case manager not less than once per month (with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act (FVPSA)). Subrecipients will also be required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Addressing the emergency shelter and transitional housing needs of homeless persons

ESG grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and households.

Helping homeless persons make the transition to permanent housing

ESG funds are to be targeted to prevent homelessness and to re-house rapidly persons that experience homelessness. ESG funds can be used to pay last month's rent, short-term and medium-term rental assistance, rental application fees, security deposits, utility deposits, utility payments, and moving costs for homeless individuals or persons at risk of homelessness. Funds can also be used for housing service costs related to housing search and placement, housing stability case management, mediation, legal services, and credit repair. ESG funds can also be used to pay for essential service costs including case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and costs related to serving special populations.

TDHCA will require ESG subrecipients and the local organizations they fund that are performing rehabilitation or renovation activities to submit a Section 3 report. Such report enumerates low-income persons hired and trained as a result of the construction activity. Contracts using Section 3-covered funds will include the Section 3 Clause (24 CFR §135.38) as a certification signifying compliance. The TDHCA website contains compliance guidance and public notification of economic opportunities.

Addressing homeless and other special needs activities

24 CFR §91.320

TDHCA will address requirements in 24 CFR §91.320 by utilizing funds to reduce and end homelessness by having each subrecipient be the lead agency for of the CoC(s) in which it provides services and follow a centralized or coordinated assessment process and have written policies and procedures in place as described by §578.7(a)(8) and (9), following a written standard to provide street outreach, emergency shelter, rapid re-housing, and homelessness prevention assistance. To assist low-income individuals and families avoid becoming homeless, especially those discharged from publicly-funded institutions and systems of care, or those receiving assistance from public and private agencies that address housing, health, social services, employment, education, or youth needs, the Department will require each subrecipient to set performance targets that will be part of their contract and extended to each of the local organizations that the subrecipient funds. Subrecipients will need to address the housing and supportive service needs of individuals assisted with ESG funds in their plan.

PERFORMANCE STANDARDS FOR EVALUATING ESG ACTIVITIES

Organizations providing street outreach will be required to meet contractual performance targets for the number of persons to be assisted, the number of persons to be provided with case management, and the number of persons who will be placed in temporary, transitional or permanent housing.

Organizations providing emergency shelter and transitional shelter will be required to meet contractual performance targets for the number of persons to be assisted, the number of persons to be provided with case management, and the number of persons who will exit to temporary, transitional housing destinations or permanent housing destinations.

Organizations providing homelessness prevention and rapid re-housing assistance will be required to meet contractual performance targets for the number of persons to be assisted, the number of persons to be provided with housing stability case management services, the number of persons who will increase their non-cash benefits, the number of persons who will have an increase in income at program exit, and, for rapid re-housing, the number of persons who will exit to permanent housing destinations.

The Department will consult with CoCs on performance standards. The existing performance standards will be provided to CoCs through a survey. The performance standards to be surveyed included short-term outputs and long-term outcomes related to clients accessing permanent housing, such as increased economic security, increased access to mainstream services, and improved health and stability. The Department will continue consultations with CoCs regarding minimum performance standards for activities funded under ESG.

The Department carefully reviews all input received and uses the input to develop improved performance standards. As applicable, the Department revises the performance standards based on the feedback provided by CoCs subrecipients will report their progress in meeting performance standards in a monthly performance report.

CENTRALIZED OR COORDINATED ASSESSMENT SYSTEM

Most of Texas's twelve CoCs do not currently use centralized or coordinated assessment systems. In PY 2014 subrecipients will be required to participate in a centralized or coordinated assessment system in adherence with HUD's requirements and standards as published in the CoC program rule.

Supporting other efforts to address homelessness

The State has contracted with an organization to provide technical assistance to rural homeless coalitions representing approximately 211 Texas counties known as the Balance of State (BoS) and will support the State's effort to assist rural communities in their efforts to access federal CoC funds and that are interested in being part of the State's application for CoC funds for the balance of State areas in Texas. Types of technical assistance to be rendered include, but are not be limited to, homeless counts/surveys, compilation of a housing and services inventory, identification of housing gaps, and development of homeless discharge plan strategies for their area. Organizations receiving the technical assistance must be located in the BoS area and applying for CoC funds through the U.S. Department of Housing and Urban Development.

Consultation with CoCs

As part of planning for FFY 2014, and in light of the eventual shift to channeling funding directly through the CoCs, the Department will consult closely with the Continua of Care in Texas. As a result of the issuance of 24 CFR Part §578, the Interim Rule for the CoC Program, the Department will seek close coordination with the CoCs as we develop policies and procedures for the program and to guide the CoCs in the administration of these funds to ensure that all HUD requirements for use of ESG funds are met.

Regarding the Allocation of ESG Funds for Eligible Activities

The Department will continue consultations with CoCs regarding the distribution method and formula used to allocate ESG funds statewide.

Regarding Establishing and Operating a Centralized or Coordinated Assessment System

The Department will consult with CoCs as they develop a centralized or coordinated assessment system. Once the system is in place, the Department will seek to ensure that all ESG subrecipients participate in the centralized or coordinated assessment system. Exceptions for victim or legal service providers will follow requirements set forth by HUD.

ELIGIBLE ACTIVITIES

§§576.100-576.109

Statute: Stewart B. McKinney Homeless Assistance Act of 1987, Title IV, as amended (U.S. Code: 42 USC 11371 *et seq.*) Regulations: Code of Federal Regulations at 24 CFR Part §576.

Eligible Program Components

1. Street Outreach per §576.101

   Essential Services related to reaching out to unsheltered homeless individuals and families, connecting them with emergency shelter, housing, or critical services, and providing them with urgent, non-facility-based care. Eligible costs include engagement, case management, emergency health and mental health services, and transportation.

2. Emergency Shelter per §576.102

   The major Rehabilitation, Conversion, or Renovation of a building to serve as a homeless shelter is a component. Site must serve homeless persons for at least 3 or 10 years, depending on the cost. Note: Property acquisition and new construction are ineligible ESG activities.

   Essential Services are included, such as case management, childcare, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and services for special populations.

   Shelter Operations, including maintenance, rent, repair, security, fuel, equipment, insurance, utilities, relocation, and furnishings.

3. Homelessness Prevention per §576.103, §576.105, §576.106

   Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from becoming homeless if:

   - Annual income of the individual or family is below 30 percent of median family income; and
   - Assistance is necessary to help program participants regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing.

   Eligible costs include utilities, rental application fees, security deposits, last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, and credit repair.

4. Rapid Re-Housing per §576.104, §576.105, §576.106

   Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing. Eligible costs also include utilities, rental application fees, security deposits, last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, and credit repair.

5. Data Collection (HMIS) per §576.107

   Grant funds may be used for the costs of participating in an existing HMIS of the CoC where the project is located.

6. Administration and Indirect Costs per §576.108, §576.109

   Up to 7.5 percent of a recipient's allocation can be used for general management, oversight, coordination, and reporting on the program. TDHCA will share administrative funds with its subrecipients.

Recipient Requirements

ESG subrecipients will be the CoCs' collaborative applicant or other designated qualified legal entity that is in place as of January 1, 2014, if by that date, the COC has been established in accordance with 24 CFR §578.5, whose board is using a process outlined in 24 CFR §578.7(a)(3), that will comply with the conflict of interest requirements indentified in 24 CFR §578.95(b), that has a centralized or coordinated assessment process per 24 CFR §578.7(a)(8) and written policies and procedures in place as covering the whole COC or area in which the services are coordinated as outlined in 24 CFR §576.40(e)(3). If a COC cannot meet these requirements or chooses not to administer the ESG program, TDHCA will award that COC's share of funding through a competitive application process. Subrecipients are required to meet certain minimum specifications that include, but are not limited to, the following:

1. Being a unit of general local government or private nonprofit organization.

2. Documenting, in the case of a private nonprofit organization providing shelter, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Assuring that ESG subrecipients that are units of local general government obligate funds within 180 days from the date that TDHCA received the award letter from HUD.
4. Documentation of fiscal accountability, as specified in the application.
5. Proposing to undertake only eligible activities.
6. Demonstrating need.
7. Assuring ability to provide matching funds. (The State may grant an exception to the match requirement of up to a total of $100,000 each fiscal year.)
8. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
9. Assuring that homeless individuals will be involved in the provision of services funded through ESG, to the maximum extent feasible, through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESG funds.
10. Assuring the operation of an adequate, sanitary, and safe homeless facility.
11. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
12. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
13. Assuring that all activities it undertakes with assistance under ESG are consistent with the State of Texas Consolidated Plan, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
14. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESG funds are not to be used to assist such persons in place of State and local resources.
15. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.
16. Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary, and the renovation will assist homeless individuals in obtaining:

(A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(B) other federal, state, local, and private assistance available for such individuals.

Applicants selected to become subrecipients will have to comply with the following requirements:

1. Area-wide systems coordination requirements - 24 CFR §576.400

    (A) Coordination with other Targeted Homeless Services. - 24 CFR §576.400 (b)

    Subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the CoC or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness for that area.

    System and Program Coordination with Mainstream resources - 24 CFR §576.400 (c) Subrecipients must coordinate and integrate, to the maximum extent practicable, ESG funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible.

    (B) Centralized or Coordinated Assessment - 24 CFR §576.400 (d)

    HUD has developed requirements for the CoC to establish a centralized or coordinated assessment system and has published them in the upcoming Interim CoC program rule. ESG subrecipients will be expected to use a centralized and coordinated system once the CoC regulation is published for effect and the CoC establishes such a system. Victim or legal service providers may choose not to use the CoC's centralized or coordinated assessment system.

2. Written Standards for Providing ESG assistance - 24 CFR §576.400 (e)

The agency will require that each subrecipient establish and consistently apply within the subrecipient's program, written standards for providing ESG assistance among local organizations. The subrecipient must provide to the Department a copy of the written standards for providing ESG assistance prior to contract execution. The standards must include at a minimum:

- Standard policies and procedures for evaluating individuals' and families' eligibility for ESG assistance;
- Standards for targeting for homeless persons and providing essential services related to street outreach;
- Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;

- Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers listed on 24 CFR §576.400(b) and (c);
- Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and rapid re-housing assistance;
- Standards for determining what percentage or amount of rent and utilities costs each program participant must pay, when applicable, while receiving homelessness prevention or rapid re-housing assistance;
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to be provided to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance; or the maximum number of times the program participant may receive assistance.

3. Participation in HMIS 24 CFR §576.400(f)

Subrecipients will be required to ensure that data on all persons served and all activities provided under ESG are entered into the applicable community-wide HMIS in the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS. Subrecipients are required to enter into an agreement with the local HMIS Administrator for reporting.

If the subrecipient is a victim service provider or a legal services provider, it may use a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into HMIS or provided to an HMIS administrator.

The comparable database must comply with all current HMIS standards including data information, security, data quality, and processing standards, as established by HUD in its latest HMIS Data Standards guide. Victim Service Providers or Legal Services Providers that are awarded ESG funds must consult with the CoC and the HMIS administrator for the CoC area to ensure that the comparable database uses all the HMIS standards.

4. Evaluation of Program Participant Eligibility and Needs - 24 CFR §576.401

Subrecipients must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability into permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 24 CFR §576.400(d) and the written standards established under 24 CFR §576.400(e) and all the guidelines outlined on 24 CFR §576.401(a).

Subrecipients must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs according to the requirements outlined on 24 CFR §576.401(a). Furthermore, each program participant receiving homelessness prevention or rapid-re-housing assistance is required to meet regularly with a case manager (except where prohibited by VAWA and FVPSA) and the assistance provider must develop an individualized plan to help that program participant retain permanent housing after the ESG assistance ends. These requirements are intended to help ensure that the ESG-funded emergency, short-term or medium-term assistance will be effective in helping program participants regain long-term housing stability and avoid relapses into homelessness.

5. Terminating Assistance - 24 CFR §576.402

If a program participant who receives ESG assistance violates program requirements, the subrecipient may terminate the assistance in accordance with a formal process established by the subrecipient that protects the rights of the individuals affected. Therefore, a formal process must be in place. This applies to all forms of ESG assistance.

6. Shelter and Housing Standards - 24 CFR §576.403

(A) Lead Based Paint Act - 24 CFR §576.403(a)

Lead-based paint remediation and disclosure applies to all ESG-funded shelters and all housing occupied by ESG participants. The Lead-Based Paint Poisoning Prevention Act (42 USC. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856), and the relevant subparts of the implementing regulations at 24 CFR Part 35, Subparts A, B, H, J, K, M and R apply to activities under this grant program. The subrecipient must also comply with the Lead, Renovation, Repair, and Painting Program Final Rule, 40 CFR Part 745, where applicable.

(B) Minimum Standards for Emergency Shelters and for permanent housing 24 CFR §576.403(b)&(c)

Emergency shelters that receive assistance for shelter operations are required to meet habitability standards. If ESG funds are used to help a program participant remain in or move into permanent housing, that housing must also meet habitability standards. The minimum standard for emergency shelters and permanent housing include standards for structure and material, access, space and security, interior air quality, water supply, sanitary facilities, thermal environment, illumination and electricity, food preparation, sanitary conditions and fire safety. Shelters renovated with ESG funds are also required to meet state or local government safety and sanitation-standards as applicable, and use energy-efficient materials including Energy Star and WaterSense products and appliances.

7. Accessibility Standards

Shelters receiving ESG funds must also meet the accessibility standards under Section 504 of the Rehabilitation Act of 1973 (5 USC. 794), The Fair Housing Act (42 USC. 3601 et seq.) and Titles II and III of the Americans with Disabilities Act (42 USC. §§ 12131-12189; 47 USC. 155, 201, 218 and 255).

A subrecipient shall operate each program or activity so that the program or activity, when viewed in its entirety, is readily accessible to and usable by individuals with disabilities. Subrecipients are also required to provide reasonable accommodations for persons with disabilities in order to enable program participants with a disability to have an equal opportunity to participate in the program or activity. Subrecipients that undertake alterations to shelters may be subject to additional accessibility requirements in accordance with 24 CFR Part 8. In certain instances, subrecipients undertaking alterations may be required to ensure that 5 percent of the total sleeping areas, such as 5 percent (or at least one) of the sleeping areas, such where a number of sleeping rooms are provided, and 5 percent (or at least one) of the total number of sleeping areas, such as beds, where a number of beds are provided in a room, are accessible for persons with mobility impairments and that an additional 2 percent of the total individual sleeping areas are accessible for persons with visual impairments. The 2010 Americans with Disabilities Act Standards apply and require an additional level of accessibility.

8. Conflicts of Interest - 24 CFR §576.404

Subrecipients will be expected to follow the conflict of interest standards outlined in 24 CFR §576.404 related to the provision of ESG assistance, and procurement of goods and services. All contractors of the subrecipient must comply with these same requirements.

9. Homeless Participation - 24 CFR §576.405

Subrecipients must comply with 24 CFR §576.405, paragraphs (a)(b) and (c).

10. Faith-Based Activities 24 CFR §576.406

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. The State will not discriminate against an organization on the basis of the organization's religious character or affiliation.

Organizations that are directly funded under the ESG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If an organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation must be voluntary for program participants.

Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide ESG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an ESG-funded religious organization retains its authority over its internal governance, and the organization may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief. When using ESG funds for the rehabilitation of structures, faith-based organizations will be expected to follow the guidelines outlined in 24 CFR §576.406.

11. Economic Opportunities for Low and Very-Low Income and Homeless Persons (Section 3) - 24 CFR §576.407(a)

To the extent that any housing assistance funded with ESG funds is used for housing rehabilitation or housing construction or other public construction, then it is subject to Section 3 of the Housing and Urban Development Act of 1968, and the implementing regulations at 24 CFR Part 135.

Section 3 requires that employment, training, and contracting opportunities generated by certain HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

The requirements in 24 CFR Part 5, subpart A are applicable, including the nondiscrimination and equal opportunity requirements at 24 CFR §5.105(a). Section 3 of the Housing and Urban Development Act of 1968, 12 USC. § 1701u, and implementing regulations at 24 CFR Part 135 apply, except that homeless individuals have priority over other Section 3 residents in accordance with 24 CFR §576.405(c).

12. Affirmative Outreach - 24 CFR §576.407(b)

Subrecipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis and must take appropriate steps to ensure effective communication with persons with disabilities. Subrecipients must follow the requirements outlined in 24 CFR §576.407(b).

13. Improving Access to Services for Persons with Limited English Proficiency (LEP) - 24 CFR §576.407(b)

Executive Order 13166 seeks to improve access to federally assisted programs and activities for individuals who, as a result of national origin, are limited in their English proficiency. Organizations obtaining ESG funds shall take reasonable steps to ensure meaningful access to their programs and activities to LEP individuals, regardless of language spoken. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. Subrecipients must follow the requirements outlined on 24 CFR §576.407(b). HUD published Final Guidance to Federal Financial Assistance Requirements Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons in the Federal Register on January 22, 2007 (72 CFR §2732).

14. Uniform Administrative Requirements - 24 CFR §576.407(c)

The requirements of 24 CFR Part 85 apply to subrecipients that are units of general purpose local government, except that 24 CFR §85.24 and §85.42 do not apply, and program income is to be used as match under 24 CFR §85.25(g). The requirements of 24 CFR Part 84 apply to subrecipients that are private nonprofit organizations, except that 24 CFR §84.23 and §84.53 do not apply, and program income is to be used as the nonfederal share under 24 CFR §84.24(b). These regulations include allowable costs and non-Federal audit requirements.

15. Environmental Review Responsibilities - 24 CFR Part 58

Subrecipients, or any contractor of the subrecipient, may not commit or expend ESG funds until TDHCA has performed an environmental review under 24 CFR Part 58 and the subrecipient has received environmental clearance from TDHCA.

16. Procurement of Recovered Materials - 24 CFR §576.407(f)

Subrecipients and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired in the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

17. Displacement, Relocation, and Acquisition 24 CFR §576.408

Consistent with the other goals and objectives of ESG, the subrecipient must assure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with ESG funds. Subrecipients must follow the requirements in 24 CFR §576.408 related to temporary relocation (not permitted), relocation assistance for displaced persons and real property acquisition requirements, and appeals, and the requirements identified in the Department's Consolidated Plan. For more information, see the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 USC. § 4201 – 4655) (URA), its implementing regulations at 49 CFR Part 24, Subpart B, and HUD Handbook 1378.

18. Recordkeeping and Reporting Requirements - 24 CFR §576.500

Subrecipients will be required to show compliance with the program's regulations through the appropriate records, including documentation of homeless status, at risk of homelessness status and the program's participant's income. The subrecipient must have policies and procedures to ensure the requirements outlined in 24 CFR §576.500 are met. In addition, sufficient records must be established and maintained for a minimum of five years to enable the Department and HUD to determine whether ESG requirements are met.

19. Matching Requirements 24 CFR §576.201

ESG subrecipients must match their award amount with an equal or greater amount of resources from other than ESG funds. ESG applicant organizations must demonstrate access to resources that may be used as match after the start date of the grant award. Matching funds used for this ESG project may not be used to match any other project or grant. The Department may waive up to $100,000 of the match requirement based on subrecipient's ability to provide match.

20. Applicability of OMB Circulars –

Subrecipients must follow the policies, guidelines and requirements established in the following OMB circulars:

(A) For Local Governments

- 2 CFR Part 225 (OMB Circular A-87): Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-102, Common Rule: Uniform Administrative Requirements for Grants and Agreements to State and Local Governments
- OMB Circular A-133: Audits of States, Local Governments and Non-Profit Organizations

(B) For Non-Profits

- 2 CFR Part 215 (OMB Circular A-110: Uniform Administrative Requirements for Grants and Agreements)
- 2 CFR Part 230 (OMB Circular A-122): Cost Principles for Non-Profits Organizations
- OMB Circular A-133: Audits of States, Local Governments and Non-Profit Organizations

21. Single Audit Requirement - OMB Circular A-133

22. Financial Accountability 2 CFR Part 215 (Non-Profits) & OMB Circular A-102 (Local Governments)

Subrecipients will be expected to have a functioning accounting system that at a minimum provides for each of the following: 1) Accurate, current, and complete disclosure of the financial results of each federally-sponsored project; 2) Records that identify adequately the source and application of funds for federally sponsored activities; 3) Effective control over and accountability for all funds, property, and other assets; 4) Comparison of outlays with budget amounts; 5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the use of the funds for program purposes; 6) Written procedures for determining the reasonableness, allocability, and allowability of costs; and 7) Accounting.

23. Program Income 24 CFR §85.25

Program income is defined in 24 CFR §85.25. Program income includes any amount of a security or utility deposit returned to the recipient or subrecipient. Any program income, including but not limited to any amount of a security or utility deposit returned to subrecipient that is received after the end of the contract period must be returned to the Department. Subrecipients utilizing ESG funds for security or utility deposits must have an agreement with the vendor that states that the deposits will be refunded to the subrecipient and not the applicant. Subrecipients must apply any program income received during the contract period as match.

Fund Obligation Process

§91.320(k)

TDHCA will publish on its website the process and formula for distributing PY 2014 ESG funds.

The State's anticipated ESG allocation for PY 2014 is $6,944,311 less 7.5 percent ($520,823) for administration costs which will be shared with subrecipient organizations. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the State of Texas Low Income Housing Plan and Annual

Report. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

ALLOCATION OF FUNDING

The allocation of funding for FFY 2013 is lower than the estimated amount submitted in the 2013 One Year Action Plan. The State ESG contracts for FFY 2013 allocation funds will begin on October 1, 2013 and will end on September 30, 2014. The Department will allocate $6,683,899 of FFY 2013 allocation ESG funds to approximately 23 subrecipients. The table below is an estimate on how FFY 2013 allocation ESG funds will be allocated to the eligible activities. The Department anticipates that the final amounts budgeted will vary slightly from the proposed allocations indicated in the following table once FFY 2013 allocation ESG contracts are executed. The chart includes administrative funds the Department will share with subrecipients. Although the table below represents the total FFY 2013 allocation, PY 2013 will include only part of the contract period covered by the FFY 2013 allocation.

ESG FFY 2013 allocation ESG Funds, Estimated Allocations by Activity

Activity	Funding Amount	Percentage
Street Outreach – essential services	$694,431	10.00%
Emergency Shelter - essential services	$1,041,647	15.00%
Emergency Shelter - renovation	$1,041,647	15.00%
Emergency Shelter – shelter operations	$1,388,862	20.00%
Homelessness Prevention – housing relocation and stabilization services	$465,269	6.70%
Homelessness Prevention –rental assistance	$715,264	10.30%
Rapid Re-Housing – housing relocation and stabilization services	$329,854	4.75%
Rapid Re-Housing - rental assistance	$329,854	4.75%
HMIS	$416,660	6.00%
Administration (State and amount shared with subrecipients)	$520,823	7.50%
Total Funds Committed	**$6,944,311**	**100.00%**

Estimated, allocations by activity. Allocation may change once FFY 2013 budgets are negotiated.

During PY 2014 (2/1/2014-1/31/2015), TDHCA anticipates receiving $6,944,311 from FFY 2014 ESG program funds. The FFY 2014 allocation will be awarded within 60 days of receipt of the HUD grant agreement. TDHCA will award funds to the CoCs in Texas using the applicable formula and identify how the funds will be distributed. The State ESG contracts for FFY 2014 ESG funds are anticipated to begin on October 1, 2014 and will end September 30, 2015. The Department will allocate $6,944,311 in FFY 2014 ESG. The table below is an estimate on how 2014 ESG funds will be allocated to the eligible activities. The Department anticipates that the final amounts budgeted will be different than the proposed allocations indicated in the following table once 2014 contracts are executed. The table includes administrative funds the Department will share with subrecipients. Although the table below represents the total FFY 2014 allocation, PY 2014 will include only part of the contract period covered by the FFY 2014 allocation.

FFY 2014 allocation ESG Funds Estimated Allocations by Activity

Estimated allocations by activity. Allocations will change once FFY 2014 budgets are negotiated.

Activity	Funding Amount	Percentage
Street Outreach – essential services	$694,431	10.00%
Emergency Shelter - essential services	$1,041,647	15.00%
Emergency Shelter - renovation	$1,041,647	15.00%
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HMIS	$416,660	6.00%
Administration (State and amount shared with subrecipients)	$520,823	7.50%
Total Funds Committed	**$6,944,311**	**100.00%**

Leveraging Resources

Section 576.201 of the ESG Interim Rule states that each grantee must match the funding provided by HUD, except for the first $100,000 of the fiscal year grant. Match resources must be provided after the date of the ESG grant award and must be provided in an amount equal to or greater than the ESG grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may be obtained from any source, including any Federal source other than the ESG program, as well as state, local, and private sources. Eligible types of matching contributions include cash contributions and noncash contributions. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESG monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the close-out of each contract to ensure, among other things, that each ESG recipient has provided an adequate amount of match during the contract period.

Special Initiatives and Partnerships

TDHCA serves to address homelessness on the state level by coordinating interagency efforts via the TICH. TDHCA is the lead agency of the TICH and provides clerical and advisory support.

TICH is charged with surveying and evaluating resources to address homelessness in Texas; assisting with coordinating and providing services for homeless persons throughout the state; increasing the flow of information among service providers; developing guidelines to monitor services; providing technical assistance to TDHCA in assessing housing needs for persons with special needs; establishing a central resource and information center for the state’s homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission. In August 2012, TICH published “Pathways Home” a framework for coordinating state administered programs with CoC Planning to address homelessness in Texas.

TDHCA also supports activities provided by the Texas Homeless Network (THN) that address homelessness throughout the state. Those activities including providing technical assistance to develop and strengthen homeless coalitions throughout Texas; delivering training; informing and coordinating with local, statewide, and national organizations doing similar work; maintaining information resources such as websites and research; sponsoring an annual statewide conference on addressing homelessness; and providing training and technical assistance to potential applicants for CoC Grant funds in the Balance of State CoC, which currently comprises 211 counties.

CPD Outcome Performance Measurement System Reporting

24 CFR §91.320(c)(3), §91.320(e), §91.320(g)

The State began reporting using the HUD CPD Outcome Performance Measurement System on September 1, 2006, with the implementation of the 2006 ESG contracts. TDHCA will continue to utilize this reporting system in 2013. In 2007, the HUD CPD Outcome Performance Measurement System became automated whereby subrecipients began to report performance data via a Web based application. TDHCA's monthly performance reports have been amended to include changes in reporting requirements required by HUD and to gather data on persons assisted with services which are outcome oriented and have a long-term impact. ESG activities related to street outreach and shelter will fall under HUD's Outcome 1, Availability/Accessibility, and Objective 1, Create a Suitable Living Environment (SL-1). ESG activities related to homelessness prevention and rapid re-housing will be reported under HUD's Outcome 1, Affordability and Objective 2, Provide Decent Housing (DH-2). Activities related to the provision of employment assistance and job training will be reported under HUD's outcome 1, Availability and Objective 3, Expanded Economic Opportunities.

PY 2014 ESG Annual Action Plan Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
SL-1 Availability/ Accessibility of a Suitable Living Environment	Accessibility for the purpose of creating a suitable living environment.	16,321	Provide funding to support the provision of affordable housing to homeless persons.
DH-2 Affordability of Decent Housing	Affordability for the purpose of providing decent housing.	3,717	Provide funding to support the provision of non-residential services including homelessness prevention assistance.
EO-1 Availability/Accessib ility of Expanded Economic Opportunities	Availability for the purpose of creating expanded opportunities	1,076	Provide funding to support the provision of employment assistance and job training

ESG Homeless and Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Units To Be Completed*
Homeless households	6,554
Non-homeless households	1,492
Special needs households	1,206

*These numbers are estimates; ESG collects data on persons not households.

ESG only provides rental assistance but cannot be utilized to purchase a home. Consequently, ESG does not impact the number of properties that are affordable. ESG funds are utilized to assist all homeless persons and persons at-risk of homelessness.

TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PROPOSED 2014 ACTION PLAN

I. PROGRAM YEAR (PY) 2014 GENERAL PROGRAM INFORMATION

A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION

TDA administers the State of Texas' Community Development Block Grant (TxCDBG) Program. The TxCDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the TDHCA Office of Colonia Initiatives through a Memorandum of Understanding between TDA and TDHCA.

The mission statement of the TDA is to partner with all Texans to make Texas the nation's leader in agriculture, fortify our economy, empower rural communities, promote healthy lifestyles, and cultivate winning strategies for rural, suburban and urban Texas through exceptional service and the common threads of agriculture in our daily lives.

B. ELIGIBLE APPLICANTS

§91.320(k)

Eligible applicants are non-entitlement units of general local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal CDBG Program. Non-entitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Non-entitlement cities are located predominately in rural areas and are cities with populations less than 50,000 persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Non-entitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the non-entitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the TxCDBG Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the TxCDBG Colonia Fund and the TWDB Economically Distressed Areas Program (EDAP) are eligible under the TxCDBG Colonia Economically Distressed Areas Program (CEDAP) Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia Fund, are also eligible applicants for the TxCDBG CEDAP Fund.

With the enactment of §43.907 of the Texas Local Government Code, a colonia meeting specified requirements that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

C. ELIGIBLE ACTIVITIES

§91.320(d) and (e)

Eligible activities under the TxCDBG Program are listed in 42 USC Section 5305. TDA reviews all proposed project activities included in applications for all fund categories to determine their eligibility.

All proposed activities must meet one of the following three National Program Objectives:

1. Principally benefit low- and moderate-income persons;
2. Aid in the elimination of slums or blight; or
3. Meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community

The area benefit criteria can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefitting low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for TxCDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

D. INELIGIBLE ACTIVITIES

In general, any type of activity not described or referred to in 42 USC Section 5305 is ineligible. Specific activities ineligible under the TxCDBG Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR §570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising/videotaping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The TCF Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

E. PRIMARY BENEFICIARIES

The primary beneficiaries of the TxCDBG Program are low to moderate income persons as defined under the HUD Section 8 Assisted Housing Program (Section I02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

F. DISPLACEMENT OF PERSONS ASSISTED

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with TxCDBG Program grant funds.

II. ALLOCATION OF CDBG FUNDS

§§91.320(d) and (f)

A. AVAILABLE FUND CATEGORIES

Assistance is available in seven funding categories under the TxCDBG Program as indicated below:

Funds:

1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
    - 3a. Colonia Planning and Construction Fund
    - 3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
    - 3c. Colonia Self-Help Centers Legislative Set-Aside
    - 3d. Colonias to Cities Initiative Program
4. Planning and Capacity Building Fund
5. Disaster Relief/Urgent Need Fund
6. TxCDBG STEP Fund
7. Community Enhancement Fund

B. DESCRIPTION OF FUNDS

1. Community Development (CD) Fund

This fund is available on a biennial basis for funding from program years 2013 and 2014 through a 2013 annual competition in each of the 24 State planning regions. Applications received by the 2013 program year application deadline are selected to receive grant awards from the 2013 and 2014 program year allocations. The scoring of the applications is shared between TDA and the 24 Regional Review Committees (RRC), with the RRC having the predominate percentage of the total possible score.

TxCDBG encourages the use of funds not only to improve existing locations, but to provide facilities in other areas to accommodate residential opportunities that will benefit low and moderate income persons. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for low and moderate income persons. When considering projects and designing projects, applicants must continue to consider affirmatively furthering fair housing, which includes providing basic infrastructure, such as water, sewer, and roads that benefit residential housing and other housing activities.

Funds for projects under the Community Development Fund are allocated among the 24 State planning regions. The method of allocation is described under the Geographic Areas of Jurisdiction and Allocation section above.

Some regions in the State have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2013 and 2014 regional allocations for that region, or may be based on a formula used by the region to allocate the funds available through the 2013 and 2014 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to TxCDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the TDA in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2013 regional allocation or 2014 regional allocation. Depending on the State of Texas' CDBG allocations for the 2013 and 2014 program years, there could be a large variance between the 2013 and 2014 regional allocations. If the 2014 regional allocation for one of these regions decreases significantly from the 2013 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2014 regional allocation.

A significant increase or decrease to the State's 2014 Program Year CDBG allocation would result in corresponding increases or decreases to the current Program Year Community Development Fund allocation and correspondingly higher or lower regional allocations.

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

2. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. The funds may be used to provide financial assistance for eligible activities as cited in 42 USC Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.

b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.

c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.

d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.

e. County economic and management development activities as approved by TDA.

f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

(1) creates or retains jobs for low- and moderate-income persons;

(2) prevents or eliminates slums or blight;

(3) meets urgent needs;

(4) creates or retains businesses owned by community residents;

(5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or

(6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The TCF program will require repayment for Real Estate and Infrastructure projects, as follows:

a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and

b. Infrastructure Program (awards for infrastructure or railroad improvements on private property) require full repayment with no interest accruing.

3. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition of a “colonia” under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by TDA. The term “colonia” means any identifiable unincorporated community that is within 150 miles of the border between the United States and Mexico, except that the term does not include any standard metropolitan statistical area that has a population exceeding 1,000,000; that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

3a. Colonia Planning and Construction Fund

This fund is available on a biennial basis for funding from program years 2013 and 2014 through a 2013 annual competition. Applications received by the 2013 program year application deadline are eligible to receive grant awards from the 2013 and 2014 program year allocations. Funding priority shall be given to TxCDBG applications from localities that have been funded through the TWDB EDAP for TxCDBG projects that will provide assistance to colonia residents who cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

An eligible county applicant may submit one (1) application for the following eligible construction activities:

(1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.

(2) Other Improvements – Other activities eligible under 42 USC Section 5305 designed to meet the needs of colonia residents.

A colonia construction application must include an assessment of the effect of the Model Subdivision Rules (MSR) established pursuant to §16.343 of the Texas Water Code and enforcement actions throughout the county, and provide the colonia identification number for the colonias that would receive the project benefit. If applicable, the colonia must demonstrate compliance with the MSR requirements set in the Texas Water Code.

Of the yearly CDBG allocation to the Colonia Construction and Planning Fund, ninety-seven and a half percent (97.5%) of those funds are to award grants through the Colonia Construction Fund (CFC) and two and a half percent (2.5%) are to award grants through the Colonia Planning Fund (CFP). Subsequent to awarding funds, any portion of the CFC allocation that is unable to be awarded (i.e. fund an application in the minimum amount of $75,000, etc.) may be used to fund additional eligible CFP applications, and conversely, any portion of the CFP allocation that is unable to be awarded may be used to fund additional eligible CFC applications.

Colonia Planning Component

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2013 program year application deadline are eligible to receive a grant award from the 2013 and 2014 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning activities application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

(1) Colonia Area Planning Activities

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- Costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents;

- Costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans; and
- For any colonia in close proximity to a city, a plan that if implemented could lead to annexation of the colonia by the city.

(2) Colonia Comprehensive Planning Activities

To be eligible for these funds, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia;
- Mapping of the locations of each county colonia;
- Demographic and economic information on colonia residents;
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas;
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs;
- The condition of the existing housing stock in each colonia and projected housing costs;
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs;
- Goals and Objectives;
- Five-year capital improvement program;
- An assessment of the effect of the Model Subdivision Rules established pursuant to §16.343 of the Water Code and enforcement actions throughout the county;
- For any colonia in close proximity to a city, a plan that if implemented could lead to annexation of the colonia by the city

Colonia Planning Component funds may be used for planning purposes under the Colonias to Cities Initiative.

3b. Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and non-entitlement cities located in those counties, that are eligible under the TxCDBG Colonia Fund, including meeting the geographic requirements, and TWDB EDAP.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible non-entitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible non-entitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the TWDB EDAP (when approved by TDA), taps and meters (when approved by the TDA), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

An applicant may not have an existing CEDAP contract open in excess of the original contract period and still be eligible for a new CEDAP award. One CEDAP award may be made to an eligible applicant within a CDBG program year and an eligible applicant may have no more than one existing open CEDAP contract.

If there are an insufficient number of TWDB EDAP projects ready for CEDAP funding, the CEDAP funds may be transferred to other TxCDBG fund categories as appropriate, to fund eligible projects that assist colonia residents.

3c. Colonia Self-Help Centers Legislative Set-aside

In accordance with Subchapter Z, Chapter 2306, Texas Government Code, and Title 10, Texas Administrative Code, Part 1, Chapter 25, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the TWDB EDAP, the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a TxCDBG contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established to advise TDHCA regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the centers; and

(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The Advisory Committee consists of not fewer than five persons who were selected from candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program.

The purpose of each center is to assist low-income and very low-income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;
(2) teaching construction skills necessary to repair or build a home;
(3) providing model home plans;
(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;
(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and
(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

For any award made on or after September 1, 2005, any political subdivision that receives community development block grant program money targeted toward street improvement projects in eligible colonia areas must allocate not less than five percent but not more than 15 percent of the total amount of street improvement money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias if street lighting is absent or needed.

3d. Colonias to Cities Initiative

If there are an insufficient number of TWDB EDAP projects ready for CEDAP funding, the CEDAP funds may be transferred to the Colonias to Cities Initiative. This initiative will provide funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority would be for colonias that have received prior TxCDBG funding. Both the county and city must submit a multi-jurisdictional pre-application for the project that includes a resolution from each jurisdiction. The city's resolution must include a firm commitment to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA. The maximum amount provided would be $500,000. (The Colonia Construction component scoring would be used to prioritize funding if needed. The TxCDBG may establish other criteria in the application guidelines.)

In addition, the initiative may involve a planning component that would use the Colonia Area Planning activities guidelines.

4. Planning and Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All applications for this fund must include a section indicating how projects identified during the planning process will be carried out. In addition, all planning projects awarded under this fund must include a section in the final planning document that address drought-related water supply contingency plans and water conservation plans. Applications received by the 2013 program year application deadline are eligible to receive grant awards through a statewide competition for funding from the 2013 and 2014 program year allocations.

A significant increase or decrease to the State's 2014 CDBG allocation may result in corresponding increases or decreases to the 2014 Planning and Capacity Building Fund allocations.

5. Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either a state or federal disaster declaration has been issued. TDA may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Priority for the use of these TxCDBG funds is for repair and restoration activities to meet basic human needs, such as water and sewer facilities, housing, and roads with the only exception of new facilities to improve water supply under a Disaster Declaration for Drought.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructures whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, TDA undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the TDA until discussions between the potential applicant and representatives of the TDA, the TCEQ, and the TWDB have taken place. Through these discussions, a determination shall be made whether the situation meets TxCDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If TxCDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the state or federal disaster declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program for buyout projects unless TDA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.
- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- TDA will consider whether funds under an existing TxCDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

An applicant may not apply for or qualify for funding to construct public facilities that did not exist prior to the occurrence of the disaster, except in response to a Governor's drought disaster declaration covering the area that would benefit from the project activities, subject to the conditions set forth in Title 4, Part 1, Chapter 30, Subchapter A of the Texas Administrative Code.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state or federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government (e.g., not for facilities or equipment beyond their normal, useful life span).
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the TDA for Urgent Need assistance. Urgent Need funds cannot fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The applicant must provide documentation from an engineer or other qualified professional that the infrastructure failure cannot have resulted from a lack of maintenance or been caused by operator error.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- TDA will consider whether funds under an existing TxCDBG contract are available to be reallocated to address the situation, if eligible.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the TxCDBG contract. TDA may de-obligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's most recent Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the TxCDBG funds requested. If the applicant's most recent Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the TxCDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

6. Texas Small Towns Environment Program (STEP) Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to communities recognizing the need and willingness to solve water and sewer problems through the STEP self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2013 and 2014 Community Development Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2014 STEP Fund grant award.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

TDA will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the TxCDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the TxCDBG STEP Fund.
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the TCEQ.

TDA will not reimburse for force account work for construction activities on STEP projects.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

TDA will not accept an application for STEP Fund assistance until TDA and representatives of the potential applicant community have evaluated the self-help process and TDA determines that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets the entire STEP criteria, then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a basic water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:
1) at least three sparkplugs — local leaders willing to both lead and sustain the effort and commit to the two-year contract period;
2) readiness — local perception of the problem, the willingness to take action to solve it, and commit to the two-year contract period;
3) capacity — laborers, including workers with skills required to solve the problem and operate necessary construction equipment;
4) 40% savings off of retail construction price; and
5) work must be performed predominately by community volunteers.

To be eligible for additional STEP awards, an applicant must have demonstrated to TDA that its existing STEP contracts are currently being implemented on schedule in accordance with the applicable contracts and in accordance with any TDA-approved allowances.

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

1) at least three local leaders willing to both lead and sustain the effort; leaders who have been identified and agreed on by the community:

- at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs);
- one should be able to maintain detailed paperwork needed for accurate project documentation;
- one should have some knowledge or skills to lead the self-help effort; and
- one can have a combination of these skills or just be the motivator and problem solver of the group

2) readiness — local perception of the problem and the willingness to take action to solve it:

- a strong local perception of the problem;
- community perception that local implementation is the best and maybe only solution;
- community has confidence that they can do it adequately;
- community has no strong competing priority;
- local government is supportive and understands the urgency;
- public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other);
- effort and attention have already been given to local assessment of the problem; and
- enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency.

3) capacity — laborers, including workers with skills required to solve the problem:

- skilled workers within the community (heavy equipment operator, pipe layer, electrician, plumber, engineer, water operator, construction skills);
- list of volunteers by task;
- equipment in community available to perform project tasks (not a requirement);
- letters stating support from local businesses in form of donation of supplies;
- letter from service provider supporting project and agreeing to provide service; and
- letter from a Certified Public Accountant (CPA) documenting that the applying locality has financial and management capacity to compete the project.

4) 40% Savings off of retail price – documentation of the 40% savings off of the retail price:

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings;
- Back-up documents of material quotes, pledges of equipment;
- Determination of appropriate technology and feasibility of project (letter from engineer).

7. Community Enhancement Fund

- Purpose: The purpose of this community enhancement program is to provide a source of funds not available through other TxCDBG programs that is designed to stimulate a community's economic development efforts and improve self-sufficiency. The program period is PY 2014 and beyond if necessary based on available funding. The project must have the potential to benefit all citizens within the jurisdiction. The community project must provide a benefit that will enhance the overall quality of life in the rural community.

- Source of funding: Funding will be provided from deobligated funds or other external sources.

- Eligibility requirements: The applicant must meet the Low and Moderate Income (LMI) national objective for its entire jurisdiction (at least 51 percent LMI). TDA may establish additional criteria that meet national objectives. Additional requirements shall be specified in the application guide. The applicant must demonstrate that it has the financial resources to sustain the operation and maintenance of the project.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

HUD has not yet announced the State's 2014 program year CDBG allocation. The State's 2014 allocation could be lower than the 2013 allocation of $62,566,661.

The amount available for TxCDBG assistance will be the 2014 State CDBG allocation amount plus an estimated $2,500,000 in program income. Funds will be allocated according to the following percentages of the State's 2014 allocation upon the execution of the grant agreement with HUD.

FUND	2014 PERCENT	AMOUNT AVAILABLE
Community Development Fund	61.71 [1]	
Texas Capital Fund (TCF)	14.51	
Program Income from TCF		$2,000,000 [3]
Colonia Fund		
Colonia Planning and Construction Fund	6.80	
Colonia EDAP Legislative Set-aside	3.20 [4]	
Colonia Self-Help Centers Legislative Set-aside	2.50	
Planning And Capacity Building Fund	.90	
Disaster Relief/Urgent Need Fund		
Disaster Relief	4.10	
Urgent Need	0 [2]	
TxCDBG STEP Fund	3.12	
Administration/Technical Assistance	3.16	
Deobligated Funds:		
Community Enhancement Fund		
Other Program Income:		$500,000

Note: The percentages shown above are based on the State's actual 2013 allocation percentages.

Deobligated funds/program income notes:

1 Allocated to each region based on Section II (B). Remaining funds insufficient to fully fund an otherwise eligible application may be transferred to the Disaster Relief Fund.

2 Deobligated funds sufficient to replenish to $1,000,000 are made available for the Urgent Need Fund on the first day of PY 2014. Based on a TDA determination of increased demand for financial assistance under the Urgent Need and Disaster Relief portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be allocated for Disaster Relief projects. The amounts for these fund categories may be adjusted during PY 2014 as needed.

3 This amount is an average, contingent on program income funds available pursuant to Section II (C)(a).

4 May be transferred for other projects benefitting Colonias if there are an insufficient number of EDAP-eligible projects ready for CEDAP connection funding.

Deobligated funds and/or program income are made available on the first day of the Program Year, or in the instance of insufficient Disaster Relief funds, throughout the program year as the need arises.

Summary of Activities That Utilize Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program

The TxCDBG Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (TA) set-aside approved by HUD. These visits will be conducted throughout the year when the TxCDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

TDA staff may visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial TxCDBG project implementation procedures.

Other technical assistance visits will be conducted with TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The TA funds are utilized for a portion of staff salaries, which allows TDA staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

TDHCA uses TA funds for on-site technical assistance on the Colonia Self-Help Centers program.

TDA also utilizes TA funds to introduce, facilitate, and provide community access to the Texas STEP, which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

TDA may utilize TA funds to support TxCDBG activities related to disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters require dedication of considerable resources for disaster recovery efforts.

TA funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for TxCDBG funds in each region.

Deobligated Funds, Unobligated Funds, and Program Income

(a) To the extent there are eligible applications, program income derived from the Texas Capital Fund real estate projects will be used to fund awards under the Texas Capital Fund. Other available program income shall be allocated based on the methodology used for deobligated funds.

Deobligated funds will be allocated based on the following methodology. On the first day of the program year, any unallocated deobligated funds and other available program income not derived from Texas

Capital Fund real estate projects will be allocated as follows: (1) twenty percent (20%) shall be allocated to the Disaster Relief Fund; and eighty percent (80%) shall be allocated to those fund categories that do not have allocations prescribed by federal or state law. The allocation shall be based on the pro rata share of the percentages specified in Section II C, Allocation of Available Funds by Funds Category. Allocations to the Community Development Fund will be distributed to each of the 24 Planning Regions based upon the same methodology used in the biennial application process. Allocations to regions that either (a) have no eligible applications, or (b) cannot fully fund the next highest ranking applications will be made available to the Disaster Relief Fund.

(b) Re-distribution of Funds Recaptured from Withdrawn Awards. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds and past performance requirements in Section III, F(1) through F(12), within a period ending 90 days after the date of the TDA's award letter to the applicant, the award will be immediately withdrawn by TDA (excluding the colonia self-help center awards). Should the applicant fail to execute the award contract (excluding colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn. For an award that is withdrawn from an applicant, the TDA follows different procedures for the use of those recaptured funds depending on the fund category in which the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding cycle are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding cycle are offered to the next highest ranked applicant from that region that was not recommended to receive full funding. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other TxCDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) For the Community Development Fund, if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other TxCDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(3) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding cycle are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding cycle are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining

from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other TxCDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Colonia Planning and Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other TxCDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(5) Funds recaptured under the CEDAP Legislative Set-Aside from the withdrawal of an award remain available to potential CEDAP set-aside applicants during that program year. Any funds remaining from the program year allocation that are not used to fund CEDAP set-aside applications within twelve months after the TDA receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other TxCDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(6) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the STEP Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdrawal date in the same program year. If the withdrawn award was made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other TxCDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

D. PROGRAM INCOME

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the TxCDBG Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using TxCDBG funds;
- Proceeds from the sale of loans made with TxCDBG funds;
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with TxCDBG funds;
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with TxCDBG funds;
- Gross income from the use of infrastructure improvements constructed or improved with TxCDBG funds;
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the TxCDBG portion of public improvements;
- Proceeds from the disposition of equipment purchased with TxCDBG funds;
- Interest earned on funds held in an RLF account.

1. Texas Capital Fund Program Income

Funds retained in any currently existing local RLF must be committed within three years of the original TxCDBG contract programmatic close date. At least one eligible loan/award from the local RLF must be made every three years. Every award from the RLF must be used to fund the same type of activity from which such income was derived. A local RLF may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. All activities funded with RLF funds must comply with CDBG regulations and rules and guidelines established by the Department. If the local government does not comply with the RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities that have elected to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government fails to meet all requirements of this section or requirements identified in its TCF contract or the RLF guidelines implemented by the Department, then all program income must be returned to the State.

This section, “Texas Capital Fund Program Income,” replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995, and affects all TCF local revolving loan funds established by contracts awarded in those program years.

III. APPLICATION INFORMATION

A. TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the TxCDBG Program.

1. *Single Jurisdiction Applications*

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in TxCDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the TxCDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county may not participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability may not be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that does not meet the TxCDBG application threshold requirements is ineligible.

Under the Texas Capital Fund, TDA will not accept applications from more than one entity proposing project activities if the benefitting business and location are the same. An award will not be made to both a county and a city located within the county for the same project.

2. *Multi-Jurisdiction Applications*

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application, and the authorized applicant is accountable to the TDA for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one State planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

B. *APPLICATION CYCLES*

Applications for the Community Development, Colonia Planning and Construction Fund, and Planning and Capacity Building Fund biennial awards were accepted during PY 2012 for awards in Programs Years 2013 and 2014. PY 2014 is the second year of the biennial funding cycle.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change.

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	Biennial[1]	October 2012
2. Texas Capital Fund		
Real Estate Program	Continuous/Monthly	
Infrastructure Program	Continuous/Monthly	
Main Street Program	Annually	October 2014
Downtown Revitalization Program	Annually	July 2014
3. Colonia Fund:		
Planning and Construction Fund	Biennial	June 2013
EDAP Set-aside	As-needed	
4. Planning/Capacity Building Fund	Biennial[1]	October 2012
5. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
6. TxCDBG STEP Fund	Biannually	
7. Community Enhancement Fund	Annually	

[1] Applications submitted for the PY 2013 Community Development Fund and Planning and Capacity Building Fund as part of the 2013/2014 biennial application process will be scored and ranked. Applications will be funded to the extent that allocated 2014 funds are available. Applications submitted for the Colonia Planning and Construction Fund will be scored and ranked. The final 2013 program year rankings under the Community Development Fund, Planning and Capacity Building Fund, Colonia Planning and Construction Fund will be used to determine which applicants will be selected for funding from the 2014 program year allocations. Only one application may be submitted for the combined 2013 program year and 2014 program year period under the Community Development Fund, Colonia Construction component, Colonia Planning component, and the Planning and Capacity Building Fund.

C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per year per fund. The following table provides the maximum and minimum contract award amounts allowable for any single project under the TxCDBG Program.

CONTRACT AWARD

FUND	CONTRACT AWARD MAXIMUM	CONTRACT AWARD MINIMUM
Community Development Fund		
Single Applicant	$800,000[1]	$75,000[1]
Multi-Jurisdiction Application	$800,000[1]	$75,000[1]
Texas Capital Fund		
Real Estate Program	$1,500,000[2]	$50,000
Infrastructure Program	$1,500,000[2]	$50,000
Main Street Program	$150,000[3]	$50,000
Downtown Revitalization Program	$150,000[3]	$50,000
Colonia Fund		
Construction Fund Component	$500,000	$75,000
EDAP Set-aside	$500,000	None
Area Planning Component	$100,000[4]	None
Comprehensive Planning Component	$100,000[4]	None
	Or $30,000[4]	
Planning/Capacity Building Fund	$55,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$350,000	$50,000
Urgent Need Fund	$250,000	$25,000
TxCDBG STEP Fund	$350,000	None
Community Enhancement Fund	$350,000	$100,000

1 Regional Review Committees are authorized to establish a maximum grant award amount for their respective regions between $275,000 or an amount equal to 12.5% of its combined 2012 and 2013 allocation, whichever is less, and $800,000 for a single jurisdiction application, and between $350,000 and $800,000 for a multi-jurisdiction application. TDA may grant an exception to the minimum level if funds are distributed among all eligible applicants. In order to ensure there are sufficient funds in the CDBG award to provide a substantial benefit and to provide for construction efficiencies, RRCs should not prioritize application amounts lower than the maximum above or $200,000, whichever is lower.

The maximum amount for a housing or non-border colonia priority activity application is the same as other Community Development Fund applications in the region.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The number of jobs, the cost per job, and the maximum percentage of TCF financing of the total project costs that will qualify an application will be defined in the Texas Administrative Code and the Texas Capital Fund Application Guidelines.

3 Texas Capital Funds are specifically reserved for Main Street and Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000.

4 The maximum grant award for the Colonia Comprehensive Planning component is set at $100,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an amended performance statement or the eligible county's total unincorporated area population. The maximum amount for a county to update its existing Colonia Comprehensive plan is $30,000.

Amounts shown are maximum funding levels or contract "ceilings," since the TxCDBG Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, including the TCF program, awarded under the TxCDBG Program are subject to negotiation between TDA and the applicant regarding the final grant amount.

An award recipient must provide TDA with evidence of financial capacity in accordance with the Texas Local Government Code (audit and financial reporting requirements) and program rules within six months of the contract start date, or prior to contract award, as determined by TDA.

D. PROJECT LENGTH

All funded projects, except the Texas Capital Fund, Disaster Relief/Urgent Need, and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. TCF Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. Other TCF program projects must be completed within three years from the start date of the contract agreement. Due to the urgent nature of Disaster Relief/Urgent Need projects, projects must be completed within one year from the start date of the contract agreement. Contract end dates for Colonia Self-Help Center contracts may be adjusted to account for each program year award. Waivers of these term requirements must be made through a TxCDBG contract amendment and will only be granted when a waiver request is submitted in writing to TDA and TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

E. REVIEW PROCESS

1. Regional Review Committees

There is a Regional Community Development Review Committee (RRC) in each of the 24 State planning regions. Each RRC will be comprised of 12 members appointed at the pleasure of the Governor. A quorum of seven members is required for all public hearings.

The RRCs may review and comment on applications to other TxCDBG fund categories.

RRCs are discussed at length in Title 4, Part 1, Chapter 30, Subchapter A of the Texas Administrative Code.

2. Texas Capital Fund Review Process

TCF applications will be reviewed and evaluated by TDA staff in accordance with the established selection criteria.

3. Regional Water Plans

Water activities included in TxCDBG applications must be consistent with Regional Water Plans promulgated in accordance with Section 16.053, Water Code.

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

A city or county <u>must</u> meet the following requirements in order to submit an application or to receive funding through the TxCDBG Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
   a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
   b. Indicate intention to use a third-party administrator, if applicable;
   c. If local staff, along with a third-party administrator, will jointly administer the proposed project, outline the respective roles and responsibilities of the designated local staff; or
   d. TDA has the sole discretion to determine that an applicant does or does not have the capacity to manage and administer the proposed project based on an applicants' prior performance on a TxCDBG contract.

2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
   a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight;
   b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles; and/or
   c. TDA has the sole discretion to determine that an applicant does or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project based on a review of audited financial records, current financial status, or financial management history based on a current or closed TxCDBG contract.

3. Levy a local property (ad valorem) tax or local sales tax option.

4. Demonstrate satisfactory performance on all previously awarded TxCDBG Program contracts, by using the following criteria:
   a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in TDA's resolution letter(s);
   b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served;
   c. No outstanding delinquent response to a written request from TDA regarding a request for repayment of funds to TDA; or
   d. Not more than one outstanding delinquent response to a written request from TDA regarding compliance issues such as a request for closeout documents or any other required information.

5. Resolve any and all outstanding compliance and audit findings on previous and existing TxCDBG Program contracts, by using the following criteria: TDA, at its sole discretion, has determined that applicant is actively participating in the resolution of any outstanding audit; and/or applicant is responding timely to monitoring issues with reports of substantial progress on outstanding issues within the time specified in the TDA resolution process.

6. Submit any past due audit to TDA in accordance with Title 4, Part 1, Chapter 30, Subchapter A of the Texas Administrative Code.
   a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but TDA may withhold the award or issuance of a contract until it receives a satisfactory audit.
      The Colonia Self-Help Center Fund is exempt from the threshold.
   b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the TxCDBG Program. The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's State budget appropriation. Failure to meet the threshold will be reported to the TDHCA for review and recommendation.
   c. If an audit becomes due after the award date, TDA will withhold the issuance of a contract until it receives a satisfactory audit. If TDA does not receive a satisfactory audit within 30 days of the audit due date, TDA will withdraw the award and re-allocate the funds in accordance with Section II(C)(b) (excludes the Colonia Self-Help Center awards).

7. 12-Month Applicant Threshold Requirement

   Obligate at least fifty percent (50%) of the total TxCDBG funds awarded under an open TxCDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines, have complete plans and specifications, and have received all applicable environmental approvals from TxCDBG covering this obligation. This threshold is applicable to TxCDBG contracts with an original 24-month contract period.

   To meet this threshold, 50% of the TxCDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. Plans and specifications must be completed. The TxCDBG contract activities do not have to be 50% completed, nor do 50% of the TxCDBG contract funds have to be expended to meet this threshold.

Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories	Not Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
Colonia Construction Fund	
Colonia Fund Planning	

Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories	Not Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories
Disaster Relief/Urgent Need Fund	Colonia Economically Distressed Areas
Planning/Capacity Building Fund	
Texas STEP	
	Renewable Energy Demonstration Pilot Program

8. 24-Month Applicant Threshold Requirement
   Submit to TDA the Certificate of Expenditures (COE) report showing the expended TxCDBG funds and a final drawdown for any remaining TxCDBG funds as required by the most current TxCDBG Project Implementation Manual. Any reserved funds on the COE must be approved in writing by TDA.
   For purposes of meeting this threshold, "expended" means that the construction and services covered by the TxCDBG funds are complete and a drawdown for the funds has been submitted prior to the application deadlines.
   This threshold will apply to an open TxCDBG contract with an original 24-month contract period and to TxCDBG contracts that have reached the end of the 24-month period prior to the application deadlines as described below.

Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories	Not Applicable to previously awarded TxCDBG contracts under the following TxCDBG fund categories
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
Colonia Construction Fund	
Colonia Fund Planning	Texas STEP
Disaster Relief/Urgent Need Fund	Colonia Economically Distressed Areas
Planning/Capacity Building Fund	
Texas STEP	
	Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the TxCDBG Disaster Relief Fund.

9. TxCDBG funds cannot be expended in any county that is designated as eligible for the TWDB EDAP unless the county has adopted and is enforcing the Model Subdivision Rules (MSR) established pursuant to Section 16.343 of the Texas Water Code. If applicable, the applicant must demonstrate compliance with the MSR requirements set in the Texas Water Code.

10. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by TDA, awarded under a TCF contract executed at least 36 months prior to the current program year application deadline and submit to the TDA the Certificate of Expenditures required by the most recent edition of the TxCDBG Project Implementation Manual. TCF contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

11. TDA may determine that an applicant is ineligible to apply for TxCDBG funding even though at the application date it meets the threshold and past performance requirements based on a pattern of unsatisfactory: (a) performance on previously awarded TxCDBG Program contracts; (b) management and administration of TxCDBG contracts; or (c) financial management capacity based on a review of official financial records and audits. TDA will consider the most recent 48 months history before the application due date. TDA may determine that an applicant would still remain eligible for funding under the Disaster Relief Fund even with a pattern of unsatisfactory performance and/or management capacity as discussed in this paragraph; however; TDA must approve the contract administrator for the Disaster Relief Fund grant. An entity or person may be determined ineligible to administer the new contract if it administered TxCDBG contracts during the most recent 48 months before the application date and for two or more of such contracts it administered the applicant failed to meet contract requirements, including but not limited to failure to submit complete closeouts documents on time.

G. ADMINISTRATION OF TxCDBG CONTRACTS

In order to administer a TxCDBG contract awarded in PY 2014, the administrator (contracted administrators on behalf of the client community or the city or county staff of self-administering award recipients) must attend, and retain the completion certificate from, the most recent TxCDBG Project Implementation Manual training sessions or other substitute training such as online certification training provided by TDA. TDA will offer this required certification training within six months of awarding any contracts funded with PY 2014 funds and will offer the certification opportunity on an ongoing basis. (This requirement excludes Colonia Self-Help Center Set-aside contracts.) The TxCDBG contract recipient (city or county) is strongly encouraged to attend the TxCDBG Project Implementation Workshops, even if it anticipates using an outside firm to provide contract administration services.

TDA is under no obligation to approve any changes in a performance statement of a TxCDBG contract that would result in a score lower than originally used to make the award for the program year if the lower score would have initially caused that project to be denied funding. This does not apply to colonia self-help centers.

IV. APPLICATION SELECTION CRITERIA

A. GENERAL DESCRIPTION

The scoring criteria used in the TxCDBG Program are described in Section C below.

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund.

In accordance with Section 2310.403 of the Texas Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for TxCDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote TxCDBG-eligible economic development in the community or for TxCDBG-eligible construction, improvement, extension, repair, or maintenance of TxCDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the TCEQ has received the applicant or service provider's application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant's cash match included in the TxCDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the TxCDBG contract, in accordance with 24 CFR Part 570.

B. RESOURCES FOR DESCRIPTIONS OF SELECTION CRITERIA BY FUND CATEGORY

Beginning in Section C below, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in Title 4, Part 1, Chapter 30, Subchapter A of the Texas Administrative Code.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2014 Action Plan for the 2014 program year. Any changes to the selection criteria will be published in the Texas Register prior to final adoption.

The Texas Administrative Code can be found on the Texas Secretary of State website at www.sos.state.tx.us. Listed below are the current TxCDBG fund categories that are currently contained in the Texas Administrative Code. These rules are subject to change and may be amended, following notice, publication and a public comment period. Certain Texas Administrative Code sections are retained for previous Fund Categories to govern existing TxCDBG contracts.

Texas Administrative Code, Title 4 TAC, Part 1, Chapter 30, Subchapter A

Section	Section Title
30.1	General Provisions
30.2	Community Development Fund
30.3	Planning/Capacity Building Fund
30.4	Disaster Relief Fund
30.5	Urgent Need Fund
30.6	Texas Capital Fund
30.7	Regional Review Committees
30.8	Colonia Fund
30.9	Small Towns Environment Program Fund
30.10	Renewable Energy Demonstration Pilot Program
30.11	Communities Enhancement Fund

C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

1. COMMUNITY DEVELOPMENT FUND

a. Regional Review Committee (RRC) Objective Scoring

(1) Responsibilities of the RRC

Each RRC is responsible for determining local project priorities and objective factors for all its scoring components based on public input in accordance with the requirements in this Action Plan.

(2) Maximum RRC Points Possible

The RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring factors.

(3) RRC Selection of the Scoring Factors

The RRCs are responsible for convening public hearings to discuss and select the objective scoring factors that will be used to score applications at the regional level in accordance with the requirements in this Action Plan. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring factors is the responsibility of each RRC and must be consistent with the requirements in this Action Plan. Each RRC shall develop a Regional Review Committee Guidebook, in the format provided by TDA, to notify eligible applicants of the objective scoring factors and other RRC procedures for the region.

RRCs are encouraged to establish a priority scoring factor that considers the nature and type of the project.

(4) Examples of RRC Objective Scoring Factors

Examples of objective scoring factors are shown in Appendix A to further clarify the term objective.

The RRC must clearly indicate how responses would be scored under each factor and use data sources that are verifiable to the public. After the RRC's adoption of its scoring factors, the score awarded to a particular application under any RRC scoring factor may not be dependent upon an individual RRC member's judgment or discretion. (This does not preclude collective RRC action that TDA has approved under any appeals process.)

(5) RRC Priority Set-asides

Housing and Non-Border Colonia projects - Each RRC is highly encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects, for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 USC Section 5305 and applicable HUD regulations.) The RRC must include any set-aside in its Regional Review Committee Guidebook.

(6) RRC Designation of Staff Support

The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support:

(i) Regional Council of Governments (COG);

(ii) TDA staff or TDA designee;

(iii) A combination of COG and TDA staff or TDA designee.

The RRC Guidebook should be adopted by the RRC and approved by TDA at least 90 days prior to the application deadline.

The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. TDA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and TDA scores are summed. The RRC is responsible for providing to the public the RRC scores, while the TDA is responsible for publishing the final ranking of the applications.

(7) Tie-breaker in a region

If needed in the ranking of applications within a region based on available funds remaining, a tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

b. State Scoring (TDA Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(1) Past Selection – Maximum Points - 4% of Maximum Possible RRC Score for each region. Awarded to each 2013/2014 Community Development Fund applicant that did not receive a 2011 or 2012 Community Development Fund, Community Development Fund-Recovery, or Rural Sustainability Fund contract award.

(2) Past Performance - Maximum Points - 4% of Maximum Possible RRC Score for each region

An applicant can receive points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on assessment of the applicant's performance during the applicant's most recent TxCDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years (for CD/CDS contracts only the 2007/2008 and 2009/2010 cycle awards will be considered). TDA will also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. TDA will assess the applicant's performance on TxCDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. (Adjustments may be made for contracts that are engaged in appropriately pursuing due diligence such as bonding remedies or litigation to ensure adequate performance under the TxCDBG contract.) The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TxCDBG contracts, especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TxCDBG contracts.
- The expenditure timeframes on the applicable TxCDBG contracts.

(3) All project activities within the application would provide basic infrastructure or housing activities - 2% of the Maximum Possible RRC Score for each region. (Basic infrastructure - the basic physical shared facilities serving a community's population consisting of water, sewage, roads, and flood drainage. Housing activities – as defined in 24 CFR Part 570.)

The RRC may not adopt scoring factors that directly negate or offset these State factors.

c. Statutory - Low and Moderate Income (LMI) Persons National Objective – Scoring factor

To assist in fulfilling the CDBG statutory requirement for the percentage of program year awards that must meet the LMI National Objective, applications that meet the LMI National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 2% of the Maximum Possible RRC Score for each region.

Further, to ensure the TxCDBG program meets the statutory LMI National Objective requirement, if the ranking in a region would not result in the award of at least 75 percent of the allocated funds for the LMI national objective, then the TDA will make awards based on a revised ranking to achieve at least a 75 percentage level for LMI awards for the region. If there are not sufficient applications in the region to achieve the 75 percent LMI national objective level, the amount of funds in a region equal to the shortfall in meeting this requirement will be re-allocated to a pool for other LMI national objective projects. Awards from the pool of remaining LMI applications would be based on the marginal competition selection criteria.

d. Other TxCDBG State Responsibilities

The State may establish the maximum number of regional scoring factors that may be used in order to improve review and verification efficiency. Similarly, the State may determine that certain regional scoring factors may not be used because the data is not readily available or would require excessive effort to verify the information in a timely manner. If the State determines U.S. Census Bureau data or any other prescribed data for a particular regional scoring factor is not readily available for all eligible TxCDBG jurisdictions in the region, prior to approval it will substitute an available data source. If no substitute data is readily available for all eligible jurisdictions, the State will delete the scoring factor from consideration in the regional ranking and publish this decision on its website and notify the RRC staff, not less than 60 days prior to the application deadline. To ensure consistency, the State may determine the acceptable data source for a particular regional scoring factor (such as the unemployment rate.)

TDA will review each RRC Guidebook to ensure that the scoring procedures are in compliance with 24 CFR §91.320(k)(1)(iv). The regulation states in part that “The statement of method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.” TDA will also review the scoring factors selected to ensure that all scoring factors are objective. Each RRC must obtain written approval from TDA before implementing the RRC scoring process. TDA will edit the scoring components to ensure consistency with the Action Plan, or provide further details or elaboration on the objective scoring methodology, data sources and other clarifying details without the necessity of a subsequent RRC meeting.

TDA may establish:

(i) a deadline for the RRC to adopt objective factors for all of its scoring components and submit its adopted Guidebook incorporating the objective scoring methodology to TDA for approval; and/or

(ii) a RRC scoring review appeals process in the Guidebook Instructions and/or the Texas Administrative Code.

In the event that an RRC fails to approve an objective scoring methodology to the satisfaction of TDA consistent with the requirements in this Action Plan by the established deadline or if the RRC fails to implement the approved methodology, TDA will establish for the region scoring factors as described in Appendix B for the 2013/2014 application cycle.

Only TDA may disqualify an application submitted in a region. The regional scores for RRC factors and the ranking of applications are not considered final until they have been reviewed and approved by TDA.

2a. TEXAS CAPITAL FUND Real Estate and Infrastructure Programs

The selection criteria for the Real Estate and Infrastructure Programs of the TCF will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons;
b. Creation or retention of jobs primarily in areas of above average unemployment;
c. Generation of a greater ratio of private investment to TCF investment;
d. Expansion of markets through manufacturing and/or value-added processing;
e. Provision of job opportunities at the lowest possible TCF cost per job;
f. Benefit to areas of the State by considering job impact to community;
g. Assistance for small businesses and Historically Underutilized Businesses; and
h. Feasibility of project and ability to create and/or retain jobs.

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum TCF contribution necessary to serve the project.

2b. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the TCF will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight;
b. Applicant designation as a Main Street City by the Texas Historical Commission;
c. Feasibility of project;
d. Generation of a greater ratio of private investment to TCF investment; and
e. Community profile.

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum TCF contribution necessary to serve the project.

2c. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the TCF will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight;

b. Feasibility of project;
c. Generation of a greater ratio of private investment to Texas Capital Fund investment; and
d. Community profile.

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum TCF contribution necessary to serve the project.

3a. COLONIA CONSTRUCTION COMPONENT 430 Total Points Maximum

a. Community Distress – 35 Points (Maximum)

- Percentage of persons living in poverty 15 points
- Per Capita Income 10 points
- Percentage of housing units without complete plumbing 5 points
- Unemployment Rate 5 points

b. Benefit to Low/Moderate-Income Persons – 30 Points (Maximum)

A formula is used to determine the percentage of TxCDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the TxCDBG funds requested for each corresponding activity. Those calculations determine the amount of TxCDBG funds benefiting low to moderate income persons for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the TxCDBG funds requested minus the TxCDBG funds requested for administration to determine the percentage of TxCDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;
100% to 90% of TxCDBG funds benefiting low to moderate income persons 30 points
89.99% to 80% of TxCDBG funds benefiting low to moderate income persons 25 points
79.99% to 70% of TxCDBG funds benefiting low to moderate income persons 20 points
69.99% to 60% of TxCDBG funds benefiting low to moderate income persons 15 points
Below 60% of TxCDBG funds benefiting low to moderate income persons 5 points

c. Project Priorities – 195 Points (Maximum)

- Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems 195 points
- First time public water service activities (including yard service lines) 145 points
- First time public sewer service activities (including yard service lines) 145 points
- Installation of approved residential on-site wastewater disposal systems for providing first time service 145 points
- Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues 140 points
- Housing activities 140 points
- First time water and/or sewer service through a privately-owned for-profit utility 135 points
- Expansion or improvement of existing water and/or sewer service 120 points
- Street paving and drainage activities 75 points
- All other eligible activities 20 points

For projects involving drilling a new water well, subtract ten (10) points if a test well has not been drilled that demonstrates water of sufficient quality and quantity would be available for the proposed project at the well site. Applicants that do not drill test wells prior to contract award enter the contract at their own risk and remain liable for wells that fail to produce results proposed in the application.

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for engineering and administration, a percentage of the total TxCDBG construction dollars for each activity will be calculated. The percentage of the total TxCDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design – 140 Points (Maximum)

Each application is scored by a committee composed of TDA staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts of current drought conditions in the State.
- Whether the applicant will use TxCDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the TWDB EDAP.
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the TxCDBG Community Development Fund or through the use of CDBG entitlement funds.
- The TxCDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of funds to the applicant for project financing from other sources.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds – 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the most recent Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the most recent Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the most recent Census:

- Match equal to or greater than 15% of grant request 20 points
- Match at least 3.5%, but less than 15% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the most recent Census:

- Match equal to or greater than 20% of grant request 20 points
- Match at least 5%, but less than 20% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the most recent Census.

Applications that include a housing rehabilitation for low- and moderate-income persons as part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. TDA does not consider sewer or water service lines and connections, or on-site wastewater disposal systems, as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

f. Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on an assessment of the applicant's performance on the applicant's two (2) most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. TDA will also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. TDA will assess the applicant's performance on TxCDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period;
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports;
- The applicant's submission of the required close-out documents within the period prescribed for such submission;

- The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs;
- The applicant's timely response to audit findings on previous TxCDBG contracts.

Colonia Construction Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Component grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Component allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established TxCDBG fund categories.

3b. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM SET-ASIDE

TDA will evaluate the following factors prior to awarding CEDAP funds:

- The proposed use of the TxCDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP;
- The ability of the applicant to utilize the grant funds in a timely manner;
- The availability of funds to the applicant for project financing from other sources;
- The applicant's past performance on previously awarded TxCDBG contracts;
- Cost per beneficiary; and
- Proximity of project site to entitlement cities or metropolitan statistical areas.

3c. COLONIA AREA PLANNING COMPONENT **340 Total Points Maximum**

a. Community Distress – 35 Points (Maximum)

- Percentage of persons living in poverty 15 points
- Per Capita Income 10 points
- Percentage of housing units without complete plumbing 5 points
- Unemployment Rate 5 points

b. Benefit to Low/Moderate-Income Persons – 30 Points (Maximum)

Points are awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale

100% to 90% of TxCDBG funds benefiting low to moderate income persons	30 points
89.99% to 80% of TxCDBG funds benefiting low to moderate income persons	25 points
79.99% to 70% of TxCDBG funds benefiting low to moderate income persons	20 points
69.99% to 60% of TxCDBG funds benefiting low to moderate income persons	15 points
Below 60% of TxCDBG funds benefiting low to moderate income persons	5 points

c. Matching Funds – 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the most recent Census:

- Match equal to or greater than 5% of grant request 20 points
- Match at least 2%, but less than 5% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the most recent Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the most recent Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the most recent Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design – 255 Points (Maximum)

Each application is scored by a committee composed of TDA staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s) and how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The TxCDBG cost per low/moderate-income beneficiary.
- The availability of funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TxCDBG contracts.

For the Project Design selection factor, a Colonia Planning Component application must receive a minimum score of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning allocation will be reallocated to either fund additional Colonia Comprehensive Planning applications, Colonia Construction Component applications, or will be reallocated to other established TxCDBG fund categories.

3d. COLONIA COMPREHENSIVE PLANNING COMPONENT **200 Total Points Maximum**

a. Community Distress – 25 Points (Maximum)

- Percentage of persons living in poverty — 10 points
- Per Capita Income — 5 points

- Percentage of housing units without complete plumbing 5 points
- Unemployment Rate 5 points

b. Project Design – 75 Points (Maximum)

Each application will be scored by a committee composed of TxCDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs;
- The extent to which any previous planning efforts for colonia area(s) have been accomplished;
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities;
- The applicant's past performance on previously awarded TxCDBG contracts; and
- Award history. An applicant that has previously received a TxCDBG comprehensive planning award would receive lower priority for funding.

For the Project Design selection factor, a Colonia Comprehensive Planning Component application must receive a minimum score of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Component applications, or will be reallocated to other established TxCDBG fund categories.

4.	PLANNING AND CAPACITY BUILDING FUND	430 Total Points Maximum

a. Community Distress – 55 Points (Maximum)

- Percentage of persons living in poverty 25 points
- Per Capita Income 20 points
- Unemployment rate 10 points

b. Benefit to Low/Moderate Income Persons - 0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no points are awarded on this factor.

c. Project Design – 375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities with 10 points awarded per priority as provided below. If more than nine (9) activities are requested, ten (10) points per activity will be subtracted unless the additional TxCDBG eligible activities are paid entirely by local cash match.

Base studies (base mapping, housing, land use, population components) are recommended as one selected priority for applicants lacking updated studies unless they have been previously funded by TXCDBG or have been completed using other resources.

An applicant requesting TxCDBG funds for fewer than five priorities may receive point credit for planning studies completed without TxCDBG funding assistance within the last 10 years. As a basis for determination, this applies to projects that are less than 10 years old using the 2013 PCB application deadline.

Applicants should not request funds to complete a water or sewer study if funds have been awarded within the last two years for these activities or funds are being requested under other TxCDBG fund categories.

(2) Base Match 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

The population will be based on available information in the latest national decennial census.

(3) Area-wide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points. Previous recipients of planning funds may receive at least 20 or 30 points, depending on the level of implementation of previously funded activities. Applicants with a PCB contract older than 10 years based on the contract start date will be considered new applicants for this scoring factor.
- Up to 225 points are awarded for the applicant’s Proposed Planning Effort based on an evaluation of the following:
- the extent to which any previous planning efforts have been implemented or accomplished;
- how clearly the proposed planning effort will resolve community development needs addressed in the application;
- whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
- demonstration of local commitment.

5. TxCDBG STEP FUND 120 Total Points Maximum

The following is the selection criteria to be used by TxCDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors.

a. *Project Impact – 60 Points (Maximum)*

Activity	Score
First time service	60-40
To address drought	60-40
To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-40
Relevant documentation from TCEQ or Texas Department of Health concerning an Imminent Threat to Health	60-40
Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
Problems due to severe pressure problems (documented)	50-40
Line replacement (water or sewer) other than for above	40-30
All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for engineering and administration, a percentage of the total TxCDBG construction dollars for each activity will be calculated. The percentage of the total TxCDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by TDA in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and

2. projects designed to bring existing services up to at least the State minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. *STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)*

TDA will assess the proposal for the following STEP characteristics not scored in other factors:

24. Extent of work to be performed by community volunteer workers, including information provided on the ratio of volunteer work to total work;

25. Local leaders (sparkplugs) willing to both lead and sustain the effort;

26. Readiness to proceed – the local perception of the problem and the willingness to take action to solve it;

27. Capacity – the labor required for the proposal including skills required to solve the problem and operate necessary construction equipment;

28. Merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in TxCDBG dollars requested per beneficiary, etc.; and

29. Local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance – 15 Points (Maximum)

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant's past performance on previously awarded TxCDBG contracts. The applicant's score will be primarily based on an assessment of the applicant's performance on the applicant's two (2) most recent TxCDBG contracts that have reached the end of the original contract period stipulated in the contract. TDA will also assess the applicant's performance on existing TxCDBG contracts that have not reached the end of the original contract period. Applicants that have never received a TxCDBG grant award will automatically receive these points. TDA will assess the applicant's performance on TxCDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TxCDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TxCDBG contracts.

d. Percentage of Savings off of the retail price – 10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population, according to the most recent Census

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population, according to the most recent Census

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population, according to the most recent Census

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points
41% - 44.99% Savings	1 points

For Communities that are 10,000 or above in Population, according to the most recent Census

55% or more Savings	10 points
50% - 54.99% Savings	5 points
45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the most recent Census.

e. Benefit to Low/Moderate-Income Persons – 5 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the TxCDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 5(b) to be considered for funding.

6. COMMUNITY ENHANCEMENT FUND	100 Total Points Maximum

a. LMI percentage of the applicant – 20 Points Maximum

Compare each applicant's low and moderate income percentage to all other applicants in the region.
A higher LMI percentage would score higher. The applicant's LMI percentage is divided by the base amount for the entire region and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the LMI of all the applicants in the region multiplied by a factor 1.25.)

b. Partnerships – 10 Points Maximum

Projects that have a demonstrated partnership and collaboration with public and/or private entities focusing on the desired project outcome.

- One to two partners 5 points
- Three or more partners 10 points

c. Multi-Purpose Facility or Public Safety Equipment – 20 Points

- Projects that are designed as a multi-purpose facility within the community 20 points

OR

- Public Safety Equipment 20 points

d. Sustainability – 30 Points

Demonstration of how the project will sustain itself once grant funds are exhausted.

e. Match – 20 Points

Projects with committed funds from other entities including funding agencies, local governments, or businesses.

Applicant(s) population equal to or less than 2,500 according to the most recent Census:

- Match equal to or greater than 2.5% of grant request 20 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the most recent Census:

- Match equal to or greater than 5% of grant request 20 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the most recent Census:

- Match equal to or greater than 10% of grant request 20 points

Applicant(s) population over 10,000 according to the most recent Census:

- Match equal to or greater than 15% of grant request 20 points

f. Tie-breaker in a region

A tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

V. PERFORMANCE MEASURES - GOALS, OBJECTIVES, OUTCOMES, STRATEGIES, AND OUTPUTS

TxCDBG Strategic Plan Performance Measures

TDA currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. TDA has already implemented a performance measurement system that supports the HUD goals as stated in CPD Notice – 03-09, issued September 3, 2003, which "strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system." In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to "describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs."

TDA has the following Performance Measures system in place for administering and evaluating the success of the State's CDBG non-entitlement program.

GOALS AND OUTCOMES – For FFY 2014

Goal 1: Support Community and Economic Development Housing and Health Projects

Outcome 1: Percent of the Small Communities' Population Benefiting from Projects

Outcome 2: % of Requested Project Funds Awarded to Projects Using Annual HUD Allocation

Output 1: Number of New Community/Economic Development Contracts Awarded

Output 2: Number of Projected Beneficiaries from New Community/Economic Development Contracts Awarded

Output 3: Number of Programmatic Monitoring Visits Conducted

HUD CDBG Performance Outcome Measurement System

TxCDBG has implemented the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which TxCDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

VI. OTHER 2014 CDBG PROGRAM GUIDELINES

A. COMMUNITY NEEDS ASSESSMENT

Each applicant for TxCDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

B. LEVERAGING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Programs:

a. The leverage ratio between all funding sources to the TCF request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of $750,100 to $1,000,000 and 5.1 for awards of $1,000,000 to $1,500,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the total ratio of matching funds to TCF awards is approximately 1.17:1; for job creation projects, the ratio is slightly higher at 1.35:1. If this ratio continues for the 2014 program year, then the estimated amount of leveraged funds for the 2014 program year is approximately $45 million.

C. MINORITY HIRING/PARTICIPATION

TDA encourages minority employment and participation among all applicants under the CDBG Program. All applicants to the CDBG Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

D. CITIZEN PARTICIPATION

A grant to a locality under the TxCDBG Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. TxCDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in TxCDBG application guides.

APPENDIX A – EXAMPLES OF OBJECTIVE SCORING FACTORS

1. *Per Capita Income – 20 points maximum*

Compare each applicant's per capita income level to all other applicants in the region.

Method: The base amount for the entire region is divided by the applicant's per capita income level and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the per capita income levels of all the applicants in the region multiplied by a factor 0.75.

Incorporated City Applications:

For an incorporated city, the data used to score is based on the most recent decennial Census SF 3 information for the city's entire population.

For a new incorporated city that was not included in the most recent decennial Census as an incorporated city, the data used to score is based on the most recent decennial Census information for the entire county unincorporated population.

County Applications:

For a county, the data used to score is based on the most recent decennial Census SF 3 information for:

the county's entire population (for county-wide benefit activities);

the county's entire unincorporated population (for activities that only benefit persons in unincorporated areas); or

the most recent decennial census geographic area information specific to the unincorporated areas benefiting from the county's application activities (for activities that only benefit persons in unincorporated areas) (only census tracts, or block numbering areas, and block groups are allowable census geographic areas)

Geographic area information may be substituted only for county applications where the application activities benefit no more than two separate unincorporated target areas. County applications that include application activities for unincorporated areas that are located in more than two county precincts are scored for the entire county unincorporated population or the entire county population.

If a county elects to use census geographic area information that is specific to the unincorporated areas benefiting from the application activities, the county must submit the census geographic area identification number and the associated per capita income amount for each target area.

Multi-Jurisdiction applications: For multi-jurisdiction applications, the data used for scoring is based on a simple average of the per capita income amounts for all of the participating jurisdictions.

Data Source – US Bureau of the Census' American Community Survey 5-Year Estimates

2. *Matching Funds – 60 Points Maximum*

Applicant(s) population equal to or less than 1,500 according to the most recent Census:

- Match equal to or greater than 5% of grant request 60 points
- Match at least 4% but less than 5% of grant request 40 points
- Match at least 3%, but less than 4% of grant request 20 points

- Match at least 2%, but less than 3% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the most recent Census:

- Match equal to or greater than 10% of grant request — 60 points
- Match at least 7.5% but less than 10% of grant request — 40 points
- Match at least 5%, but less than 7.5% of grant request — 20 points
- Match at least 2.5%, but less than 5% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the most recent Census:

- Match equal to or greater than 15% of grant request — 60 points
- Match at least 11.5% but less than 15% of grant request — 40 points
- Match at least 7.5%, but less than 11.5% of grant request — 20 points
- Match at least 3.5%, but less than 7.5% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the most recent Census:

- Match equal to or greater than 20% of grant request — 60 points
- Match at least 15% but less than 20% of grant request — 40 points
- Match at least 10%, but less than 15% of grant request — 20 points
- Match at least 5%, but less than 10% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category for an incorporated city is based on the city's most recent Census population. The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the most recent Census.

Multi-Jurisdiction Applications - The population category under which multi-jurisdiction applications will be scored will be based on the combined populations of the participating applicants according to the most recent census. The guidelines for determining the population category for county applications will also apply to multi-jurisdiction applications when a county or counties are participants in a multi-jurisdiction application.

Data Source - US Bureau of the Census - most recent Census

3. Project Priorities – 30 Points Maximum

a. Activities providing or improving water or wastewater (including yard lines on residential property) and other affordable housing activities. — 30 Points

b. Street improvements. — 15 Points

c. All other eligible activities. 5 Points

(When necessary, a weighted-average is used to score applications that include multiple activities. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

APPENDIX B – TDA Established Regional Scoring Factor

In the event a RRC for a region fails to approve an objective scoring methodology to the satisfaction of the TDA consistent with the requirements in this Action Plan by the established deadline or if the RRC fails to implement the approved methodology, TDA will establish scoring factors for that region as described herein.

TDA staff will begin with the final RRC scoring factors for the 2011/2012 cycle and adjust them based on the following:

a. The state may establish the maximum number of regional scoring factors that may be used in order to improve review and verification efficiency and may insert factors to provide a minimum number of factors;

b. The state may determine that certain regional scoring factors may not be used because the data is not readily available or would require excessive effort to verify the information in a timely manner; and

c. To ensure consistency, the state may determine the acceptable data source for a particular regional scoring factor.

ACTION PLAN: HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Situated within a comprehensive network of HIV care services, the Texas HOPWA Formula program addresses the unmet housing and supportive services needs of PLWH and their families in Texas by providing housing assistance and supportive services to income-eligible individuals. These services are integrated with the larger Ryan White Program both in administration and service deliver, which in turn is integrated into the larger, multi-sectoral system for delivering treatment and care to these clients. The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing, to reduce the risk of homelessness, and to improve access to health care and supportive services. Housing is consistently cited as a service gap in every service area in Texas.[6] Additionally, a housing-specific goal of the National HIV/AIDS Strategy for the United States is to increase the percentage of Ryan White HIV/AIDS Program clients with permanent housing from 82% to 86% by 2015.[7]

The HOPWA Formula program is administered by the TB/HIV/STD/Viral Hepatitis Unit - HIV/STD Prevention and Care Services Branch of the Department of State Health Services (DSHS) and provides the following services (91.320(d) and (e)):

TENANT-BASED RENTAL ASSISTANCE (TBRA) PROGRAM

The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing.

SHORT-TERM RENT, MORTGAGE, AND UTILITIES (STRMU) ASSISTANCE PROGRAM

The STRMU program provides emergency short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period for the sole purpose of stabilizing currently-existing permanent housing to prevent homelessness

SUPPORTIVE SERVICES PROGRAM

The Supportive Services program provides case management, basic telephone service and assistance to purchase smoke detectors to eligible individuals.

PERMANENT HOUSING PLACEMENT SERVICES (PHP)

The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing.

ANNUAL PROGRAM GOALS

DSHS estimates that 525 households can be provided with STRMU assistance; 390 households can be provided TBRA (tenant-based rental assistance); 915 can be provided with supportive services; and 13 households can be provided PHP (permanent housing placement) during the 2014 program year.

[6] 2008-2010 Texas Statement of Coordinated Need

[7] http://www.whitehouse.gov/sites/default/files/uploads/NHAS.pdf, July 2010

PROJECT SPONSOR SELECTION PROCESS

DSHS selects seven Administrative Agencies (AAs) across the State through a combination of competitive Requests for Proposals (RFP) and intergovernmental agency contracts. The AAs act as an administrative arm for DSHS, with DSHS oversight, by administering the HOPWA program locally.

These AAs in turn select HOPWA Project Sponsors through local competitive processes that are open to all grassroots, faith-based, and community-based organizations, and governmental agencies. Each AA contracts with one or more Project Sponsors who directly provide HOPWA services to eligible clients throughout the State's 26 HIV Service Delivery Areas (HSDA). Some Project Sponsors may change during a program year due to local competitive processes and/or contract revisions.

PROGRAM BUDGET

DSHS typically reserves less than 3% of the total award for administrative and indirect costs, including, personnel, supplies, travel, training/technical assistance, and contractual support for the AIDS Regional Information and Evaluation System (ARIES) in order to direct more funding to Project Sponsors for HOPWA activities. Project Sponsors are allowed up to 7% of their allocation for personnel or other administrative costs. The funding allocation is distributed geographically by HSDA and is based on a formula including HIV/AIDS morbidity, poverty level, and population distribution with adjustments based on prior performance and periodic adjustments for Project Sponsor funding needs.

The proposed budget is based on the recently announced 2013 HUD HOPWA allocation of $2,724,029, which is a reduction of $106,661 from the 2012 award of $2,830,690. Once HUD announces the 2014 award, DSHS will work with the Administrative Agencies and Project Sponsors to determine and prioritize need, and if necessary, amend contracts to meet any revised budget amount. Allocations are subject to revisions based on funding approval, DSHS-approved reallocations, and/or contract changes. The following is a summary of the initial proposed allocated amounts for 2014:

Line Item	Amount
TBRA	$1,682,610
STRMU	$415,593
Permanent Housing Placement	$6,747
Supportive Services	$431,785
Project Sponsor Administration (up to 7%)	$161,919
Contractual Subtotal	$2,698,654
DSHS Administration (indirect costs) (up to 3%) Subtotal	$25,375
Grant Total	**$2,724,029**

GEOGRAPHIC DISTRIBUTION

§91.320(f) and (k)

The funding allocations are geographically distributed across the State to the 26 HSDAs and all 254 Texas counties.

CLIENT PARTICIPATION

Clients participate in shaping local approaches to meeting housing needs in three ways:

All areas conduct periodic needs assessment of client needs, and assessment of housing needs are included in such assessments. These assessments vary in methodology and depth with which housing needs are explored, which is appropriate given the varying needs for housing assistance in various areas of the State. Additionally, all Ryan White Part A councils in Texas have either completed special assessments of homeless persons or persons at risk for homelessness, or will be completing such assessments within the next year. Assessments in all EMAs are joint Ryan White Part A and Part B assessments.

All planning areas in the State must have options for community members, including clients, to have input into local priorities, allocations, and plans. All plans include discussions of how best to deliver services to meet the needs identified in assessments, and plans that prioritize expenditures on housing or identify housing needs that would include discussions of how best to meet these needs. Plans are written on three to four-year cycles, but reviewed annually.

Finally, clients shape housing services via direct interactions with service providers. Through the intake system, HIV clients are informed about the HOPWA program, assisted with the application, or referred directly to the HOPWA Project Sponsor. Clients' housing needs are also assessed regularly with case managers as circumstances change and as determined by clients' housing plans.

OUTCOME MEASURES

24 CFR §91.320(c)(3), §91.320(e) and §91.320(g)

DSHS HOPWA contractors must address the following outcomes pursuant to the performance measurement outcome system mandated by HUD:

Annual Action Plan – 2014 Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-2	# of households served	390	TBRA housing assistance
DH-2	# of households served	525	STRMU housing assistance
DH-2	# of households served	915	Supportive Services (restricted to case mgt., smoke detectors, and phone service)
DH-1	# of households served	13	Permanent Housing Placement (security deposits, application fees, credit checks)

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
Key	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3

2014 HOPWA Special Needs Goals

ANNUAL AFFORDABLE HOUSING GOALS	Expected Annual Number of Individuals Served with Housing Assistance
Special needs households new to program (Veterans and/or Chronically Homeless)	8

OTHER ACTIONS

The actions listed below are Other Actions taken by the Departments to meet the requirements of §91.320(j). Other Actions include Meeting Underserved Needs, Fostering and Maintaining Affordable Housing, Lead-Based Paint Hazard Mitigation, Reducing Poverty-Level Households, Developing Institutional Structure, Coordination of Housing and Services, and Addressing Public Housing Authorities Needs.

MEETING UNDERSERVED NEEDS

24 CFR §91.320(j)

Given the large need for affordable housing and the limited supply of funding, one major obstacle is the lack of sufficient funding to meet underserved housing needs in Texas. There is a shortage of affordable housing stock and funding sources to assist in the development and maintenance of affordable housing when compared to the demographic characteristics of Texas.

The limited supply of affordable housing is especially troublesome for persons with disabilities, who face numerous obstacles to obtaining community-based residential housing. Many persons with disabilities, particularly those receiving Supplemental Security Income ("SSI"), live in households below 30% AMFI which makes finding affordable housing a challenge. Additionally, many persons with disabilities need housing accessibility modifications–ramps, no-step entrances, grab bars, lowered countertops, roll-in showers–in order to live independently, further increasing costs and decreasing available housing stock.

Another obstacle to affordable housing can be difficulty obtaining a clear title for low-income homeowners. Clear titles are required for homeowners to meet program eligibility requirements and protect TDHCA's investment in affordable housing. Homeowners in need of housing repair or contract-for-deed conversions often have difficulty obtaining a clear title. Titles may not be in the homeowners' name because of divorce or widowing (in which case the ex-spouse is also on the title), or informal inheritance (in which case the testator or other ancestor is on the title). Titles with liens are a common occurrence when converting contract-for-deeds into traditional mortgages.

To address underserved needs, TDHCA closely monitors affordable housing trends and issues as well as conducting its own research. TDHCA makes adjustments to address community input gathered through roundtable discussions and public hearings held throughout the State. To illustrate this point, as a result of public input provided at a Housing Trust Fund roundtable, the 2014-2015 HTF Biennial Plan continued the prior practice of prioritizing financing for the Amy Young Barrier Removal Program when possible, which provides accessibility modifications necessary for low-income households with disabilities to access their home fully. TDHCA efforts, combined with public outreach and education, are part of TDHCA's commitment to overcome obstacles to affordable housing.

HOME ADDRESSES UNDERSERVED NEEDS

The HOME Program provides grant funds, deferred forgivable loans and repayable loans to households or developments assisted by or through Units of General Local Government, public organizations, nonprofit and for-profit organizations, CHDOs, and Public Housing Authorities ("PHA"). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance with or without accessibility modifications for the acquisition of affordable single family housing, single family housing development, and funding for rental housing development including the preservation of existing affordable or subsidized rental housing.

HOME funds may also be used in conjunction with the Housing Tax Credit Program or Bond Program to construct or rehabilitate affordable rental housing.

ESG Addresses Underserved Needs

ESG funds are utilized to provide transitional housing. However, depending on the priorities of each subrecipient, the provision of that housing may be limited. These funds meet the needs of local homeless populations. Awardees have limited federal funds available to support the operations and maintenance of shelter facilities. ESG funds can assist to pay for maintenance and operations costs of emergency and transitional shelters.

CDBG Addresses Underserved Needs

TDA encourages projects addressing underserved community development needs using several methods in the allocation of CDBG funds to eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for projects that assist underserved areas. For instance, CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yard lines and paying impact and connection fees for qualifying low and moderate income residents. For PY 2014, the TDA will make funds available through five different grant categories to provide water or sewer services on private property for low and moderate income households.

A commonly cited obstacle to meeting the underserved community development needs of Texas (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. TDA staff offers technical assistance to communities to promote successful CDBG projects.

Another statewide obstacle to meeting underserved needs involves regulatory requirements. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. TDA will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

HOPWA Addresses Underserved Needs

The Texas HOPWA program continues to meet the needs of underserved populations in several ways.

As assessed regularly by Ryan White needs assessments in all HSDAs, housing needs are high among people living with HIV. It’s important to acknowledge recurring barriers and issues that clients face. Housing availability is usually the most significant reason cited as a barrier to meeting program services goals, followed by housing affordability and criminal justice history. Multiple-diagnosed issues and eligibility issues were also frequently cited. Waiting lists continue to increase because more clients are staying on TBRA assistance longer. For the last few years, between 65% - 76% of TBRA clients continued into the following year. In 2012, 326 of 428 (76%) of TBRA clients continued into 2013. The difficult economy has resulted in an inability for many clients to find or maintain employment and improved treatment and more effective anti-retroviral drugs for HIV have resulted in an increase in clients' life expectancy.

In general, housing options are decreased by the absence of identification, proof of legal residency, credit history, and criminal history. Affordable housing continues to be an ongoing issue. Housing placement requires 2 ½ times income, the cost of living continues to rise (increases in rent, utilities, application fees, and security deposits) while clients' income does not change, may decrease, or clients do not have an income. The Housing Choice Voucher (HCV) program is not offered in some cities or in many of the small counties, or the waiting list has been closed to potential applicants, which results in cost-shifting to the HOPWA program.

The Texas HOPWA program helps meet the needs of this underserved population throughout the State by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, people living with HIV and their families are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services. Project Sponsors have frequently reported that clients receiving housing assistance through the HOPWA program showed improved compliance with medication treatment and adherence to medical and counseling appointments. And Project Sponsors continue to address long term goals with the clients and help them establish a financial plan that can assist them with maintaining their housing.

In addition, DSHS is continuing to update funding allocations to address the changing needs of local communities and to maximize and target HOPWA funding to HSDAs that are in greatest need. DSHS will consider a variety of factors including but not exclusive to HIV/AIDS morbidity, poverty level, housing costs and needs, homelessness data, program waitlists, and program expenditures. Furthermore, funds are reallocated between HOPWA activities within HSDAs to meet changing needs during the project year.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

§91.320(j)

The Departments provide funds for non-profit and for-profit organizations and public organizations to develop and maintain affordable housing. Funds include grants, low-interest loans, low income housing tax credits, and mortgage loans.

TDHCA coordinates funding of rehabilitation or development of affordable housing with the Housing LIHTC program in accordance with the Qualified Allocation Plan. In addition, credits awarded through the HTC program can be layered with awarded funds from the HOME, Housing Trust Fund, and General Land Office and U.S. Department of Agriculture multifamily programs. When more than one source of funds is used in an affordable housing project, the State is able to provide more units of affordable housing than with one funding source alone.

HOME addresses Affordable Housing

The **HOME Program** provides grant funds, deferred forgivable loans, and repayable loans to households or developments assisted by or through units of local government, public organizations, nonprofit and for-profit organizations, CHDOs and PHAs. These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units with or without refinancing, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family development and funding for rental housing preservation of existing affordable or subsidized developments.

ESG Addresses Affordable Housing

While TDHCA encourages the use of ESG funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESG Program.

CDBG Addresses Affordable Housing

TDA encourages affordable housing projects using several methods in the allocation of CDBG funds to eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level.

Currently, the primary method of promoting and supporting affordable housing is by providing the water and wastewater infrastructure for residential housing. The CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yard lines and paying impact and connection fees for qualifying residents.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a CDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2014, TDA will make funds available for planning through the Planning and Capacity Building Fund and the Colonia Planning and Construction Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to improve or maintain a safe, suitable home in suitable areas.

HOPWA Addresses Affordable Housing

HOPWA addresses affordable housing by providing rental assistance for people living with HIV and their families. Low-income PLWH often struggle to make their house payments because of high costs for medical care and medications and/or loss of employment. HOPWA makes housing costs more affordable for those PLWHA who are income eligible so they can maintain their housing adhere to their medical treatment and work towards a healthier outcome.

LEAD-BASED PAINT HAZARD MITIGATION

§91.320(j)

HUD's final regulations for Title X (24 CFR Part §105) calls for a three-pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identification of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. While TDHCA monitors its properties for compliance with these regulations, at the State level, the DSHS has been charged with oversight of the Texas Environmental Lead Reduction Rules ("TELRR"). TELRR cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. For all projects receiving over $25,000 in federal assistance, contractors need to follow inspections and abatements standards overseen by DSHS. By following these standards, the State is increasing the access to housing without lead-based paint hazards. The adherence to inspection and abatement standards is related to the extent of lead-based paint in that a majority of the housing in need of rehabilitation is likely housing built before 1978.

HOME ADDRESSES LEAD-BASED PAINT

The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities and in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. The HOME Program increases the awareness of the hazards of lead-based paint by requiring screening for TBRA, homebuyer assistance and homeowner rehabilitation. Furthermore, single-family and multifamily development activities in HOME increase the access to lead-based-paint-free housing through the construction of new housing. The HOME Program requires an environmental site assessment and the abatement of lead-based paint if the structure being rehabilitated was constructed prior to 1978. There is significant training, technical assistance, and oversight of this requirement on each contract funded under the HOME Program.

ESG ADDRESSES LEAD-BASED PAINT

For ESG, TDHCA requires subrecipients to evaluate and reduce lead-based paint hazards as part of its habitability review. During the annual contract implementation training, the Department will provide ESG subrecipients with information related to lead-based paint regulations and the Department's requirements related to such. The Department will require ESG funded subrecipients to determine if a housing unit was built prior to 1978, for households seeking ESG funded rent or rent deposit assistance whose household has a family member(s) 6 year of age or younger. If the housing unit is built prior to 1978, the ESG subrecipient will notify the household of the hazards of lead-based paint.

ESG subrecipients utilizing ESG funds for renovation, rehabilitation or conversion must comply with the Lead Based Paint Poisoning and Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992. Through renovation, rehabilitation or conversion, ESG increases access to shelter without lead-based paint hazards. TDHCA evaluates and reduces lead-based hazards for conversion, renovation, leasing or rehabilitation projects funded with ESG funds and tracks work in these efforts in the ESG Program as required by Chapter 58 of the Environmental Protection Act.

CDBG ADDRESSES LEAD-BASED PAINT

TDA encourages the reduction of lead-based hazards through favorable scoring under its CDBG Community Development Funds for the replacement of lead fixtures and other lead hazards that are an imminent threat to public health. Additionally, TDA encourages regional priority set-asides for housing projects that will result in access to housing without lead-based hazards. This regional prioritization is related to the extent of lead-based hazards and the identified need within the region. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Planning and Construction Fund and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 USC. 4831(b)) and procedures established by the TDA in response to the Act.

In accordance with CDBG State regulations and the Lead-Based Paint Poisoning Prevention Act, TDA has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated.

HOPWA ADDRESSES LEAD-BASED PAINT

Housing units subsidized with HOPWA funds must be in compliance with federal regulations concerning lead-based paint as set forth in the Lead- Based Paint Poisoning Prevention Act of 1973 (LBPPA).

The LBPPA applies to HOPWA housing activities, including the provision of tenant-based rental assistance. The requirements do not apply to SRO or zero-bedroom units.

EPA requires that Project Sponsors give all HOPWA clients utilizing homes built before 1978 the pamphlet entitled, “Protect Your Family from Lead in Your Home” during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client.

For each HOPWA household, the case manager must certify the following:

If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood Lead Level, paint surfaces must be tested for lead-based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

REDUCING POVERTY-LEVEL HOUSEHOLDS

§91.320(j)

TDA, TDHCA, and DSHS all work together to address Texas poverty. The Departments' programs are aimed at reducing the number of Texans living in poverty, thereby providing a better quality of life for all Texans. The Departments provide long-term solutions to the problems facing people in poverty and focus resources to those with the greatest need.

HOME ADDRESSES POVERTY-LEVEL HOUSEHOLDS

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a term not to exceed 24 months in most cases. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency. Additionally, the Department allocates funding toward the rehabilitation and construction of affordable housing, incentivizing units to assist very low income households and assists very low income households along the international border of Texas and Mexico by promoting the conversion of contract for deed arrangements to traditional mortgages.

ESG ADDRESSES POVERTY-LEVEL HOUSEHOLDS

The ESG Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services. While TDHCA supports the use of ESG funds to help ESG clients lift themselves above the poverty line, it is not a specific initiative for which TDHCA earmarks ESG funding or that TDHCA monitors for the ESG Program.

For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages for households receiving late notices, and security deposits.

CDBG ADDRESSES POVERTY-LEVEL HOUSEHOLDS

A substantial majority of TxCDBG funds are obligated to cities and counties under the funding competitions meeting the national objective of principally benefitting low and moderate income persons. TDA encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects funded under this national objective are required to serve 51% low to moderate income persons. In addition, the CDBG allocation formula used to distribute Community Development funds among regions includes a variable for poverty in the community distress scoring. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward communities with the greatest need.

In PY 2012, TxCDBG awarded 185 contracts under the National Objective of benefiting primarily low to moderate income persons. The $60,042,719 in funds obligated for this National Objective in PY 2012 benefits 288,180 persons, of whom 174,112 are low to moderate income persons.

The TxCDBG economic development funds are instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, CDBG can be a very effective anti-poverty tool. Providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care can further maximize the potential benefits. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

In accordance with Section 3 of the Housing and Urban Development Act of 1968, as amended, grant recipients using CDBG funding for housing or other public construction are required, to the greatest extent feasible, to provide training and employment opportunities to lower income residents and contracting opportunities to businesses in the project area when those opportunities are “triggered” by HUD funding. TDA provides Technical Assistance and program guidance on methods to be employed to attain Section 3 goals and closely monitors the results of those efforts. TDA requires Section 3 reporting both on an annual basis as well as when construction and non-construction contracts are executed.

HOPWA Addresses Poverty-Level Households

The DSHS HOPWA Program serves HIV-positive persons based on income eligibility criteria of no more than 80% of the area median income with adjustments for family and household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the State, some Project Sponsors may set stricter local income limits to maximize and target HOPWA resources to those with very low-income or poverty-level income. While many of the HOPWA clients assisted may be at poverty-level, this is not a requirement under 24 CFR §574.3.

Developing Institutional Structure
§91.320(j)

TDA, TDHCA, and DSHS are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

HOME Addresses Institutional Structure

The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations receiving Homebuyer Assistance funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving Tenant-Based Rental Assistance funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with Community Housing Development Organizations and non profit and private-sector organizations facilitate the development of quality rental housing developments and assist in the rehabilitation or reconstruction of owner-occupied housing.

ESG Addresses Institutional Structure

TDHCA encourages ESG subrecipients to coordinate services with housing and other service agencies. The CoCs funded with ESG funds are required to coordinate services and their local funded organizations to provide services as part of the local CoC. TDHCA reviews ESG subrecipients' coordination efforts during on-site and desk monitoring. A map of local CoCs can be found online at: http://www.thn.org/continuums/.

CDBG Addresses Institutional Structure

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required through its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding and invite their input into the project selection process.

TDA continues to coordinate with the TDHCA, the TWDB, Texas Rural Health & Economic Development Advisory Council, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

HOPWA ADDRESSES INSTITUTIONAL STRUCTURE

DSHS contracts with seven Administrative Agencies, which contract directly with the Project Sponsors serving all 26 HSDAs in the State to administer the HOPWA program under DSHS oversight. The Administrative Agencies also administer the delivery of a range of other HIV health and social services, including the Ryan White grant and State HIV Services funds. This structure ensures the coordination of all agencies serving people with HIV, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV in each local community. HOPWA program information is made available to all HIV service agencies in the HSDA and a referral network is established for potential clients. DSHS HOPWA clients are linked through their case managers to a comprehensive network of medical care and supportive services for persons living with HIV and their families, consisting of over 50 local providers across the State. HOPWA Project Sponsors collaborate locally with these providers to ensure that clients receive the services they need to begin treatment and remain in care. Additionally, Project Sponsors collaborate with local housing authorities in their areas to assure that HOPWA clients are referred to the housing programs and services that best fit their needs and circumstances. Most notable is collaboration of Project Sponsors with local Housing Choice Voucher programs.

COORDINATION OF HOUSING AND SERVICES

§91.320(j)

The State agencies' chief function is to distribute program funds to local providers that include units of local government, nonprofit and for-profit organizations, community-based organizations, private sector organizations, real estate developers and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of their programs.

By structuring its operations this way, the State shares its risk and commits funds in correlation with local needs, local partners are able to concentrate specifically on their area of expertise and gradually expand to offering a further array of programs. Finally, a greater variety of resources insure a well-targeted, more-affordable product.

FAIR HOUSING COORDINATION

TDHCA works to ensure that the housing programs it administers benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin through education and outreach, as well as compliance monitoring. TDHCA implemented a webpage that provides fair housing information and resources useful to a variety of audiences. TDHCA has also developed training and informational brochures focused on specific fair housing issues for dissemination at events TDHCA attends. Complaints involving all forms of housing discrimination are forwarded to the Texas Workforce Commission Civil Rights Division, which oversees the Texas Fair Housing Act and works directly with HUD in the enforcement of fair housing laws. TDHCA also coordinates its fair housing efforts with HUD and other state entities including TDA, the General Land Office, and the Texas Department of Health and Human Services, as well as with all TDHCA stakeholders. TDHCA is the lead entity in coordination with TDA, GLO, and TDHHS updating the State of Texas Plan for Fair Housing Choice: Analysis of Impediments.

Persons with Disabilities Coordination

In February 2013 TDHCA was awarded $12,000,000 under **HUD's Section 811 Project Rental Assistance Demonstration Program (Section 811 PRA Program)**. As of August 2013, TDCHA has not yet entered into a contract with HUD for these funds.[8] TDHCA was one of 13 states selected to receive 811 PRA funds and anticipates providing affordable integrated housing for approximately 385 extremely low-income persons with disabilities.

To apply to HUD, TDHCA entered into an Inter-agency Agreement with the State's Medicaid Agency, the HHSC. HHSC oversees four other agencies, DADS, DSHS, DARS, and DFPS; all of whom are partners in this program. DAD is taking the lead for all of the Health and Human Service Agencies for this program.

Following extensive analysis and public input, including roundtables held in five cities, the 811 Team chose three target populations for the Section 811 PRA Demonstration Program:

- People with disabilities exiting institutions,
- People with serious mental illness, and
- Youth with disabilities exiting foster care.

[8] This section will be updated this section if, by November, TDHCA has entered into a contract for these funds.

Due to the large size of the State of Texas and the primary locations of concentrations of these populations, TDHCA will focus the agency's resources on seven pilot areas. Specifically, the project will be piloted in seven distinct areas, all of which are Metropolitan Statistical Areas (MSAs) and are geographically dispersed statewide:

1. Austin-Round Rock-San Marcos
2. Brownsville-Harlingen
3. Dallas-Fort Worth-Arlington
4. El Paso
5. Houston-Sugar Land-Baytown
6. McAllen-Edinburg-Mission
7. San Antonio-New Braunfels

The Texas State Legislature has created the **HHSCC**, with the purpose of increasing State efforts to expand service-enriched housing through increased coordination of housing and health services. HHSCC has conducted research and identified funding opportunities to create service-enriched housing for persons with disabilities of all ages. More information about HHSCC can be found on page 17.

TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively maintained a **DAW** which provides ongoing guidance to the Department on how TDHCA's programs can most effectively serve persons with disabilities.

The **PIAC** assists the Health and Human Services Commission in creating the State's response to the Olmstead decision through the biannual Promoting Independence Plan. This Plan highlights the State's efforts to assist individuals who are desirous of community placement, appropriate for community placement as determined by the State's treatment professionals and do not constitute a fundamental alteration in the State's services. TDHCA participates in PIAC meetings.

Using 2012-2013 federal guidance, a statewide citizen advisory council was established to aid the Single State Authority for Mental Health and Substance Abuse ("SSAMHSA"). The name of this Council is the **Texas Council for Advising and Planning for the Prevention and Treatment of Mental and Substance Use Disorders ("CAP")**. The CAP's mission is to serve as a planning and advisory group to ensure the provision of consumer and family centered services and supports for persons with mental and/or substance use disorders or serious emotional disturbance. Monitor, review, evaluate and make recommendations regarding the allocation and adequacy of mental and substance use disorder prevention, treatment, recovery and resilience support services in the State. TDHCA staff members serve on the CAP.

Authorization for the establishment and operation of the Texas **State Independent Living Council** ("SILC") is found in the 1992 Amendments to the Rehabilitation Act. Although the SILC is mandated by federal law and uses federal funds, the SILC is not a governmental agency, but rather a non-profit organization that is tax exempt under §501(c)(3) of the Internal Revenue Code. The purpose of the SILC is to develop, in cooperation with DARS and the Network of Centers for Independent Living (CILs), the State Plan for Independent Living. The State Plan for Independent Living is a detailed three-year plan that sets the parameters and establishes the goals for the provision of independent living services in Texas. The SILC is also charged with the monitoring the implementation and effectiveness of the State Plan for Independent Living. Other roles of the SILC are systems advocacy, education of the public regarding disability-related topics, and provision of technical assistance concerning the independent living philosophy and approach. A TDHCA staff member serves as an Ex-Officio member to the SILC.

Persons with HIV/AIDS Coordination

DSHS addresses the housing needs of HIV/AIDS patients through **HOPWA**. In Texas, HOPWA funds provide emergency housing assistance, which funds STRMU payments to prevent homelessness; and tenant TBRA, which enables low-income individuals to pay rent and utilities until there is no longer a need. In addition to the DSHS Statewide program, the cities of Austin, Dallas, Fort Worth, Houston, El Paso, and San Antonio receive HOPWA funds directly from HUD.

The **LIHTC Program** addresses the needs of people with HIV/AIDS. According to the 2013 Qualified Allocation Plan, LIHTC offers up to two additional points during the award process for developments that propose to set aside at least 5% percent of the units for persons with special needs, such as persons with HIV/AID.[9]

HOMELESS POPULATIONS COORDINATION

The TDHCA has many programs that address poverty and homelessness prevention, such as the Community Services Block Grant Program, the Comprehensive Energy Assistance Program, ESG and HHSP.

While the **LIHTC Program** is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural rental housing, the LIHTC Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the 2012/2013 Housing Tax Credit Program QAP, LIHTC offers additional points within the scoring criteria for developments that propose to set aside 5 percent of the units for persons with special needs, such as people who are homeless.[10]

In addition, **HTF** may develop or rehabilitate transitional housing and permanent supportive housing for homeless populations. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

TDHCA also collaborates with the **THN** to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department provided funds to THN through the Community Services Block Grant and through General Revenue to support technical assistance workshops for the HUD CoC homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population. State General Revenue funds provided specifically target assistance to CoCs serving communities

[9] http://www.tdhca.state.tx.us/multifamily/htc/docs/13-QAP.pdf. This is also proposed to be a provision in the 2014 QAP.
[10] This is also proposed to be a provision in the 2014 QAP.

eligible for Balance of State CoC funds; the goal is to help these communities receive resources with which to serve their homeless population.

TICH was created in 1995 to coordinate the State's homeless resources and services. The TICH consists of representatives from State agencies that serve homeless and low-income persons. Advisory members with expertise in homeless services, housing development, homeless subpopulations, and other pertinent areas also participate. The TICH receives clerical and advisory support from TDHCA.

The TICH's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

Housing and Transportation

Because housing and transportation are usually the two highest percentages of a household's budget, TDHCA recognizes the need and makes efforts in its rental programs to incentivize proximity to public transportation.

ADDRESSING PUBLIC HOUSING AUTHORITIES NEEDS

24 CFR §91.320(j)

To address PHA needs, TDHCA has designated PHAs as eligible entities for its programs, such as the LIHTC Program, HOME Program, and ESG Program. PHAs have successfully administered LIHTC funds to rehabilitate or develop affordable rental housing.

TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. TDHCA has developed a relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials (NAHRO), which represent the public housing authorities of Texas. Furthermore, PHAs staff members attend TDHCA's workgroups, such as the Rural Housing Workgroup, fostering more communication.

TDHCA also has contact with PHAs when PHAs request certifications of consistency with the State's Consolidated Plan. As required by 24 CFR §903.15, in 1999, TDHCA, started a certification process to ensure that the annual plans submitted by PHAs in an area without a local Consolidated Plan are consistent with the State of Texas's Consolidated Plan.

TDHCA believes that the future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

HOME ADDRESSES PHA NEEDS

Because PHAs are eligible applicants under the HOME Program, TDHCA provides notices of funding availability to all PHAs in the State. Staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs is targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents.

In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

ESG ADDRESSES PHA NEEDS

PHA residents are eligible to receive assistance and services from ESG grantees. Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program.

CDBG ADDRESSES PHA NEEDS

The TxCDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

HOPWA ADDRESSES PHA NEEDS

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local housing authorities for client referrals and to address local housing issues.

PUBLIC HOUSING AUTHORITIES RESIDENT INITIATIVES

TDHCA believes that the future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

HOME ADDRESSES PUBLIC HOUSING RESIDENT INITIATIVES

Because PHAs are eligible applicants under the HOME Program, TDHCA provides notification of published notices of funding availability to all PHAs in the State. In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME TBRA funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency. In addition, 24 CFR §135 has requirements to ensure that HUD funds invested in housing and community development construction contribute to employment opportunities for low-income people living in or near the HUD-funded project. These requirements, called Section 3 requirements, are covered at trainings for administrators; persons who may benefit from employment opportunities include PHA residents.

ESG ADDRESSES PUBLIC HOUSING RESIDENT INITIATIVES

Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program. In addition, 24 CFR Part 135 has requirements to ensure that HUD funds invested in housing and community development construction contribute to employment opportunities for low-income people living in or near the HUD-funded project. These requirements, called Section 3 requirements, are covered at trainings for subrecipients; persons who may benefit from employment opportunities include PHA residents.

CDBG ADDRESSES PUBLIC HOUSING RESIDENT INITIATIVES

A TxCDBG grant recipient must take steps to follow its adopted Section 3 policy and document those efforts. It must include its Section 3 Policy and Equal Opportunity Guidelines for Construction Contractors in any bid packets for contracts on Tx CDBG projects.

For any new employment, training, or contracting opportunities created during the expenditure of TxCDBG funding, the TxCDBG grant recipient and their contractors or subcontractors as applicable must take the following actions “to the greatest extent feasible”:

- Notify Section 3 Residents in writing about training and employment opportunities generated by the TxCDBG-funded project;

- Notify potential contractors completing work on Section 3 covered projects of their responsibilities in writing;
- Incorporate the Section 3 clause into all solicitations and contracts greater than $100,000, as well as all subcontracts of those contracts;
- Facilitate the training and employment of Section 3 Residents;
- Refrain from entering into contracts with contractors that are in violation with the Section 3 regulations (if the Grant Recipient has been notified of such violations); and
- Document actions taken to comply with Section 3.

HOPWA Addresses Public Housing Resident Initiatives

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local public housing authorities for client referrals and to address local housing issues.

ACRONYMS

ACRONYM	NAME
AA	Administrative Agencies
ACS	American Community Survey
AMFI	Area Median Family Income
ARIES	AIDS Regional Information and Evaluation System
BoS	Balance of State
CAP	Texas Council for Advising and Planning for the Prevention and Treatment of Mental and Substance Use Disorders
CAPER	Consolidated Annual Performance and Evaluation Report
CCN	Certificate of Convenience and Necessity
CD	Community Development
CDBG	Community Development Block Grant
CEDAP	Colonia Economically Distressed Areas Program
CFC	Colonia Construction Fund
CFP	Colonia Planning Fund
CHDO	Community Housing Development Organization
CILS	Centers for Independent Living
CoC	Continuum of Care
CPD	Community Planning and Development
CRCG	Community Resource Coordination Groups
DADS	Texas Department of Aging and Disability Services
DARS	Texas Department of Assistive and Rehabilitative Services
DAW	Disability Advisory Workgroup
DFPS	Texas Department of Family Protective Services
DSHS	Texas Department of State Health Services’
EDAP	Economically Distressed Areas Program
EMA	Eligible Metropolitan Areas
EPA	Environmental Protection Agency
ESG	Emergency Solutions Grant Program
ESGP	Emergency Shelter Grant Program
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year (10/1-9/30)
FHEC	Fair Housing Enforcement Center
FVPSA	Family Violence Prevention and Services Act
HEARTH	Homeless Emergency Assistance and Rapid Transition to Housing
HHSC	Texas Health and Human Services Commission
HHSP	Homeless Housing and Services Program

ACRONYM	NAME
HMIS	Homeless Management Information Systems
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HQS	Housing Quality Standards
HRC	Housing Resource Center
HTC	Housing Tax Credits Program
HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
HVC	Housing Choice Voucher
ICC	Interagency Coordinating Commission for Building Healthy Families
LEP	Limited English Proficiency
LIHTC	Low Income Housing Tax Credit
LMI	Low and Moderate Income
MFTPDAC	Money Follows the Person Demonstration Advisory Committee
MHPAC	Mental Health Planning Advisory Commission
MSA	Metropolitan Statistical Areas
MSR	Model Subdivision Rules
NOFA	Notice of Funding Availability
PHA	Public Housing Agency
PHP	Permanent Housing Placement
PIAC	Promoting Independence Advisory Committee
PJ	Participating Jurisdiction
PLWH	Persons living with HIV
PWD	Persons with Disabilities
PY	HUD Program Year (2/1 - 1/31)
RAF	Regional Allocation Formula
RFP	Request for Proposals
RRC	Regional Community Development Review Committee
Section 8 Program	Housing Choice Voucher Program
SILC	Texas State Independent Living Council
SSAMHSA	Single State Authority for Mental Health and Substance Abuse
STEP	Texas Small Towns Environment Program
STRMU	Short-Term Rent, Mortgage, and Utility assistance
TA	Technical Assistance
TBRA	Tenant-Based Rental Assistance
TCF	Texas Capital Fund
TDA	Texas Department Agriculture

ACRONYM	NAME
TDCJ	Texas Department of Criminal Justice
TDHCA	Texas Department of Housing and Community Affairs
TGA	Transitional Grant Areas
THN	Texas Homeless Network
TREC	Texas Real Estate Commission
TWDB	Texas Water Development Board
TxCDBG	Texas Community Development Block Grant Program
UPCS	Uniform Physical Condition Standards
URA	Uniform Relocation Assistance
USDA	United States Department of Agriculture
VAWA	Violence Against Women Act