



## Texas Department of Housing and Community Affairs

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### Summary of ESG-CV Phase II 3<sup>rd</sup> Amendment to the 2019 State of Texas Consolidated Plan One Year Action Plan

June 2021

#### Programming Plan for ESG CARES II Allocation

TDHCA initially prioritized two ESG activities for ESG CARES second allocation: rapid re-housing and homelessness prevention. Under ESG CARES second allocation, rental assistance can be provided for up to 12 months, with an additional six months' worth of rental arrears and late fees in a one-time payment, as applicable. Another funding category that is closely related to rental assistance under ESG is called housing relocation and stabilization services, which can include rental application fees, security deposits, last month's rent, utility deposits, utility payments, moving costs, and landlord incentives. Both rental assistance and housing relocation and stabilization services are covered under the broad categories of rapid re-housing and homelessness prevention.

To support the additional coordination and reporting requirements for ESG CARES, the programming plan also includes funds for HMIS lead agencies and CoC lead agencies. Funding initially awarded to organizations to provide rapid re-housing and homelessness prevention may be moved to other ESG CARES eligible activities, including emergency shelter and street outreach activities, through an amendment to the contract(s). Such requests will be evaluated by TDHCA on a case-by-case basis in order to effectuate the timely use and expenditure of funds. It is estimated that the allocation will ultimately be utilized for all ESG CARES eligible activities in similar proportion to the planned use of funds for the first allocation of ESG CARES funds, but funds may be reallocated as needed.

Consistent with the terms of all subrecipient contracts, TDHCA intends to reprogram ESG-CV funding between selected activities or to include additional ESG-CV activities if/when necessary, based on infection control needs and response efforts related to preventing, preparing and responding to COVID-19 and based on the continued capacity of subrecipients to expend funds.

#### ESTIMATED ALLOCATION OF THE ALLOCATION OF ESG CARES, PHASE II FUNDS

Activity	Funds
ESG CARES activities and coordination for Rapid Rehousing, Homeless Prevention, Emergency Shelter, and Street Outreach, and HMIS	\$58,084,143

Administration for TDHCA and Subrecipients (10%)	\$6,453,794
Total funds	\$64,537,937

The amendment reflects only those sections within which changes have been made. All other sections remain unchanged.

**SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)**

Anticipated Resources Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	97,792,616	0	0	97,792,616	97,792,616	<p>TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities.</p> <p>HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately \$140,000 per year, provides funds to counties and municipalities to combat homelessness.</p>

**Table 1 - Expected Resources – Priority Table**

## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The State is committed to reaching out to and engaging with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2015-2019 Consolidated Plan (as adopted) substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Report (CAPER) are available to the public online at <http://www.tdhca.state.tx.us> and materials are accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2015-2019 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process. Following the release of HUD's Final Rule to Affirmatively Further Fair Housing (AFFH), the State updated the Citizen Participation Plan and Language Access Plan; those updated plans are now being used as the State develops an updated Analysis of Impediments to Fair Housing Choice (AI).

For the ESG-CV Phase I funding the State requested a waiver of the citizen participation process. However, TDHCA held a series of online consultation opportunities with COCs, current ESG Subrecipients, and other stakeholders to gather input on ESG-CV program design. While the substantial amendment was not formally released for public comment, the activities for the ESG-CV allocation 1 were posted for the public to review and orally described at a TDHCA Board Meeting on April 23, 2020, with an opportunity for public comment. The activities proposed in the [first ESG-CV 2](#) is amendment ~~will be~~ posted for a five-day public comment period [October 12 through 16 2020 with a public hearing held October 14, 2020](#). ~~The addition of these new activities~~ [street outreach and emergency shelter will be posted for public review and orally described](#) included in a report related to the funds at a TDHCA Board Meeting on ~~March 11~~ [June 17, 2021](#), ~~with an opportunity for public comment~~.

# Expected Resources

## AP-15 Expected Resources – 91.320(c)(1,2)

### Introduction

CPD funding is governed by this Consolidated Plan, but the State also works to collaborate, coordinate, and layer non-CPD funding sources in order to reach more Texans and more efficiently use available funds. Programs listed in the anticipated resources narrative sections below could be used to leverage CPD funds.

These include:

4% Housing Tax Credit (HTC)/Private Activity Bond (PAB) Program, 9% HTC Program, Multifamily Direct Loan Program, Homeless and Housing Services Program (HHSP), State Ending Homelessness Fund (EH Fund), State Housing Trust Fund Program, Texas Mortgage Credit Certificate (TX MCC) Program, First time homebuyer loan programs, including the My First Texas Home Program, Neighborhood Stabilization Program - Program Income (NSP PI), Section 8 Housing Choice Voucher (HCV) Program, Section 811 Project Rental Assistance (Section 811 PRA) Program and Tax Credit Assistance Program Repayment Funds (TCAP RF).

The expected future funding amounts of the above programs, to the extent known, are in the planning documents governing those programs. These documents can be found online at <http://www.tdhca.state.tx.us/>. The anticipated resources below are focused on CPD Programs.

TDHCA participates in numerous committees, workgroups, and councils which help inform TDHCA of other potential resources to address affordable housing needs. Relationships with other federal and state agencies and local governments are extremely valuable, helping Texas agencies to coordinate housing and services to serve all Texans efficiently and effectively. TDHCA's committee involvement promotes identification and pursuit of federal funding opportunities. TDHCA actively seeks engagement and input from community advocates, funding recipients, potential applicants for funding, and others to obtain input regarding the development of effective policies, programs and rules. Changes to funding plans are made periodically based on feedback received through these avenues.

TDHCA is the lead agency for the following workgroups:

C-RAC: C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board. It advises TDHCA regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the Colonia SHCs. The Colonia SHCs funds are provided to seven pre-determined

counties.

Disability Advisory Workgroup (DAW): The DAW augments TDHCA's formal public comment process, affording staff the opportunity to interact more informally and in greater detail with various stakeholders and to get feedback on designing more successful programs, with a specific focus on gaining insight on issues impacting persons with disabilities.

Housing and Health Services Coordination Council (HHSCC): HHSCC is established by Tex. Gov't Code §2306.1091. Its duties include promoting coordination of efforts to offer Service-Enriched Housing and focusing on other cross-agency efforts.

Texas Interagency Council for the Homeless (TICH): The TICH was statutorily created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from nine state agencies. TDHCA, as the primary source for state homelessness funding, provides administrative and planning support to the TICH.

The descriptions of the collaborations for DSHS and TDA are in the Discussion question of this section below.

As noted in AP-05 the HUD Program Year (PY) used by the state of Texas' Community Planning and Development Programs (CPD) will be changing from a February – January cycle to a September – August cycle. The purpose of this change is to align with State Fiscal year reporting, and the recent timeframe of the Congressional Appropriations process. To accomplish this change, Texas lengthened its PY 2019 by even months, running from February 1, 2019, through August 31, 2020.

**Anticipated Resources** (only added row shown)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	97,792,616	0	0	97,792,616	97,792,616	<p>TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities.</p> <p>HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately \$140,000 per year, provides funds to counties and municipalities to combat homelessness.</p>

**Table 2 - Expected Resources – Priority Table**

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

**HOME**

HOME multifamily development is often used to leverage with the HTC Program, which authorizes 9% low-income housing tax credits of \$2.70 per capita for each state, and 4% HTC in amounts linked to the usage of the state's cap for issuance of tax exempt PABs to finance affordable housing development. In Texas, this equates to approximately \$76,700,000 in 9% tax credits available to be awarded annually. These credits may be claimed each year for ten years and represents potential tax credit value on the magnitude of \$767,000,000. The credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA's Qualified Allocation Plan (QAP) identifies the criteria used for selection of eligible developments to provide housing for low-income tenants. HOME provides increased leverage, allowing property owners to utilize fewer tax credits and less private debt and local funding, thus providing more efficient use of resources. Other leveraging sources may include United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and FHA-insured loans. Match requirements for the HOME Multifamily Direct Loan Program will in part be met through Rules that establish awardees' minimum amount of match as 5% of the award amount. In addition to match provided as part of the developer's obligation, TCAP RF may be utilized as HOME match, and THDCA calculates to below market interest rates on eligible loans provided to the HOME development which is included in the match funds reported in the CAPER. TDHCA requires Subrecipients and state recipients to provide match of up to 15% of the project hard costs for some single family activities.

**ESG**

To meet the ESG match requirement, TDHCA includes the provision of evidence of proposed match as part of the ESG application process. TDHCA awards additional points to applicants that commit to provide match in excess of the requirements. Subrecipients that also administer HHSP funds or funds from the EH Fund may utilize those funds as match for ESG if they are otherwise eligible to be counted as match.

**HOPWA**

Texas HOPWA does not have program income but leverages funds whenever possible. Project Sponsors leverage available funds from Ryan White and State Services grants, private funding sources, foundations, and local assistance to help clients. AAs do not receive administrative funds from DSHS, so those costs are leveraged from other funding sources. Texas is not required to match the HOPWA formula award.

**ESG-CV**

ESG CV funds do not include a match requirement, but the funds are anticipated to be leveraged with funds from HHSP and the EH fund.

Due to IDIS character limits, CDBG and NHTF Leveraging is described in the question below.

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information *(only revised row shown)*

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homelessness Prevention Rapid Re-housing	ESG: \$9,127,824  ESG-CV: \$97,792,616	Tenant-based rental assistance / Rapid Rehousing: <del>5,835</del> <u>3,709</u> Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: <del>50,593</del> <u>98,992</u> Beds Homelessness Prevention: <del>33,932</del> <u>3,297</u> Persons Assisted

Table 3 – Goals Summary

**Goal Descriptions** *(only revised row shown)*

1	<b>Goal Name</b>	Homeless Goals
	<b>Goal Description</b>	<p>Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness, as defined by the applicable program rule or act. Actual funding amounts will be determined based on applications for funding received, which are prioritized in part by the recommendation provided by the applicable CoC. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years, <del>and reflect that the ESG-CV funding is awarded specifically for Rapid Rehousing and Homeless Prevention which increases the amount of funding for those activities</del> <u>and reflect that assistance under ESG CARES and the annual allocation of ESG may be an increased amount per person due to the need for additional resources for coronavirus response</u>. Regardless of the CoC recommendations, TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available for the regular allocation of 2019 ESG funds, but the ESG-CV funds are not limited by this cap and it will not be applied to this funding source. Likewise, funds for administration and HMIS are limited within the TDHCA allocation to ensure that the applicable regulatory or statutory caps for these expenditures are not exceeded.</p>

## AP-35 Projects – (Optional)

### Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantee’s Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year. However, in order for accomplishments to associate to the goals listed in the plan, projects must be entered in the Action Plan template. Although not typically required, Texas is amending the Action Plan to include the entire allocation of ESG-CV funding. This does require that the ESG funds programmed in this plan are included in the AP-35 as separate ESG projects as outlined in this section.

*TDHCA will receive \$9,127,824 in ESG under the 2019 allocation, outlined as ESG19 Texas. TDHCA has been allocated an additional \$97,792,616 in 2020 ESG funds under the CARES Act, outlined as ESG20 Texas for the purposes of this plan, and the use of these funds is further described below.*

#	Project Name
1	ESG20 Texas

**Table 4 – Project Information**

### Goal Outcome Indicator Info by allocation:

Goal	Goal Outcome Indicator	ESG20 Texas
1	Tenant-based rental assistance / Rapid Rehousing	<del>4,917</del> <u>3,709</u>
1	Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added	<del>39,461</del> <u>98,992</u>
1	Homelessness Prevention	<del>14,797</del> <u>3,297</u>
	Total Persons Assisted	<del>73,373</del> <u>105,998</u>

### Description

TDHCA has programmed ESG-CV allocation 1 to fund the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19:

1. Rapid re-housing
2. Street outreach
3. Emergency shelter (including temporary emergency shelter)
4. Homelessness prevention
5. Homeless Management Information System (HMIS)

6. Administrative expenses
7. Additional activities allowed by HUD policy, guidance and approved waivers.

TDHCA ~~is programming~~initially programmed all of ESG-CV allocation 2 to fund ~~only~~ the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19~~;~~. Funds may be reallocated to other eligible activities, including street outreach and emergency shelter (inclusive of temporary emergency shelter) on an as-needed basis to respond to changed circumstances.

1. Rapid re-housing
2. Homelessness prevention
3. Homeless Management Information System (HMIS)
4. Administrative expenses

In order to be responsive to the needs of the State of Texas in preparing, preventing, and responding to coronavirus and its impact on people at risk of and experiencing homelessness, TDHCA will routinely reevaluate our funding decisions throughout the period of performance. Consistent with the terms of all contracts, TDHCA intends to reprogram ESG-CV funding between selected activities or to include additional ESG-CV activities if/when necessary, based on infection control needs and response efforts related to preventing, preparing, and responding to COVID-19. TDHCA will implement the waiver to the definition of homeless eligibility criteria for rapid re-housing at 415 (a)(4) and (5) of the McKinney-Vento Homeless Assistance Act and 24 CFR §576.2.104 and will implement the waiver to the habitability standards at 24 CFR §576.403(c), subject to the applicability requirements described in CPD Notice 21-015.

TDHCA has requested waivers to the following provisions from HUD:

Medium-Term Rental Assistance, Utility Payments, Service Costs (24 CFR §576.105(a)(5), (b)(2), and (c), and 24 CFR §576.106(a))

Recordkeeping for Housing Standards (24 CFR §576.500(j))

Local Government Approval for Emergency Shelter Activities (24 CFR §576.202(a))

ESG Projects Must Utilize Centralized or Coordinated Assessment Established by the CoC (24 CFR §576.400(d))

ESG Projects Must Utilize the HMIS or Comparable Database (24 CFR §576.400(f))

While TDHCA had previously requested waivers to allow for the direct administration of ESG-CV funds, and this authority was granted though CPD Notice 20-08, the State does not plan on direct administering the program, but instead plans on subawarding ESG-CV funds to eligible entity types (Unit of Local Government, Private Nonprofit, and Public Housing Authority), ~~through a letter of interest or a competition;~~ ~~however, the State may administer rapid rehousing and homeless prevention directly if adequate geographic dispersion of assistance through rapid rehousing/homeless prevention is not~~

~~obtained through partnership with subrecipients. In this event, the plan will be amended to include written standards implemented by TDHCA.~~

~~Currently, TDHCA plans on funding the activities identified above; however, TDHCA may reprogram funding to newly allowed activities included in CPD Notice 20-08 if the need evidences itself and ESG-CV funding in other activity types is not being timely expended.~~

ESG does not have funding allocation priorities for special needs populations. A portion of the funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients regardless of method of application. TDHCA retains the right to adjust awards in relation to the amount of funding received. Threshold requirements for receipt of an award include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds. Actions to meeting underserved needs are found in Action Plan Section 85.

CDBG-DR allocation priorities can be found in the CDBG-DR Action Plans at:

<http://recovery.texas.gov/action-plans/index.html>