

Texas Department of Housing and Community Affairs (TDHCA)
Texas Emergency Rental Assistance Program (TERAP)
Questions and Answers
Rev. 11/10/2021

This document provides answers to questions related to the CDBG-CV Texas Emergency Rental Assistance Program (TERAP). Subrecipients may submit additional questions by emailing CDBG CARES Manager Raul Salazar at raul.salazar@tdhca.state.tx.us, CDBG CARES Administrator Allison Shurr at allison.shurr@tdhca.state.tx.us, or CDBG CARES Coordinator Kendall Kauten at kendall.kauten@tdhca.state.tx.us.

Please note: questions marked **(NEW)** or **(UPDATED)** have been added or updated since the last version of this document.

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A. Allocation Process

1. (1/24/2021) Where can I find the allocation amounts for the cities/counties that received CDBG-CV TERAP funds?

The document “Direct Allocation Amounts to Entitlement Communities” is found on the program webpage at <https://www.tdhca.state.tx.us/CDBG-CARES.htm> and the direct link to that document is: <https://www.tdhca.state.tx.us/pdf/covid19/cdbg/CDBG-CV-Alloc-Entitle-Communities.pdf>.

2. (2/1/2021) How did you select the cities/counties that received TERAP funds?

In September 2020, TDHCA reached out to the 74 CDBG entitlement communities in the state of Texas to determine which ones were already operating COVID rental assistance programs and were interested in receiving additional funds from the state to serve additional tenants. 54 communities confirmed they were operating programs and out of those, 45 submitted applications and received funds from TDHCA. A document listing updated grant award amounts for the 45 participating cities and counties is available on the program webpage and at this direct link: <https://www.tdhca.state.tx.us/pdf/covid19/cdbg/CDBG-CV-GrantAwards-EntitlementComm.pdf>.

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3. (2/1/2021) Our local approval to execute the contract may not be until late January/early February. Will that cause any problems?

If your city or county has not already signed the contract and has not asked for an extension to do so, please return your contract as soon as possible or notify Raul Salazar when you plan to do so.

4. (9/14/2021) When is the obligation deadline?

The obligation deadline has been amended in the TERAP contract to November 30, 2021, for those subrecipients who have chosen to extend the deadline. The Department recommends that all subrecipients that plan to subaward funds do so expediently to roll out the program and meet the November 30, 2021, obligation deadline. Please follow the requirements found on Section 9 of the Program Guidelines related to working with subawardees.

5. (3/5/2021) Where are the TERAP Application, Implementation, and Monthly Reporting Webinar recordings and PowerPoint slides located?

Webinar resources are available on the [TERAP webpage](#).

B. General Program Information

1. (2/1/2021) Is TDHCA's CDBG-CV program different than an allocation of CDBG-CV funds directly from HUD?

TDHCA's CDBG-CV program is different than an allocation of CDBG-CV funds directly from HUD in that the state has the ability to develop its own guidelines within the general parameters that are allowed by HUD. State CDBG programs are granted "*Maximum Feasible Deference*," providing States with wide latitude when interpreting statutory requirements and designing their programs. Additionally, TDHCA has established guidelines for its program that must be adhered to by subrecipient cities and counties, even if that city or county is using a different set of guidelines for its direct allocation of CDBG-CV funds. As a city or county receiving funds from TDHCA, you are considered a subrecipient and therefore contract reporting is directly between you and us, and you do not have to report anything in IDIS (TDHCA does).

2. (9/14/2021) How do TERAP funds and Texas Rent Relief (TRR) funds work together?

TERAP is funded with Community Development Block Grant CARES Act (CDBG-CV) funds from HUD. The Texas Rent Relief Program is funded by the U.S. Department of the Treasury. Both programs can provide rental assistance and eviction diversion assistance. Because TERAP funds are limited to a term of no more than 6 months of assistance, the funds can work together for a household that has more than 6 months of arrears, with the TRR funds covering months not covered by TERAP.

TERAP funds can pay for up to a 6-month term of assistance with a maximum assistance of 11 months total. Per HUD guidance, rental arrears in aggregate will count as one month of assistance. Renters are eligible to receive up to 6 months of rent in arrears in their first month of assistance and then also receive up to 5 current/future additional months. The program realizes that a household's need for assistance may fluctuate and if the household is able to cover one month of rent and then needs assistance for the following month, then that is allowable because it is within the period of up to six consecutive months.

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TRR funds can pay for up to 15 months of assistance. Upon completion of the TERAP program, tenants may be eligible to receive additional funds through the TRR program. It is not considered a duplication of benefits to receive assistance from both programs as long as each program covers different months of assistance. More information about the Texas Rent Relief program can be found at: <https://texasrentrelief.com/>.

3. (3/5/2021) Can TERAP funds be used for mortgage assistance or eviction fees?

TERAP funds cannot pay for mortgage assistance or eviction fees. TDHCA has issued a NOFA that would allow cities, counties, and other described entities to apply for funds and if selected for funding to provide mortgage assistance with the Texas Emergency Mortgage Assistance Program [TEMAP](#).

4. (3/5/2021) Can TERAP funds be used for utility fees?

TERAP funds cannot pay for utilities. Households in need of utility assistance should be referred to the CEAP program by directing them to [Help for Texans](#) and selecting the "Utility Bill Help" option or calling the toll free number 877-399-8939. Households can also be referred to the Texas Rent Relief program at TexasRentRelief.com or calling the toll free number **1-833-9TX-RENT** (1-833-989-7368)

5. (3/5/2021) Are late fees an allowable expense? If so, what type of late fees can be paid with TERAP funds?

Yes, TERAP funds can pay late fees. There is no requirement to include late fees in rental assistance payments and TDHCA encourages subrecipients to negotiate with the landlords to waive or reduce late fees. To be eligible, late fees must be included in the lease and cannot be greater than allowed under Texas Property Code § 92.019.

Reasonable late fees are defined as those that are not more than 12 percent of the amount of monthly rent for a dwelling located in a structure that contains not more than four dwelling units; those that are not more than 10 percent of the amount of monthly rent for a dwelling located in a structure that contains more than four dwelling units; or those that comply with the other standards established in Texas Property Code § 92.019.

6. (3/5/2021) Can TERAP funds be used to pay for a rental lot for a manufactured/mobile home?

Yes, CDBG-CV funds can be used to pay rent for a manufactured home rental lot where an eligible household's home is located. Payments must be made directly to the landlord on behalf of the tenant and cannot be made directly to the tenant.

7. (9/14/2021) Where can we find guidance on using CDBG-CV funds for rental arrears?

Per HUD guidance, rental arrears counts as one month of assistance. Renters are eligible to receive up to 6 months of rent in arrears in their first month of assistance and up to 5 current/future additional months.

The term of rental assistance begins when the payment is made, not when the household's arrearage began. If a household is one or more months (maximum of up to 6 months) in arrears, the arrears can be paid as the first month of the term of assistance and continue for up to five more months to fulfill the up-to-six-consecutive-month-period allowance. Further, the assistance is based on need and

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if the household is able to cover one month of rent and then need assistance for the following month, that is allowable because it is within the period of up to six consecutive months.

For example, if a household owed four months of arrears (May, June, July, August), one month of current rent (September) and were able to pay next month's rent (October), they would be eligible for:

- Four months of arrears (counts as ONE month of assistance)
 - May, June, July, August
- Four current/future months of rental assistance, not counting the month the household is able to pay (October)
 - September, November, December, January

8. (1/24/2021) Will funds be available immediately following contract execution?

At the time of contract execution, you will be given set-up logins to the TDHCA's Housing Contract System (HCS). Once set up in HCS, you will have access to funds. Subrecipients have an opportunity to access a one-time cash advance of funds covering no more than 30 day's cash need (see the [Program Guidelines](#) for more details), but other than this one-time opportunity, payments will be made on a monthly reimbursement basis.

9. (1/24/2021) How much funding should applicants have on hand to "float" the program while awaiting reimbursement?

Subrecipients have an opportunity to access a one-time cash advance of funds covering no more than 30 day's cash need (refer to the [Program Guidelines](#) for more details), but other than this one-time opportunity, payments will be made on a monthly reimbursement basis. Subrecipients will be required to submit monthly performance and expenditure reports by the 15th day of each month, and payment will typically be issued by the Department within 10-14 days after the submission of the monthly reports.

10. (2/1/2021) Will cities and counties be working in IDIS or in TDHCA's system?

Cities and counties will submit draw requests and monthly performance and expenditure reports via TDHCA's Housing Contract System (HCS). Because cities and counties receiving funds from TDHCA are considered TDHCA's subrecipients, they do not have to, nor should they, report any information in IDIS (TDHCA will do that).

11. (1/24/2021) Can you provide the reimbursement process you will be requiring of the cities who receive this funding and what type of documentation goes with each draw request?

Because the program is only providing rental assistance, the reimbursement process will look something like this:

- There will be no documentation required to be uploaded to TDHCA's Housing Contract System.
- The city/county will enter the amount of the administrative and project expenditure draw requests, along with the required monthly performance report and a direct deposit will be processed within 15 to 20 days.

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- Support documentation records will be kept locally and be subject to monitoring at a later date.

12. (1/24/2021) How long will reimbursement take?

Payment can typically be processed in 10-14 days.

13. (2/1/2021) Does TDHCA have established templates for applications from tenants/landlords?

TDHCA has created application and certification forms for tenants and landlords. Due to confusion created by posting the applications publicly on TDHCA's website, staff recently created a new webpage to serve as a repository for TERAP program forms (including applications and certification forms for tenants and landlords). TDHCA staff emailed subrecipients the link to that page on Wednesday, January 27, 2021. If you have any questions about accessing the templates for program forms, please contact Raul Salazar and Allison Shurr.

14. (2/1/2021) Do we have to use TDHCA's forms or can we use the forms we already have in place?

Cities and counties can use their own forms, including online forms, as long as they collect all the information requested on TDHCA's forms and ensure that the content of the certifications associated with those forms are integrated into the cities/counties forms and executed.

15. (1/24/2021) Will TDHCA provide guidance on how tenants and landlords can apply for assistance?

It is up to each city and county to determine its outreach plan, intake process and payment processing system to implement the TERAP program locally. TDHCA is providing direct allocations to entitlement communities who have existing COVID-19 rental assistance programs, so the rental assistance can be more readily available to tenants/landlords. To the extent possible, each city and county should build on its existing program's service delivery model to build the TERAP program.

16. (1/24/2021) Will there be a contract with the applicant for rent assistance?

No, a contract with the applicant is not required. However, both the tenant and landlord are required to submit certifications when applying for TERAP assistance.

17. (2/1/2021) Can a landlord apply on the tenant's behalf?

Both the landlord and tenant have to submit application forms. The landlord may facilitate the process by helping tenants complete the forms. The program is voluntary, and both landlords and tenants must participate voluntarily.

18. (2/1/2021) Will TDHCA review the applicant files and sign off on them prior to the city or county proceeding with rental assistance?

No, as subrecipients, the applicant review and approval (or denial) is responsibility of the city or county. Subrecipients will be required to maintain client data supporting client eligibility for services provided. Data to be collected includes income determination as described in the [Program Guidelines](#), number of persons/households served, family size and race/ethnicity. However, if the subrecipient encounters a situation regarding eligibility that is not described in the contract, the Program Guidelines, or these FAQs the subrecipient should contact the Department for further guidance.

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TDHCA will monitor and audit its grantees for ongoing compliance to ensure federal requirements, like income eligibility for clients, are being met.

You can find the 2020 & 2021 Income Limits in the links below:

[CDBG 2020 Income Limits - Effective July 1, 2020](#)

[CDBG 2021 Income Limits - Effective June 1, 2021](#)

- 19. (3/5/2021) Will participating landlords have to waive late fees?** CDBG-CV funds can pay for reasonable late fees and as stated under Section 14 of the [Program Guidelines](#), however, landlords can agree to forgive late fees/penalties for rental arrears.

The landlord may continue to charge all costs, expenses, and fees, including but not limited to utility charges, if allowed under the original lease. To participate in the program, the landlord must certify that late fees and penalties for nonpayment of rent or any other costs up until the expiration of the time period covered by the rental assistance actually received by landlord will be discharged upon payment from the program administrator. If applicable for eviction diversion cases, no court costs will accrue or be charged to the tenant, any late fees in excess of the reasonableness standards will have to be forgiven by the landlord or paid from another source, and the landlord must waive all claims raised in the eviction case.

- 20. (1/24/2021) Please explain the requirement that no TERAP grantees serve overlapping geographic areas.**

We do not want any two TDHCA CDBG-CV TERAP service providers to operate in the same area to avoid duplication of benefits. For example, a city and county receiving CDBG-CV funds from TDHCA should each have separate, non-overlapping service areas. By default, in this scenario, TDHCA would require that the city only cover clients within city limits and the county only cover clients inside the county, but outside of city limits. However, if a city and county (or two other entities) elect to establish non-overlapping service areas in some other way, we will accept that.

- 21. (2/1/2021) Can the City provide a 3-month rent assistance instead of the full 6-month allowed?**

No, programs limiting assistance to less than 6 months **are not** allowed. TDHCA wants to ensure that all tenants receiving assistance through the program have equal access to the same months of assistance, regardless of where they live in the state.

- 22. (2/1/2021) Can we be more restrictive than the State by not assisting rental units that are pre-1978 to avoid the Lead Based Paint requirements?**

No, limiting the program to only units built after 1978 is not acceptable, as it will likely have a disproportional impact on protected classes or those with the lowest incomes living in older housing stock.

- 23. (2/1/2021) We will subaward to a nonprofit subrecipient. Are we required to undertake a competitive process for selecting a subrecipient? Or can we simply select a subrecipient that is currently operating a rental assistance program?**

No, a competitive process is not required. You can directly subaward funds. Please refer to Section 9 of the [Program Guidelines](#) for more details on Subawards.

24. (9/14/2021) Is the current month considered a month in arrears or a month forward?

The current month's rent is considered a month forward. The term of rental assistance begins when the payment is made, not when the household's arrearage began. If a household is one or more months (maximum of up to 6 months) in arrears, the arrears can be paid as the first month of the term of assistance and continue for up to five more months to fulfill the up-to-six-consecutive-month-period allowance. Further, the assistance is based on need and if the household is able to cover one month of rent and then need assistance for the following month, that is allowable because it is within the period of up to six consecutive months.

C. [Duplication of Benefits](#)

1. (2/1/2021) Can you use CDBG for three months and CDBG-CV for an additional six months?

A subrecipient can use CDBG funds for three months of emergency rental assistance and CDBG-CV funds for six consecutive months of emergency rental assistance for the same household for different months of assistance for a total of nine months of assistance.

2. (2/1/2021) If a household previously received three months of assistance using CDBG-CV funds (e.g., from the city or county's direct CDBG-CV allocation), can they receive three more months of rental assistance with CDBG-CV funds through TERAP for a total of six months of rental assistance funded with CDBG-CV funds?

Per new guidance from HUD, intermittent assistance is not permitted. Therefore, a family would not be eligible to receive another round of assistance unless the months of assistance under TERAP are for consecutive months with the prior assistance (for instance, you previously assisted them for October, November and December, and now they are applying for TERAP for arrears of January and February and forward rent of March). If there is any gap in time between months of assistance, then you cannot assist them with additional CDBG or CDBG-CV even if the total number of months in the initial assistance was less than the six-month maximum allowed under the waiver.

3. (3/5/2021) If a person received rental assistance via CARES Act funds previously, can they receive additional assistance through TERAP funding?

If the prior assistance was CRF, ESG, or some other CARES Act source other than CDBG-CV rental assistance and it covered different months of assistance, then yes, you can help them with CDBG-CV funds. However, if prior assistance was provided with CDBG-CV funds, new additional assistance with CDBG-CV funds is not permitted even if for different months.

Per new guidance from HUD, intermittent CDBG-CV assistance is not allowed. Therefore, a family would not be eligible to receive another round of CDBG-CV assistance after the initial assistance has expired even if the total number of months in the initial assistance was less than the six-month maximum allowed under the waiver. In addition, a family would not be eligible to receive another round of assistance unless the months of assistance under TERAP are for consecutive months with the prior assistance (for instance, you previously assisted them for October, November and December, and now they are applying for TERAP for arrears of January and February and forward rent of March).

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4. (5/7/2021) How is duplication of benefits being handled?

Certifications will be required from the landlord and the tenant, certifying that they have not, and will not, pursue assistance for the same period of time for the same unit and household, and that the landlord must agree to repay assistance that is determined to be duplicative. Additionally, no TERAP grantees will serve overlapping geographic areas.

In the tenant application, tenants must identify any other sources of assistance being received for the same months of assistance being sought and that amount should be deducted to determine the amount of unmet need. Refer to the Tenant Application form for more details.

Additionally, TERAP applicant data should be cross-referenced with all local rental assistance funds, and with most current data in Serv-U portal to identify and/or prevent duplication of benefits with Texas Rent Relief. [Serv-U Portal](#)

5. (5/7/2021) How do we access and use Serv-U for prevention of duplication of benefits?

- Each subrecipient has access to the Serv-U portal, and Login can be shared with anyone in organization that needs access.
- Prior to approving payments, cross-reference applicant with most current TRR data in Serv-U to avoid duplicate rental payments for TERAP requested months (Use filters to search (County, City, Zip Code, etc.)
- If a TRR approved payment is identified for a TERAP requested month, do not make a payment for that month.
- If duplicate rental payments are identified, report them using the Smartsheet submission link: [Smartsheet Submission](#)
- Document identified duplicate payments as a payment denial for your records.

D. TERAP Contract

1. (2/1/2021) How long do we have to spend the money if we apply? Does the HUD 6-year period with a 3-year period of performance apply to this grant too? Please clarify.

Subrecipients must spend all funds within the 12-month contract and must have obligated all funds by July 31, 2022.

The Department is subject to the same rule as entitlement communities that requires that 80% of its CDBG-CV funds be expended by the end of its third year of its period of performance. However, the Department is rolling out its CDBG-CV programs with a faster timeline given the dire need the pandemic has caused and its desire to provide assistance to tenants and landlords as soon as possible.

2. (2/1/2021) The Contract states the funds must be “FULLY COMMITTED” by July 31, 2021 – does this mean that all the new client intakes must be completed by 7/31/21 (so we can't add any new clients after that date)?

Correct, client intakes must be completed by July 31, 2021. The reason behind this obligation period is that by that deadline, TDHCA will be rolling out a statewide rental assistance program with funds

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from the Treasury Department and we want to avoid confusion and duplication of benefits that may occur if we have separate programs offering the same services.

3. (2/1/2021) Do the funds need to stay within city limits?

Each city/county can determine its service area as long as it does not overlap with any other city/county service area. The Department encourages coordination between neighboring cities and the counties to ensure no overlap of service area. If a city within a county is a recipient, and the county is not, the city may elect to serve the whole county, so long as it is not overlapping with other cities.

4. (1/24/2021) How do I receive CDBG-CV TERAP notifications?

You can sign up for TDHCA listservs by visiting the gray box on the left hand side of TDHCA's home page and clicking on "Join Our Email List." The direct link to the email sign-up page is [HERE](#). Once you have set up your username, click on the "Subscribe" link next to "TDHCA." This will take you to a list of subtopics, including the CDBG-CV TERAP Entitlement Communities topic.

5. (9/14/2021) In the program guidelines, it states that we can pay for rental arrears. Under the CDBG-CV regulations that the Entitlement Cities have to follow, we are not allowed to pay arrears with CDBG nor CDBG-CV. Does the State follow different HUD Regulations then those that Entitlement Cities have to? If so, do you mind providing them to me so that I can use them as documentation when writing our policies?

The state has the ability to develop its own guidelines within the general parameters that are allowed by HUD. There is something called Maximum Feasible Deference that allows the state to develop our own guidelines.

Per HUD guidance, rental arrears in aggregate will count as one month of assistance. Renters are eligible to receive up to 6 months of rent in arrears in their first month of assistance and then also receive up to 5 current/future additional months. The term of rental assistance begins when the payment is made, not when the household's arrearage began. Further, the assistance is based on need and if the household is able to cover one month of rent and then need assistance for the following month, that is allowable because it is within the period of up to six consecutive months.

6. (2/1/2021) If we were to spend down the whole of the rental assistance and TEDP portions of our budget ahead of the administrative portion, would we be able to continue to submit for reimbursement for admin costs through the term of the grant? So if we spent all of the funds in our budget for rental assistance by July, would we be able to continue to reimburse for administrative costs through January?

That depends. CDBG-CV for administration under this contract cannot be used for costs associated with anything other than this program. So if you continue to have some administrative activities associated with the TERAP in those following months (for instance, making committed monthly payments to the landlord, or monitoring a subawardee or contractor), then yes those costs can be requested and paid by the Department. However, other administrative expenses not associated with TERAP cannot be requested.

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7. (2/1/2021) Will we be required to issue an RFP or execute a procurement process for the Subawardee?

A subrecipient may request to the Department to enter into a subaward to a unit of local government, council of government, public housing authority, or private nonprofit organization for some or all of its program and administrative funds through a direct (non-competitive) award. The Subrecipient must fulfil all of the requirement of a pass-through entity listed in 24 CFR §200.332, and must monitor its subawardee at least once during the Contract Term. Please refer to the Program Guidelines for additional information about subawards and subcontracts.

8. (2/1/2021) Are there any waivers/suspensions with regard to Fair Housing and CDBG-CV funds for rental assistance?

No. Fair housing requirements *are not* waived for CDBG-CV funds.

Page 5 of the [CDBG-CV Notice Federal Register Publication Vol. 85, No. 162](#) states the following: "The CARES Act authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the use of CDBG-CV grants, fiscal year 2020 CDBG grants, and fiscal year 2019 CDBG grants to prevent, prepare for, and respond to coronavirus or that affect other aspects of program administration for the fiscal year 2019 and 2020 CDBG grants, *except for requirements related to fair housing, nondiscrimination, labor standards, and the environment*, upon a finding by the Secretary that any such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts to prevent, prepare for, and respond to coronavirus."

9. (2/1/2021) Do you have a template agreement to provide for the subawardee?

We do not have a subawardee template or Memorandum of Understanding (MOU). An MOU may only be used between units of government and only when allowed by the local government code. You can use your TERAP contract including the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Subcontracts/Lower Tier Covered Transaction," without modification as a template because the subawardee would be required to follow the same contract guidelines. You must include in your subawardee template or MOU all of the items designated in our contract along with the items identified in 2 CFR. We highly recommend you implement strong oversight and monitoring of compliance of your subawardees to ensure that they understand they are fully subject to monitoring and documentation requirements.

10. (2/1/2021) If United Way is a subrecipient to us, are they allowed to contract out the footwork of case management, but then directly manage landlord payment and data?

The Subawardee is not allowed to further subaward their performance under the contract, as stated in the TERAP contract, however a subawardee can subcontract work, so long as they follow procurement procedures as stated in the contract.

11. (2/1/2021) Does the rental assistance have to be continuous?

Intermittent assistance is not permitted. Therefore, a household would not be eligible to receive another round of assistance after the initial assistance has expired even if the total number of

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months in the initial assistance was less than the six-month maximum allowed under the waiver.

12. (2/1/2021) If one of the requirements is that your income is affected by COVID-19, how does a person on SSI qualify?

Households on SSI should be reviewed carefully. A household where the head or co-head of household is receiving SSI could still have been impacted by COVID-19 in spite of their fixed income. If there are multiple people in the household, there could be an increase in expenses (e.g. increased child care, food, or medical expenses) or someone else in the household could have had a reduction or loss in income, affecting the overall's household income.

13. (2/1/2021) For project draws, will we need to submit documents and attachments?

No, but you will need to maintain documents internally and they may be requested as part of monitoring procedures.

14. (2/1/2021) If we subcontract the project to another local entity, are they responsible for submitting the draw requests and reporting?

Because you are the lead agent, you are responsible for reporting. If you contractually negotiate otherwise, let TDHCA staff know and the Department could potentially provide them access to the Housing Contract System (HCS) provided they have signed the Information Security and Privacy Agreement (ISPA). However, our recommendation is that you, as the Department's subrecipient, do the reporting.

15. (2/1/2021) What if a client was not economically affected by COVID-19 but if evicted, they could be affected?

To qualify for TERAP assistance, tenants must have been economically impacted by COVID-19. The impact could be a loss or reduction of income or increased expenses. A tenant **must** have been negatively affected financially to qualify for assistance.

16. (2/1/2021) Our city will offer our residents Utility Assistance using our own CDBG-CV funds. Can we allow residents to apply for both programs (TERAP for rental and our utility assistance) since we're both using CDBG-CV funds?

Yes, co-enrollment in both programs is allowed because the programs offer different and mutually exclusive assistance. However, this would not raise any duplication of benefits issues.

17. (2/1/2021) How long will it take for funds to be submitted to the City/County now that our contract has been executed?

There is no grant award check, but instead once the contract is executed, the city or county should begin accounting for expended funds including pre-award costs immediately. You will receive an email when your contract is active in the Housing Contract System, which will allow you to make an initial request for a one-time advance as described further in a related question in Section B. After that initial advance, the city or county will be reimbursed by submitting an expenditure draw request through the contract system every month.

18. (9/14/2021) Can future months of rent be paid past January 2022?

The latest that rent can be paid with TERAP funds is January 14, 2022 when the TERAP contract ends. Future months of rent past January 2022 are not eligible to be paid with TERAP funds.

19. NEW (11/10/2021) With January 14, 2022 being when the TERAP contract ends, can the full month of January be paid or can only a prorated rate up until January 14 be paid?

All costs incurred as of January 14th can be paid for. If rent is due on January 1st for the month of January, then all of January rent can be paid. However, if payment is not due until January 15th, then the month of January could not be paid. Likewise, if a person is on a pay by the week lease and the week's payment starts on January 15th, that week could not be paid.

E. Texas Eviction Diversion Program (TEDP)

1. (3/5/2021) Is participation in the TEDP required of TERAP subrecipients?

No, mandatory participation in TEDP will be removed as a TERAP contract requirement. This change will be reflected in a contract amendment we will be executing in the coming days.

TEDP is now being implemented as part of the statewide Texas Rent Relief (TRR) program. TDHCA, the Supreme Court of Texas and the Office of Court Administration (OCA) have updated Texas Eviction Diversion Program (TEDP) outreach materials to direct landlords and tenants to this statewide program, and OCA has instructed Justices of the Peace (JPs) to refer interested tenants and landlords only to the statewide TRR Eviction Diversion funds. These instructions were developed in partnership with TDHCA and have been given to all JPs in Texas, including those in cities and counties currently operating a TEDP Pilot through their local TERAP programs.

TERAP subrecipients who have already been working with their local JPs in establishing a partnership, may still accept referrals from the courts and assist households within the TEDP set-aside.

2. (3/5/2021) Can we spend more than 10% of our contract on TEDP Activities?

Though the mandatory participation in TEDP has been removed as a contract requirement, a subrecipient can continue addressing eviction diversion locally with TERAP funds regardless of project budget category, and therefore can exceed any previous percentage. Justices of the Peace have been instructed by the Office of Court Administration to refer all diversion cases to the Texas Rent Relief Program at <https://texasrentrelief.com/>. Subrecipients who have already established a partnership with their local Justices of the Peace and have received TERAP funding can still perform this activity with TERAP funding.

3. (3/5/2021) Are there any templates or materials for collaboration with local JPs to administer TEDP?

Though the mandatory participation in TEDP has been removed as a contract requirement, the Tenant and Landlord forms we have created for the TERAP program work for both providing general emergency rental assistance and for eviction diversion rental assistance activities under TEDP. They were designed in such a way to be used for both activities. The forms contain a section that reads "Applicable to Eviction Diversion cases ONLY." JPs in the areas where the TERAP program is being

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administered have received training from the Office of Court Administration on the program. JPs have been instructed by the Office of Court Administration to refer all diversion cases to the Texas Rent Relief Program at <https://texasrentrelief.com/>.

4. (3/5/2021) Can a tenant access the diversion funds to relocate to another property if their landlords decline to participate?

If a household has been referred by the court, and a subrecipient is opting to continue their eviction diversion program and can confirm that the landlord has declined to participate, then the subrecipient can assist the household. Assistance can include the payment of a security deposit and utility deposit, with its regular CDBG-CV rental assistance activity. The payment of a deposit does not count as a month's rent, and is separate from the six-month assistance limit. It should be noted that deposits must be repaid to the subrecipient and not to the household and then must be repaid to the program.

5. (2/1/2021) Can landlords use emergency rental assistance funds to resolve their issues pre-filing?

While Texas Eviction Diversion Program funds are limited only to cases where there is a pending eviction case, landlords and tenants can resolve issues prior to pre-filing by applying for the regular TERAP emergency rental assistance funds.

6. (3/5/2021) Is TERAP is being funded with HUD funds, NOT U.S. Treasury funds?

Correct. TERAP is funded with Community Development Block Grant CARES Act (CDBG-CV) funds from HUD. The Texas Rent Relief Program is funded by the U.S. Department of the Treasury.

F. Fair Market Rent

1. (1/24/2021) How are Fair Market Rents (FMR) used in this program?

TERAP uses a calculation based off of FMR as its rent ceiling:

- The maximum amount of rent the program will pay is set at 120% of the Small Area Fair Market Rent (SAFMR) or FMR, as applicable.
- The maximum amount of contract rent for the unit cannot exceed 150% of the SAFMR or FMR. If a unit's contract rent exceeds this amount, the unit and household are not eligible for assistance under the program.
- If a tenant's contract rent falls between 120% and 150% of the applicable SAFMR or FMR (as applicable), the program will still be able to assist the tenant. However, the tenant must pay the amount of arrears in excess of the 120% limit, or enter into a payment plan executed by both the tenant and the landlord, before the program will pay the 120% contribution. CDBG-CV funds cannot pay for the amount of rent between 120% and 150% of FMR - that must be paid for by the tenant or another source.
- For example, if 100% of FMR is \$1,000 and an applicant's rent is \$1,500, then TERAP will cover \$1,200 per month (120% of FMR) and the remaining \$300 will need to be paid for by the tenant or another source.

2. (2/1/2021) Where do we find the FMRs/SAFMR for this program?

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Cities and counties do not need to complete these calculations themselves – they are available using the “Rent Limit Calculator” tool linked under the Program Documents section on the TDHCA CDBG-CV webpage at <https://www.tdhca.state.tx.us/CDBG-CARES.htm>.

G. Applicant/Client Eligibility

1. **(9/14/2021) If a client is only three months in arrears, can we offer three months forward rent, or will this require another verification of income prior to paying next two months)?**

The term of rental assistance begins when the payment is made, not when the household’s arrearage began. If a household is one or more months (maximum of up to 6 months) in arrears, the arrears can be paid as the first month of the term of assistance and continue for up to five more months to fulfill the up-to-six-consecutive-month-period allowance. Further, the assistance is based on need and if the household is able to cover one month of rent and then need assistance for the following month, that is allowable because it is within the period of up to six consecutive months. You are not required to verify income again to pay future months.

2. **(1/24/2021) What if the tenant has moved out of the unit that they owe rent on, and are living stably with family? Can they receive assistance to prevent the eviction and/or damage to their credit? (They won't have a "future" month rent.)**

No, they still need to be in the unit and one month needs to pay for a future rent. This program is intended to keep people housed during the pandemic.

3. **(1/24/2021) Does Free or Reduced lunch program count for third- party benefit?**

No, it does not, given that the National School Lunch Program uses different income eligibility limits and those are not consistently below 80% of AMI for all the counties in Texas (the income limit used for the TERAP program).

4. **(1/24/2021) Please clarify the 0-60% vs 60-80% determination breakdown. Should it be 0-60% and 61-80%?**

For households from zero up to 60% of AMI, a self-certification is required, for households with income greater than 60% and less than 80% of AMI, income verification is required. For more details, please refer to the Income Eligibility requirements in the [Program Guidelines](#).

5. **(1/24/2021) Is a Social Security number needed to be able to qualify for the rental assistance program?**

No, a Social Security number is not needed to be able to qualify for the rental assistance program. The applicant tenant can show any personal ID for one household member that is on the lease, or where the member demonstrates occupancy through another method such as a sublease agreement, they can show a utility bill under their name, a voter registration card, school registration form, or other form of ID. As a point of clarification, CDBG-CV may be used for rental assistance without regard to citizenship or immigration status unless or until HUD interprets the assistance as conferring a “federal public benefit.”

6. **(2/1/2021) Are clients deemed eligible locally?**

Correct. TDHCA is the pass-through agency and does not determine client eligibility.

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- 7. (2/1/2021) Is there a citizenship requirement for assistance?**
CDBG-CV may be used for rental assistance without regard to citizenship or immigration status unless or until HUD interprets the assistance as conferring a “federal public benefit.”
- 8. (9/14/2021) What happens if we obligate all funds by November 30, 2021, but some landlords then return funds because a tenant moved, passed away or made additional good faith payments?**
During and after the contract term, Subrecipients must return refunds or reimbursements from rental arrears, rental assistance payments, rental deposits, or utility deposits, or other program income to the Department within 10 days of receipt. Program income any subcontractor, or subawardee receives, must also be returned to the Department within 10 calendar days. This requirement must be listed in the Subrecipient's agreement with subcontractor or subawardee.
- Funds obligated to specific landlords or utility providers by November 30, 2021, but not paid to those landlords or utility providers may be reobligated by the Subrecipient in accordance with the terms of the TERAP contract.
- 9. (2/1/2021) To what extent is the jurisdiction required to verify the tenant or landlord has not received duplication of assistance?**
Please use due diligence and documentation of that due diligence in the form of the landlord and tenant certification forms. If your jurisdiction has been funding rental assistance with its own allocation of CDBG-CV, check households assisted under TERAP against your records.
- 10. (9/14/2021) Can the July 31, 2021 obligation deadline be extended?**
The obligation deadline has been amended in the TERAP contract to September 30, 2021, and again to November 30, 2021 for subrecipients who requested an additional extension. Additional clients and funding cannot be approved after your current obligation deadline. Funds obligated prior to the deadline can continue to be distributed through the end of the contract term.
- 11. (2/1/2021) For clarification, is it households greater than six or less than six that can use the SNAP, LIHEAP or SSI documentation for categorical eligibility?**
Households of six or less.
- 12. (2/1/2021) Does the tenant have to complete a needs assessment? Is there a TDHCA form for that?**
Yes. The tenant will complete a needs assessment, which is included in the TERAP [Tenant Application](#) and further explained in the program guidelines. This ensures that HUD guidance around duplication of benefits is followed and answers questions about what assistance the tenant has already received.
- 13. (2/1/2021) Do we need to verify the year the unit was built? Is that done using the County’s Central Appraisal District (CAD)?**
Yes, the city/county should verify the year the unit was built by comparing the date provided in the [Landlord Form and Certification](#) against appraisal district data.
- 14. (2/1/2021) Are Tenants receiving tenant-based voucher assistance, project-based assistance, or in public housing ineligible for rental assistance?**

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Yes they are ineligible. More information about Ineligible Clients, from page 10 of the [Program Guidelines](#), is included below.

- a. Households receiving duplicative rental assistance from any other source for the same period of time for which they are seeking assistance from the CDBG-CV program are ineligible. Other sources may include but are not limited to rental assistance programs run by cities, counties, nonprofits or religious organizations.
- b. Tenants receiving tenant-based voucher assistance, those who are in a unit receiving project-based assistance, or those who are in public housing are ineligible. Public housing authority (PHAs) properties or properties receiving federal or state rental assistance are not eligible as they are already receiving assistance to meet their rent obligations. Examples of federal rental assistance programs whose program participants are not eligible for CDBG-CV rental assistance include but are not limited to the Housing Choice Voucher program (tenant or project based), Housing Opportunities for Persons with Aids (HOPWA), and HOME Tenant-Based Rental Assistance (TBRA).

15. (2/1/2021) Will we be penalized for prioritizing funds for households with 50-80% AMI? There are other funds in the community focused on serving people 0-50% AMI.

Funds cannot be limited to only a 50-80% AMI subset of applicants. TDHCA's goal is to ensure eligible tenants have access to the same months of benefit anywhere in the state, regardless of the client's income level up to 80% AMI.

16. (2/1/2021) Is the jurisdiction allowed to advertise a priority population for assisting tenants?

You *may* be able to adopt priority preferences; however, TDHCA, to ensure fair housing rules are not violated, has the sole discretion to approve or reject priorities or preferences. Please submit preferences you are considering to TDHCA for our approval.

17. (2/1/2021) If the head of household has SSI, there is no need to verify additional income in the household, correct?

That is correct. A household is considered income eligible if head or co-head of household is receiving SSI benefits or if anyone in the household is currently receiving SNAP or LIHEAP. If applicants provide enrollment documentation for one of the eligible programs, no further income documentation or self-certification is needed.

18. (2/1/2021) If a landlord isn't willing to sign the form, is the tenant still eligible? Or what if a landlord applies for the tenant?

No, all parties must be willing to participate and provide all documents required for the tenant to be eligible for assistance because with CDBG-CV funds the payment must be made to the landlord. Both the landlord and tenant must apply and submit certification paperwork. A landlord may assist the tenant in submitting their application.

19. (3/5/2021) Can required maintenance and insurance fee (not late fees) amounts be included in rental assistance payments, or would they be required to be waived by the landlord to participate in the Rental Assistance or Eviction Diversion programs?

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Maintenance and insurance fees can be included in rental payments if they are included in the lease agreement.

Landlords cannot impose *new* fees (including maintenance and insurance) if they extend a lease or enter into a new lease agreement during the period of assistance.

20. (2/1/2021) Does the Personal ID required for eligibility verification have to be a Valid Texas ID?

The ID does not have to be a valid Texas ID. We understand that government-issued IDs are not always obtainable. It is allowable for subrecipients to identify their clients through another identification method such as a sublease agreement, utility bill, voter registration, school registration form, etc.

21. (2/1/2021) If the tenant presents an expired Personal ID from another State will that meet the required documentation for the application?

Yes, as long as tenancy is verified by another means.

H. Admin/Indirect Costs

1. (1/24/2021) What is the percentage cap for administrative costs?

TDHCA is allowing applicants to use 10% of their funds for administrative costs. However, applicants may request up to 13% with a reasonable explanation.

2. (1/24/2021) Are you considering direct activity delivery costs, such as case management, part of 10% administrative cap?

Yes. While program administration and review is expected, this program does not require case management for short-term emergency assistance.

3. (1/24/2021) Please describe "reasonable" pre award costs. Can it be used to pay staff salaries for workers setting this program up prior to contract signing or IT expenses related to creating an online application?

Yes, staff salaries and IT work for an online application for CDBG-CV related work prior to contract execution are only a few of the allowable pre-award costs.

From 2 CFR 200.404: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the [non-Federal entity](#) is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the [Federal award](#).
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, [state](#), local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.

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- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

4. (2/1/2021) Can any funds be used to affirmatively market the program?

Yes, admin funds can be used for affirmative marketing.

5. (2/1/2021) Is it acceptable to set-up an expenditure and revenue account unique to the CDBG-CV funds for the TERAP program in a fund specific for grants from HUD that are passed through TDHCA?

Setting up a separate account is allowable, but the TERAP funds cannot be combined with the ESG account (or other TDHCA program). The account has to be able to track interest separately because if the interest paid is over \$100 during the contract term, that money has to be returned to the state. See 24 CFR 570.489(e)(2)(iv)(C), as modified by the August 20, 2020, CDBG-CV Notice.

The State is not allowing subrecipients to keep program income because TDHCA is not the annual CDBG state recipient and has no ongoing CDBG relationship with an entitlement community.

I. Lead-Based Paint (LBP) Requirements

1. (2/1/2021) Can the LBP visual assessment be contracted out utilizing the funds? And will that have to be covered under the 10% admin?

Yes, this can be contracted out. Those expenses must be paid from administrative funds, not program funds, however, you can request an increase of admin from 10% up to 13% to meet this cost.

2. (2/1/2021) Will the person completing the visual assessment for pre-1978 units be required to have a certain training?

Yes, Lead-based training is required. Below is a link to the training.
<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>

3. (3/5/2021) Can the person doing the visual assessment do a virtual visual assessment by using digital photos of the unit provided by the client and/or landlord (to reduce risk of COVID-19 infection)?

The Office of Lead Hazard is allowing virtual visual assessments to mitigate the spread of coronavirus. Virtual visual inspections can be completed using photographs, pre-recorded videos, and/or live-streaming video. If deteriorated painted surfaces are identified, it must be stabilized by a certified EPA or state RRP program renovator and unit clearance achieved by a third party risk assessor/inspector or clearance technician.

4. (2/1/2021) If the unit fails visual assessment, can rental assistance be denied based on the unwillingness of the landlord to perform paint stabilization?

Yes, deteriorated paint services must be properly addressed for the unit to comply with the Lead Safe Housing Rule (LSHR) at 24 CFR Part 35.

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5. (2/1/2021) For the lead-based paint requirements, is that 100 days future, or 100 days past and future?

The guidelines mean 100 days of rental assistance moving forward. If a household receives assistance for five months of arrears and one month of current rent, the visual inspection requirement is not triggered. If a household is going to receive 100 days of rental assistance moving forward, then it would trigger the visual assessment.

6. (2/1/2021) If no children reside in the unit, is the visual inspection still required?

Yes. An emergency rental assistance term, provided for any period of time longer than 100 days for current or forward rent, is covered by the Lead Safe Housing Rule (LSHR) at 24 CFR Part 35, and must follow the requirements of Subpart K, *whether occupied by a child less than six years or not* (there are exceptions for certain types of housing units, see 24 CFR §35.115).

7. (2/1/2021) If there is any chipping, peeling or cracking paint is found, should we assume that LBP is there?

Assumptions should not be made. Subpart K of HUD's Lead Safe Housing Rule (24 CFR Part 35) requires that most dwelling units built prior to January 1, 1978, that receive Federal assistance, undergo a visual assessment for deteriorated paint (inside, outside and all common areas) by a trained grantee or subrecipient. Visual Assessment training is free and may be taken through this link:

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>.

The results of the visual assessment must be documented. Should deteriorated paint be identified, the household is not eligible to be assisted unless the administrator elects to follow the compliance steps to properly address the deteriorated painted surfaces, detailed in Subpart K.

J. Performance Reporting

20. (3/5/2021) Are the reporting requirements the same as regular CDBG Funding?

The reporting requirements are similar to what is required of regular CDBG for public service activities. We will specifically ask for:

- Number of persons and households served – in our case we want to track both the households served with general emergency assistance and the eviction diversion (TEDP) assistance, including security and utility deposits for cities and counties that elect to serve clients through the eviction diversion program.
- Household income of households served.
- Demographic information of primary applicant/head of household (race, ethnicity, and gender).
- Indication that households served include veterans, older adults, children, and/or persons with disabilities in households served.
- Amount owed and number of months owed in arrears for each household served.
- Amount of assistance requested and number of months assistance requested for current/future months of rent for each household served.
- As part of the Monthly Performance Spreadsheet, we are now requesting the addresses of the households served so TDHCA can cross-check addresses being served against other programs to avoid duplication of benefits.

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21. (2/1/2021) Are there required performance measures in terms of households assisted?

We will collect the following information.

- Number of households to be assisted for both TERAP and TEDP and demographic information listed above and contract expenditures as follows:
 - All subawardee information provided to the Department by February 15, 2021 [other date that is approximately a month after contract start date].
 - Contract 20% expended, as provided in the Budget, by fourth month reporting.
 - Contract 40% expended, as provided in the Budget, by sixth month reporting.
 - Contract funds 100% obligated, by July 31, 2021 [other date that is approximately six months into the contract].
 - Contract 70% expended, as provided in the Budget, by ninth month reporting.
 - Contract 100% expended, as provided in the Budget, by thirteen month reporting.
- **Deobligation of Funds.** Failure to meet an expenditure benchmark as reported in the Monthly Expenditure and Performance Report as identified in Contract Exhibit A, Contract Benchmarks, may result in the Department (in its sole discretion) deobligating the unreported amount of expended funds for the benchmark and deobligating an equivalent proportion of administrative funds. Funds obligated to specific landlords or utility providers by July 31, 2021, but not paid to those landlords or utility providers may be reobligated by the Subrecipient in accordance with the terms of this Contract.

22. (2/1/2021) Can I ask my subcontractor to provide reports by the 10th of the month to ensure I have time to review them before reporting on the 15th?

Yes, this is a common practice.

23. (5/7/2021) If a tenant is not eligible do you still want the amount owed reported on monthly reporting spreadsheet?

No, that is not required for ineligible tenants.

24. (5/7/2021) Must I submit the performance report before the draw can be requested/pending approval?

Yes, you MUST submit performance report prior to draw request.

25. (5/7/2021) What is the maximum allowable administrative draw?

Once 40% of Admin funds have been spent, future Admin draws are limited. The limit is a 20% spread between two ratios, the percentage of Admin funds spent and the percentage of Project funds spent. The Admin ratio cannot be more than 20% more than the Project ratio. For example:

Allowable:

50% of Budgeted ADMIN spent

33% of Budgeted PROJECT spent

Spread = 17%

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Not Allowable:

50% of Budgeted ADMIN spent

25% of Budgeted PROJECT spent

Spread = 25%

26. (5/7/2021) Can you have a draw for admin but yet to approve applicants?

Yes, but only 40% admin then a progressive limit is triggered.

27. NEW (11/10/2021) Is there anything additional needed for final reporting?

There is no additional reporting required as the Department will aggregate the cumulative data. The Contract Term ends January 14, 2022. A final performance report and expenditure draw must be submitted to the Department within forty-five (45) calendar days after the end of the Contract Term (February 28, 2022).

If a subrecipient chooses to voluntarily deobligate funding prior to contract term end date, please contact us. The TERAP Team will contact you with available balances (if any) to confirm balances prior to deobligation letter.