2006 State of Texas Consolidated Plan One-Year Action Plan

January 2006

Prepared by:

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2006 State of Texas Consolidated Plan One-Year Action Plan

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INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the *2006 State of Texas Consolidated Plan One-Year Action Plan* (“the Plan”) in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the description “Departments” is used.

The 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) 2006. The Program Year begins on February 1, 2006 and ends on January 31, 2007. The performance report on PY 2005 funds will be available in May of 2006. The Plan covers the Departments’ administration of the Community Development Block Grant Program (CDBG), Emergency Shelter Grants Program (ESG), and the HOME Investment Partnerships Program (HOME), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the Departments’ strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The plan consists of the following sections:

- Introduction. Provides an outline of the One-Year Action Plan.
- Form Applications and Certifications. Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- Action Plans. Program-specific plans for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- Other Activities. A description of TDHCA’s plan to undertake other activities that fulfill requirement of §91.320 (f).
- Summary of Public Comment. Describes the citizen participation process. Also includes a summary of public comment and Departmental responses. Transcripts of public hearings and complete copies of submitted comments are also available in the TDHCA Housing Center Library, which is open to the public 8 a.m. to 5 p.m., Monday through Friday. Please contact the Library directly at (512) 475-3975 for more information.

ACTION PLAN REQUIREMENTS

§ 91.320 ACTION PLAN

The action plan must include the following:

(a) Form application. Standard Form 424;

(b) Resources.

(1) Federal resources. The consolidated 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. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate 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. Where the State deems it appropriate, it may indicate publicly owned land or property located within the State that may be used to carry out the purposes stated in § 91.1;

(c) Activities. A description of the State's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year and how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan;

(d) Geographic distribution. A description of the geographic areas of the State (including areas of minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically;

(e) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30% of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, and to address the special needs of persons who are not homeless identified in accordance with § 91.315(d);

(f) Other actions. Actions it plans to take during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives. (See §91.315 (a), (b), (f), (g), (h), (i), (j), (k), and (l).)

(g) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria--if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a State

elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the State's process and criteria for approving local governments' revitalization strategies. (The statement of the 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.)

(2) HOME.

- *i. The State shall describe other forms of investment that are not described in Sec. 92.205(b) of this subtitle.*
- *ii. If the State intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in Sec. 92.254 of this subtitle.*
- *iii. If the State intends to use HOME funds to refinance existing 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). The guidelines shall describe the conditions under which the State will refinance existing debt. At minimum, the guidelines must:*
    - *A. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.*
    - *B. Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.*
    - *C. State whether the new investment is being made to maintain current affordable units, create additional affordable units or both.*
    - *D. Specify the required period of affordability, whether it is the minimum 15 years or longer.*
    - *E. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR Sec. 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.*
    - *F. State HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.*

(3) ESG. The State shall state the process for awarding grants to State recipients and a description of how the State intends to make its allocation available to units of local government and nonprofit organizations.

(4) HOPWA. The State shall state the method of selecting project sponsors.

STANDARD FORM 424 AND STATE CERTIFICATIONS

Version 7/03

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: Application ☑ Construction ☐ Non-Construction	Pre-application ☐ Construction ☐ Non-Construction	**2. DATE SUBMITTED**	Applicant Identifier DUNS# 137053125
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: State of Texas	**Organizational Unit:** Department: Office of Rural Community Affairs
Organizational DUNS: DUNS# 137053125	Division:
Address: Street: 1700 N. Congress Avenue, Suite 220	**Name and telephone number of person to be contacted on matters involving this application (give area code)** Prefix: / First Name: Charles (Charlie)
City: Austin	Middle Name: S.
County: Travis	Last Name: Stone
State: Texas / Zip Code: 78701	Suffix:
Country: USA	Email: cstone@orca.state.tx.us
6. EMPLOYER IDENTIFICATION NUMBER *(EIN)*: 74-2610542	Phone Number (give area code): (512) 936-6704 / Fax Number (give area code): (512) 936-6776
8. TYPE OF APPLICATION: ☑ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) ☐ ☐ Other (specify)	**7. TYPE OF APPLICANT:** (See back of form for Application Types) A Other (specify)
	9. NAME OF FEDERAL AGENCY: Department of Housing and Urban Development
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-228 TITLE (Name of Program):	**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:** Community Development Block Grant
12. AREAS AFFECTED BY PROJECT *(Cities, Counties, States, etc.)*: Statewide	
13. PROPOSED PROJECT Start Date: 02-01-2006 / Ending Date: 01-31-2007	**14. CONGRESSIONAL DISTRICTS OF:** a. Applicant: Statewide / b. Project: Statewide

15. ESTIMATED FUNDING:		
a. Federal	$	73,297,579 .00
b. Applicant	$	.00
c. State	$	.00
d. Local	$	.00
e. Other	$	.00
f. Program Income	$	2,500,000 .00
g. TOTAL	$	75,797,579 .00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON

DATE:

b. No. ☑ PROGRAM IS NOT COVERED BY E. O. 12372

☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ Yes If "Yes" attach an explanation. ☑ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative		
Prefix: Mr.	First Name: Charles (Charlie)	Middle Name: S.
Last Name: Stone		Suffix:
b. Title: Executive Director		c. Telephone Number (give area code): (512) 936-6704
d. Signature of Authorized Representative: Charlie Stone		e. Date Signed: 1/24/06

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APPLICATION FOR FEDERAL ASSISTANCE — Version 7/03

2. DATE SUBMITTED — Applicant Identifier

1. TYPE OF SUBMISSION:
Application: ☐ Construction ☑ Non-Construction
Pre-application: ☐ Construction ☐ Non-Construction

3. DATE RECEIVED BY STATE — State Application Identifier

4. DATE RECEIVED BY FEDERAL AGENCY — Federal Identifier

5. APPLICANT INFORMATION

Legal Name: State of Texas

Organizational Unit:
Department: Texas Department of Housing and Community Affairs
Division:

Organizational DUNS: 805781902

Address:
Street: 221 East 11th Street
City: Austin
County: Travis
State: Texas — Zip Code: 78701
Country: USA

Name and telephone number of person to be contacted on matters involving this application (give area code)
Prefix: — First Name: Eddie
Middle Name: E.
Last Name: Fariss
Suffix:
Email: eddie.fariss@tdhca.state.tx.us
Phone Number (give area code): 512/475-3897 — Fax Number (give area code):

6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74-2610542

8. TYPE OF APPLICATION: ☑ New ☐ Continuation ☐ Revision
If Revision, enter appropriate letter(s) in box(es)
(See back of form for description of letters.) ☐ ☐
Other (specify)

7. TYPE OF APPLICANT: (See back of form for Application Types)
A
Other (specify)

9. NAME OF FEDERAL AGENCY:
Department of Housing and Urban Development

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-231
TITLE (Name of Program): Emergency Shelter Grant Program

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
Emergency Shelter Grant Program

12. AREAS AFFECTED BY PROJECT *(Cities, Counties, States, etc.)*:
Statewide

13. PROPOSED PROJECT
Start Date: 2/1/06 — Ending Date: 1/31/07

14. CONGRESSIONAL DISTRICTS OF:
a. Applicant: Statewide — b. Project: Statewide

15. ESTIMATED FUNDING:

a. Federal	$ 5,076,683 .00
b. Applicant	$ .00
c. State	$ .00
d. Local	$ .00
e. Other	$ .00
f. Program Income	$ .00
g. TOTAL	$ 5,076,683 .00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON
DATE:
b. No. ☑ PROGRAM IS NOT COVERED BY E. O. 12372
☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
☐ Yes If "Yes" attach an explanation. ☑ No

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a. Authorized Representative
Prefix — First Name: Edwina (Edwina) — Middle Name: P. (P.)
Last Name: Carrington (Carrington) — Suffix
b. Title: Executive Director (Executive Director) — c. Telephone Number (give area code): 512/475-3932
d. Signature of Authorized Representative: Edwina P. Carrington — e. Date Signed: 1/23/06

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APPLICATION FOR FEDERAL ASSISTANCE — Version 7/03

1. TYPE OF SUBMISSION: Application ☑ Construction ☐ Non-Construction	Pre-application ☐ Construction ☐ Non-Construction	**2. DATE SUBMITTED**	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: State of Texas	**Organizational Unit:** Department: Texas Department of Housing and Community Affairs
Organizational DUNS: 806781902	Division:
Address: Street: 221 East 11th Street	**Name and telephone number of person to be contacted on matters involving this application (give area code)** Prefix: First Name: Eric
City: Austin	Middle Name
County: Travis	Last Name: Pike
State: Texas — Zip Code: 78701	Suffix:
Country: USA	Email: eric.pike@tdhca.state.tx.us
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74-2610542	Phone Number (give area code): 512/475-2118 — Fax Number (give area code):
8. TYPE OF APPLICATION: ☑ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) ☐ ☐ Other (specify)	**7. TYPE OF APPLICANT:** (See back of form for Application Types) A Other (specify)
	9. NAME OF FEDERAL AGENCY: Department of Housing and Urban Development
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-239 TITLE (Name of Program): **Home Investment Partnerships Program**	**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:** Home Investment Partnerships Program
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): Statewide	
13. PROPOSED PROJECT Start Date: 2/1/06 — Ending Date: 1/31/07	**14. CONGRESSIONAL DISTRICTS OF:** a. Applicant: Statewide — b. Project: Statewide

15. ESTIMATED FUNDING:		
a. Federal	$	41,308,832 .00
b. Applicant	$	.00
c. State	$	.00
d. Local	$	.00
e. Other	$	.00
f. Program Income	$	.00
g. TOTAL	$	41,308,832 .00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:

b. No. ☑ PROGRAM IS NOT COVERED BY E. O. 12372

☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ Yes If "Yes" attach an explanation. ☑ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative		
Prefix	First Name: Edwina	Middle Name: P.
Last Name: Carrington		Suffix
b. Title: Executive Director		c. Telephone Number (give area code): 512/475-3932
d. Signature of Authorized Representative: Edwina P. Carrington		e. Date Signed: 1-24-06

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OMB Approval No. 0348-0043

Version 7/03

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION:
   - Application: ☐ Construction ☒ Non-Construction
   - Preapplication: ☐ Construction ☐ Non-Construction

2. DATE SUBMITTED: 2/1/06 — Applicant Identifier:

3. DATE RECEIVED BY STATE: — State Application Identifier:

4. DATE RECEIVED BY FEDERAL AGENCY: — Federal Identifier:

5. APPLICANT INFORMATION

Legal Name: Department of State Health Services	Organizational Unit: Department: Department of State Health Services
Organizational DUNS: 80-739-1511	Division: Prevention and Preparedness Services
Address: Street: 1100 W. 49th Street	Name and telephone number of the person to be contacted on matters involving this application (give area code)
City: Austin	Prefix: Ms. — First Name: Janna
County: Travis	Middle Name:
State: TX — ZIP: 78756	Last Name: Zumbrun
Country: USA	Suffix: MSSW
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 32-0113643	Phone Number (give area code): (512)458-7200 — FAX Number (give area code): (512)458-7607
8. TYPE OF APPLICATION: ☐ New ☒ Continuation ☐ Revision. If Revision, enter appropriate letter(s) in box(es): (See back of form for description of letters.) Other (specify):	7. TYPE OF APPLICANT: (See back of form for Application Types): A. State. Other (Specify):
	9. NAME OF FEDERAL AGENCY: Department of Housing and Urban Development
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-211. TITLE (Name of Program): Housing Opportunities for Persons with AIDS	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Housing Opportunities for Persons with AIDS
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide	
13. PROPOSED PROJECT: Start Date: 2/1/06 — Ending Date: 1/31/07	14. CONGRESSIONAL DISTRICTS OF: a. Applicant: 10 — b. Project: Statewide

15. ESTIMATED FUNDING:

a. Federal	$ 2,691,000.00
b. Applicant	$
c. State	$
d. Local	$
e. Other	$
f. Program Income	$
g. TOTAL	$ 2,691,000

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
   - a. ☐ YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE
   - b. ☒ NO. PROGRAM IS NOT COVERED BY E.O. 12372 OR PROGRAM HAS NOT BEEN SELECTED STATE FOR REVIEW

17. IS APPLICATION DELINQUENT ON ANY FEDERAL DEBT? ☐ YES If "Yes," attach an explanation. ☒ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative

Prefix: Ms.	First Name: Debra	Middle Name: C.
Last Name: Stabeno		Suffix: MPH
b. Title: Assistant Commissioner		c. Telephone Number (give area code): (512)458-7729
d. Signature of Authorized Representative: Debra Stabeno		e. Date Signed: 1-27-06

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CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the jurisdiction certifies that:

Affirmatively Further Fair Housing -- The jurisdiction will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

2. Establishing an ongoing drug-free awareness program to inform employees about -

   (a) The dangers of drug abuse in the workplace;
   (b) The grantee's policy of maintaining a drug-free workplace;
   (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
   (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;

4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -

   (a) Abide by the terms of the statement; and

   (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -

(a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying -- To the best of the jurisdiction's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of Jurisdiction -- The consolidated plan is authorized under State and local law (as applicable) and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Edwina P Carrington 12/14/05

Signature/Authorized Official Date

Edwina P. Carrington, Executive Director

Name, Title

SPECIFIC CDBG CERTIFICATIONS

The State certifies that:

Citizen Participation—It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance for the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments—It has and or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

2. It engages in or will engage in planning for community development activities;

3. It provides or will provide technical assistance to units of local government in connection with community development programs; and

4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activity selected.

Local Needs Identification—It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development—Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds—It has complied with the following criteria:

1. <u>Maximum Feasible Priority.</u> With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities that the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;

2. <u>Overall Benefit.</u> The aggregate use of CDBG funds including Section 108 guaranteed loans during program years (Pys) 2005, 2006, 2007, 2008, and 2009 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70% of the amount is expended for activities that benefit such persons during the designated period;

3. <u>Special Assessments.</u> The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CGBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that related to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force—It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to our exit form a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws—The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws—It will comply with applicable laws.

Charles Stone
Signature/Authorized Official

12/08/05
Date

Executive Director
Title

1700 N. Congress Ave., Ste. 220
Address

Austin, TX 78701
City/State/Zip

512-936-6704
Telephone Number

STATE GRANTEE

EMERGENCY SHELTER GRANTS PROGRAM

FY 2006 CERTIFICATIONS

I, Edwina P. Carrington, Executive Director, authorized to act on behalf of the state of Texas, certify that the state will ensure compliance by units of general local government and nonprofit organizations to which it distributes funds under the Emergency Shelter Grants Program with:

(1) The requirements of 24 *CFR* 576.25(b)(2) concerning the submission by nonprofit organizations applying for funding of a certification of approval of the proposed project(s) from the unit of local government in which the proposed project is located.

(2) The requirements of 24 *CFR* 576.53 concerning the continued use of buildings for which Emergency Shelter Grant funds are used for rehabilitation or conversion of buildings for use as emergency shelters for the homeless; or when funds are used solely for operating costs or essential services, concerning the population to be served.

(3) The building standards requirement of 24 *CFR* 576.55.

(4) The requirements of 24 *CFR* 576.56, concerning assurances on services and other assistance to the homeless.

(5) The requirements of 24 *CFR* 576.57, other appropriate provisions of 24 *CFR* Part 576, and other applicable Federal law concerning nondiscrimination and equal opportunity.

(6) The requirements of 24 *CFR* 576.59(b) concerning the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(7) The requirements of 24 *CFR* 576.59 concerning minimizing the displacement of persons as a result of a project assisted with these funds.

(8) The requirements of 24 *CFR* 576.56(a) and 576.65(b) that grantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the Emergency Shelter Grants Program and that the address or location of any family violence shelter project assisted with ESG funds will not be made public, except with written authorization of the person or persons responsible for the operation of the shelter.

(9) The requirement of that recipients involve, to the maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, and in providing services for occupants of these facilities as provided by 24 *CFR* 576.56(b)(2).

(10) The requirements of 24 *CFR* 576.21(a)(4) which provide that the funding of homeless prevention activities for families that have received eviction notices or notices of termination of utility services meet the following standards: (A) that the inability of the family to make the required payments must be the result of a sudden reduction in income; (B) that the assistance must be necessary to avoid eviction of the family or termination of the services to the family; (C) that there must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and (D) that the assistance must not supplant funding for preexisting homeless prevention activities from any other source.

(11) The new requirement of the McKinney-Vento Act, 42 *USC* 11301, to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that state and local governments are primarily responsible for the care of these individuals, and that ESG funds are not to be used to assist such persons in place of state and local resources.

(12) The Drug Free Workplace requirements of 24 *CFR* Part 24 concerning the Drug Free Workplace Act of 1988.

(13) The state will comply with the provisions of, and regulations and procedures applicable under 24 *CFR* 576.57(e) with respect to the environmental review responsibilities under the National Environmental Policy Act of 1969 and related authorities as specified in 24 *CFR* Part 58 as applicable to activities of nonprofit organizations funded directly by the state. The state also agrees to assume the Department's responsibility and authority as set forth in 24 *CFR* 576.57(e) for acting on the environmental certifications and requests for the release of funds submitted to the state by local government recipients.

(14) The state's requirement to provide matching funds required by 24 *CFR* 576.51 and 42 *USC* 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

(11) HUD's standards for participation in a local Homeless Management Information System (HMIS) and the collection and reporting of client-level information.

I further certify that the submission of a complete and approved Consolidated Plan with its relevant certifications, which is treated as the application for an Emergency Shelter Grant, is authorized under state law, and that the state possesses legal authority to fund the carrying out of grant activities by units of general local government and nonprofit organizations in accordance with applicable laws and regulations of the Department of Housing and Urban Development.

By: Edwina P. Carrington
Signature and Date 1/17/06

Edwina P. Carrington
Typed Name of Signatory

Executive Director, Texas Department of Housing and Community Affairs
Title

Specific HOME Certifications

The HOME participating jurisdiction certifies that:

Tenant Based Rental Assistance -- If the participating jurisdiction intends to provide tenant-based rental assistance:

> The use of HOME funds for tenant-based rental assistance is an essential element of the participating jurisdiction's consolidated plan for expanding the supply, affordability, and availability of decent, safe, sanitary, and affordable housing.

Eligible Activities and Costs -- it is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in § 92.214.

Appropriate Financial Assistance -- before committing any funds to a project, it will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing;

Edwina P. Carrington 12/14/05

Signature/Authorized Official Date

Edwina P. Carrington, Executive Director

Name, Title

HOPWA Certifications

The HOPWA grantee certifies that:

Activities – Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building – Any building or structure assisted under that program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of assistance involving new construction, substantial rehabilitation, or acquisition of a facility,

2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

12-14-05

Signature/ Authorized Official | Date

Ms. Debra C. Stabeno, M.P.H., Assistant Commissioner, Prevention and Preparedness
Name, Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).

5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).

6. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

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

(ESG & HOME) Texas Department of Housing and Community Affairs,
Headquarters Building and Field Offices
221 East 11th Street, Austin, TX 78701

(CDBG) Office of Rural Community Affairs,
Headquarters Building and Field Offices
1700 N. Congress, Suite 220, Austin, TX 78701

(HOPWA) Department of State Health Services
HIV/STD Comprehensive Services Branch, Austin, TX
1100 W. 49th St., Austin, TX, 78756

Check ___ if there are workplaces on file that are not identified here.

The certification with regard to the drug-free workplace is required by 24 CFR part 21.

7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

ACTION PLANS

COMMUNITY DEVELOPMENT BLOCK GRANT
TEXAS COMMUNITY DEVELOPMENT PROGRAM 2006 ACTION PLAN

PY 2006 GENERAL PROGRAM INFORMATION

Community Development Block Grant Program Administration

The Office of Rural Community Affairs (ORCA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Program (TCDP). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between ORCA and TDA. The TCDP will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between ORCA and TDHCA.

The mission of the Office of Rural Community Affairs is to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.

PY 2006 TCDP LEVERAGED RESOURCES

In order to support the goals, objectives, and outcomes of the Texas Community Development Program and to encourage local commitments to the projects submitted for funding, match is required under most of the funding categories. The scoring criteria in the competitive funding categories give a scored weight to applicants that provide matching cash, in-kind labor, materials, and/or land and contributions from other sources. Leveraging resources other than local revenues, bonds, or loans from communities may include, but are not limited to the following:

- Texas Water Development Board,
- US Department of Agriculture – Rural Development, Natural Resource Conservation Service, Section 502 and Section 306c Programs,
- US Department of Homeland Security – Federal Emergency Management Agency,
- US Department of Treasury's – North American Development Bank/Border Environment Cooperation Commission, and Small Business Administration,
- Texas Department of Transportation,
- Texas Department of Housing and Community Affairs – HOME Program, Housing Trust Fund, and Housing Assistance Council,
- Texas Department of Agriculture,
- Private businesses, organizations and/or Non-profits, and
- Banks and other lending institutions.

Eligible Applicants

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement 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).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand 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. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

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

Counties eligible under both the TCDP Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the TCDP Colonia Economically Distressed Areas Program Fund. Nonentitlement cities located within eligible counties that meet other eligibility criteria are also eligible applicants for the TCDP Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.907 of the Texas Local Government Code, a colonia 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.

Eligible Activities

Eligible activities under the Texas Community Development Program are listed in 42 U.S.C Section 5305. The TCDP staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.
All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low and moderate income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency that represent an immediate threat to the health and safety of residents of the community.

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and noncontiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least 51 percent of the residents located in each noncontiguous 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 TCDP funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

Ineligible Activities

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development 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.

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 Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

Primary Beneficiaries

The primary beneficiaries of the Texas Community Development Program are low to moderate income persons as defined under the US Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section l02(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 income can be based on a metropolitan statistical area, a nonmetropolitan county, or the statewide nonmetropolitan median family income figure.

Displacement of Persons Assisted

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

ALLOCATION OF CDBG FUNDS

Available Fund Categories

Assistance is available in ten funding categories under the Texas Community Development Program as indicated below:

1. Community Development Fund
2. Community Development Supplemental Fund
3. Texas Capital Fund
4. Colonia Fund
    - 4a. Colonia Construction Fund
    - 4b. Colonia Economically Distressed Areas Program Fund
    - 4c. Colonia Planning Fund
        - (1) Colonia Area Planning Fund
        - (2) Colonia Comprehensive Planning Fund
    - 4d. Colonia Self-Help Centers Fund
5. Non-Border Colonia Fund
6. Planning and Capacity Building Fund
7. Disaster Relief/Urgent Need Fund

8. TCDP STEP Fund
9. Microenterprise Loan Fund
10. Small Business Loan Fund
11. Section 108 Loan Guarantee Pilot Program

Description of Funds

1. Community Development Fund

This fund is available on a biennial basis (primarily for public facilities and housing assistance) for funding from PYs 2005 and 2006 through a 2005 annual competition in each of the 24 state planning regions. Applications received by the PY 2005 application deadline of November 5, 2004, were selected to receive grant awards from the PY 2005 and 2006 allocations. The scoring of the applications is shared between ORCA and the 24 Regional Review Committees.

Housing—Each region is encouraged to allocate 8 percent, or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage of its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities. (Under a housing allocation process, a community would not be able to receive an award for both a housing activity and an award for another Community Development/Community Development Supplemental Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions through a formula based on the following factors:

a.	Nonentitlement 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 nonentitlement applicants within each region. The current Community Development Fund regional allocation formula factors will continue in 2006 since the TCDP has reviewed and scored the applications for funding from PY 2005's allocation and the estimated 2006 allocation. Changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Program funding level and changes in eligible population, poverty characteristics, and unemployment characteristics. 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. The TCDP will continue to involve the nonentitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the ORCA Executive Committee, a standing Executive Committee subcommittee, and input from the State Community Development Review

Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

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 2005 and 2006 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2005 and 2006 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 TCDP 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 TCDP staff 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 2005 regional allocation or 2006 regional allocation. Depending on the State of Texas' CDBG allocations for the 2005 and 2006 program years, there could be a large variance between the 2005 and 2006 regional allocations. If the 2006 regional allocation for one of these regions decreases significantly from the 2005 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 2006 regional allocation.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Community Development Fund allocation and correspondingly higher or lower 2006 regional allocations.

2. Community Development Supplemental Fund

Funds under the Community Development Supplemental Fund are allocated among the 24 state planning regions through a formula using the same methodology that HUD uses to allocate CDBG funds to the nonentitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The TCDP will use available data to calculate the allocations to each region.

Activities eligible under the Community Development Supplemental Fund will be same as under the Community Development Fund.

The TCDP will review the applications and proposed activities for eligibility under HUD CDBG program regulations. The Regional Review Committee (350 points) will score the applications received under this fund, with the exception that the TCDP (10 points) will score the past performance factor.

The amount in this fund will be available during the same biennial application review and selection period as the Community Development Fund. An applicant would not need to apply separately under the Community Development Supplemental Fund. The maximum and minimum award amount in a region for the Community Development Supplemental Fund would be the same as the levels established for the Community Development Fund. The Regional Review Committee will consider and score applications for both the Community Development and Community Development Supplemental Funds at the same meeting using the applicable selection criteria. Similarly, the TCDP will consider and score the applications for both funds at the same time using the applicable criteria.

Because applications are considered for funding under both the Community Development and Community Development Supplemental Funds during the same selection process, an eligible community may only submit one application under the Community Development Fund/Community Development Supplemental Fund for the 2005/2006 biennial competition.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Community Development Supplemental Fund allocation and correspondingly higher or lower 2006 regional allocations.

2a. Selection Process

1. The Community Development Fund dollars for the first and second years of the biennial process are distributed and awarded first based on the Community Development Fund selection factors (700 points).\

2. The remaining applicants that do not receive awards are then ranked to receive the Community Development Supplemental funds for the first and second years of the biennial process based on the Community Development Supplemental Fund selection factors (360 points).

3. The Community Development Fund marginal funds may be used in the second year to fund a not fully funded Community Development Supplemental Fund application.

4. If there are insufficient Community Development Supplemental Funds in the first year to fully fund an application, then the applicant may accept the amount available or wait for full funding in the second year by combining the two years.

5. If there are insufficient Community Development Supplemental Funds in the two years to fully fund an application, then Community Development Fund marginal funds may be used to fully fund the application. If marginal funds are not available to fully fund the application, the applicant may accept the amount of the funds available or, if declined, the funds will be part of the marginal competition.

3. 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. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities:

a. Infrastructure improvements to assist a for-profit entity or a nonprofit 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 nonentitlement 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 ORCA. Not more than 5 percent of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires ORCA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." ORCA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.

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 Texas Capital Fund 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).

4. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas that meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by TCDP staff. The term "colonia" means any identifiable unincorporated community 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 in which additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, 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.

4a. Colonia Construction Fund

The allocation is available on a biennial basis for funding from PYs 2005 and 2006 through a 2005 annual competition. Applications received by the PY 2005 application deadline are eligible to receive grant awards from the PYs 2005 and 2006 allocations. Funding priority shall be given to TCDP applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the TCDP project will provide assistance to colonia residents that 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 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 U.S.C Section 5305 designed to meet the needs of colonia residents.

4b. Colonia Economically Distressed Areas Program (CEDAP) Fund

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement 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 nonentitlement 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 Texas Water Development Board's Economically Distressed Areas Program (when approved by the TCDP), taps and meters (when approved by the TCDP), 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.

4c. Colonia Planning Fund

The allocation will be distributed through two separate annual competitions for applications that include planning activities targeted to selected colonia areas—Colonia Area Planning Fund, and for applications that include countywide comprehensive planning activities—Colonia Comprehensive Planning Fund. Applications received by the PY 2006 application deadline are eligible to receive a grant award from the PY 2006 allocation.

A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund. Therefore, any county that has previously received a Colonia Comprehensive Planning Fund grant award may not submit another application for the Colonia Comprehensive Planning Fund.

To qualify for the Colonia Area Planning Fund, 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 Fund 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 Fund—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; and
- 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.

(2) Colonia Comprehensive Planning Fund—To be eligible for this fund, 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

4d. Colonia Self-Help Centers Fund

In accordance with Subchapter Z, Chapter 2306, Government Code, 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 Texas Water Development Board Economically Distressed Areas Program (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 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 in which the self-help center is located. TDHCA will enter into a Texas Community Development Program contract with each affected county. Each county enters into a subcontract with a nonprofit community action agency, a public housing authority, or a nonprofit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the 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 Program. The Advisory Committee shall 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 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.

5. Non-Border Colonia Fund

This fund is available on a biennial basis to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and nonentitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like 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). Scoring of all the selection criteria for Non-Border Colonia Fund applications is completed by TCDP staff.

6. 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. Applications received by the PY 2005 application deadline were eligible to receive grant awards through a statewide competition for funding from the PY 2005 and 2006 allocations.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Planning and Capacity Building Fund allocations.

7. 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 the Governor has proclaimed a state disaster declaration or has requested a federal disaster declaration. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of TCDP funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in either 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. An application for Urgent Need assistance will not be accepted by the TCDP until discussions between the potential applicant and representatives of the TCDP, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets TCDP 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 TCDP 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 Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program unless ORCA 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.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- 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 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 TCDP for Urgent Need assistance.
- 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 infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.

Construction on an Urgent Need fund project must begin within 90 days from the start date of the TCDP contract. The TCDP reserves the right to deobligate 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 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the TCDP funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the TCDP 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.

8. TCDP STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (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 2005 and 2006 Community Development Fund/Community Development Supplemental Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2006 STEP Fund grant award. However, the TCDP will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2005 or 2006 Community Development Fund/Community Development Supplemental Fund grant award to finance water and sewer activities that will be addressed through self-help.

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.

TCDP staff 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 TCDP 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)
- equipment for installation of water or sewer if justification is provided
- 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 TCDP STEP Fund unless the activity is approved by the Texas Community Development Program
- 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 Texas Commission on Environmental Quality.

The TCDP will not reimburse for force account work for construction activities on the STEP project.

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.

The TCDP will not accept an application for STEP Fund assistance until TCDP staff and representatives of the potential applicant have evaluated the self-help process and TCDP staff determine 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 all of the 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 "no frills" 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) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem;
4) 40 percent savings off of retail price; and
5) must be performed predominately by community volunteer workers.

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

1) One or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; leaders that 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 detailed enough to maintain the paperwork needed for the project.
    - 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.

    These are not absolutes but the best scenario for any project.

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
    - Enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency.

3) Capacity— manpower including some skills required to solve the problem.
    - Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
    - List of Volunteers by task
    - Possible equipment in community (not a requirement)
    - Letters stating support from local businesses in form of donation of supplies or manpower.
    - Letter from service provider supporting project and agreeing to provide service.
    - CPA Letter documenting that applying locality has financial and management capacity to compete project

3) 40 percent savings off of retail price.
Documentation of the 40 percent 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
    - List of Volunteers by task
    - Determination of appropriate technology and feasibility of project. (Letter from engineer)

9. Microenterprise Loan Fund

This fund is available on an annual basis for funding from available program income through an annual statewide competition. Applications received by the application deadline are eligible to receive grant awards from available program income. An eligible city or county submits the application and must contract with a nonprofit organization (economic development corporation, community development corporation, etc.) for the purpose of establishing a local loan program that directly assists for-profit microenterprise businesses. Proceeds from the repayment of the loans will be retained by the nonprofit organization. A microenterprise is a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise. The microenterprise receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the microenterprise must principally benefit low and moderate income persons. The funds cannot be used by the microenterprise for debt service, refinancing, or payment of the business owner's salaries.

Eligible activities under this fund are the following:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)
- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

10. Small Business Loan Fund

This fund is available on an annual basis for funding from available program income through an annual statewide competition. Applications received by the application deadline are eligible to receive grant awards from available program income. An eligible city or county submits the application for the purpose of supporting for-profit small businesses through loans meeting a gap financing need. Retention of the proceeds from the repayment of the loans will meet the same requirements for program income that apply to Texas Capital Fund contracts. A small business is a for-profit business with less than 100 employees. The small business receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the small business must principally benefit low and moderate income persons. The funds cannot be used by the small business for debt service, refinancing, or payment of the business principal's salaries.

Eligible activities under this fund are the following:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)
- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

11. Section 108 Loan Guarantee Pilot Program

Section 108 is the loan guarantee provision of the Housing and Community Development Act Community Development Block Grant (CDBG) program. The loan is made by a private lender to an eligible nonentitlement city or county. The US Department of Housing and Urban Development (HUD) guarantees the loan; however, TCDP must pledge the state's current and future Community Development Block Grant nonentitlement area funds to cover any losses. to provide eligible nonentitlement communities an additional funding source, the State is authorizing a loan guarantee pilot program consisting of one application up to a maximum of $500,000 for a particular project. An application guide containing the submission date and qualifications will be available for applicants interested in being selected as the pilot project under this program.

An eligible nonentitlement city or county would prepare a loan guarantee application for submission to HUD. However, under the State Section 108 program, the following conditions apply:

a. ORCA will not provide a commitment for an application submitted to HUD for a Section 108 guarantee unless ORCA has reviewed the application, conducted an underwriting analysis, and specifically recommended its approval.
b. ORCA will charge the eligible nonentitlement city or county receiving the Section 108 loan a nonrefundable loan loss reserve fee at the rate of 1 percent per annum on the principal amount outstanding. The funds from the 1 percent fee would be used for any debt service payments ORCA would need to pay on account of the loan, or to cover any loan losses, if the recipient does not make its Section 108 loan payments.
c. The application must be only for an activity eligible under the State Program.
d. ORCA will require the locality to submit adequate information necessary to track all loan repayments made by any third party borrowers such as assisted businesses;
e. ORCA will monitor compliance with program requirements.

Eligible Activities

The project must meet a national objective of CDBG Program: (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 that represent an immediate threat to the health and safety of residents of the community. In addition, the State program is specifically restricting eligibility to economic development activities eligible under CDBG Program. Other activities eligible under the HUD regulations will not be eligible under the pilot phase of this program.

The maximum repayment period for a Section 108 guaranteed loan under the TCDP will be twenty years.

The TCDP will not establish a funded loss reserve. ORCA anticipates entering into a Reimbursement Agreement with the community providing for recovery of amounts required to be paid by the TCDP. Should the TCDP be required to cover any Section 108 loan payments not made by the recipient of the loan guarantee, it would first use funds that have been collected from the additional 1 percent per annum fee charged on the loan.

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) as part of the Community Development Block Grant Program. Regulations for the program are located in the Code of Federal Regulation at 24 CFR, Part 570, Subpart M.

Allocation of Available Funds by Fund Category

The amount available for TCDP assistance will be the 2006 State CDBG allocation of $73,297,579 plus an estimated $2,500,000 in program income generated by the Texas Capital Fund. Deobligated funds and/or program income shall be used for the 2006 Non-Border Colonia Fund, the Disaster Relief Fund and Urgent Need Fund. Additional program income shall be used for the MicroEnterprise Loan Fund and the Small Business Loan Fund. Funds will be allocated according to the following percentages of the State's 2006 allocation.

FUND	2006 PERCENT	AMOUNT AVAILABLE
Community Development Fund	56.75	$41,596,376
Community Development Supplemental Fund	4.35	$ 3,188,445
Non-Border Colonia Fund	0.00[1]	$ 0
Texas Capital Fund (TCF)	14.51	$10,635,479
Colonia Fund		
Colonia Construction Fund	6.86	$ 5,005,889
Colonia EDAP Fund	2.70	$ 2,000,000
Colonia Planning Fund	0.44	$ 323,869
Colonia Self-Help Centers Fund	2.50	$ 1,832,440
Planning and Capacity Building Fund	0.90	$ 656,746
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	4.10	$ 3,001,953
Urgent Need Fund	0.61[2]	$ 444,183
TCDP STEP Fund	3.16	$ 2,313,272
MicroEnterprise Loan Fund	0.00[3]	$ 0
Small Business Loan Fund	0.00[4]	$ 0
Section 108 Loan Guarantee Pilot Program	0.00[5]	$ 0
Administration	2.00	$ 1,465,952
Administration ($100,000)	0.1364	$ 100,000
Technical Assistance	1.00	$ 732,975

[1] Deobligated funds and/or program income were used in 2005 and 2006 to fund all remaining applications received under the 2005/2006 biennial Non-Border Colonia Fund competition. Since no applications remain unfunded in the Non-Border Colonia Fund biennial competition, the percentage and actual amounts are shown as zero. The amount originally estimated for the 2006 Non-Border Colonia Fund is allocated to the Urgent Need Fund.

[2] Deobligated funds and/or program income totaling no more than $1,000,000 per program year may be used for the Urgent Need Fund.

[3] Program income not to exceed $1,000,000 is available for the MicroEnterprise Loan Fund.

[4] Program income not to exceed $1,000,000 is available for the Small Business Loan Fund.

[5] Loan guarantee commitments totaling no more than $500,000 are authorized.

Summary of Activities That Utilize 1% Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program—The Texas Community Development Program will conduct numerous on-site technical assistance visits funded with the 1% technical assistance (1% TA) set-aside approved by HUD. These visits will be conducted throughout the year when the TCDP staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

TCDP Community Services Specialists, Program Development Specialists, and Regional Coordinators will 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 TCDP project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries, which allows TCDP staff provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% TA funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% TA funds for on-site technical assistance on the Colonia Self-Helps Centers program.

The TCDP is utilizing the 1% TA funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (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.

The 1% TA funds may be used to support an Engineering Specialist position to provide specific engineering technical assistance to the communities. This position assesses project appropriateness, feasibility, and costs.

The TCDP may utilize the 1% TA funds to support TCDP activities related to ORCA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that ORCA dedicate considerable resources for disaster recovery efforts.

In 2006, the TCDP will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of nonentitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% TA funds will also be used by each of the 24 State Planning Regions to provide nonproject specific technical assistance to cities and counties that are eligible for TCDP funds in each region.

The 1% TA funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% TA funds may be used to support the operations of ORCA' technical assistance field offices in West Texas, South Texas, and East Texas.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds, and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the TCDP for eligible Texas Community Development Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development

Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds that HUD has recaptured from Small Cities may be redistributed among the established PY 2006 fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the Executive Committee of ORCA on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, any awards necessary to resolve appeals under fund categories requiring publication of contract awards in the Texas Register, TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of ORCA. Other purposes or initiatives may be established as a priority use of such funds by the Executive Committee of ORCA. Should the TCDP be required to make payments to HUD to cover any loan payments not made by any recipient of a Section 108 loan guarantee, it would first use any available deobligated funds.

If a portion of the State's 2006 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2006 allocation is decreased or increased significantly from the State's 2005 allocation, the TCDP may make corresponding changes within the fund allocation percentages as required.

(b) Redistribution 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 in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the TCDP's award letter to the applicant, the award will be immediately withdrawn by the TCDP (excluding the colonia self-help center awards). Should the applicant fail to execute the TCDP's award contract (excluding Texas Capital Fund and 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 by the TCDP. For an award that is withdrawn from an application, the TCDP follows different procedures for the use of those recaptured funds depending on the fund category where 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 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 are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region 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 TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) Funds recaptured under the Community Development Supplemental Fund from the withdrawal of an award made from the first year of the biennial funding 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 Supplemental Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Supplemental 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 TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section. This process would also apply to an application under the Community Development Supplemental Fund that received a portion of its funds from Community Development marginal funds. The Community Development marginal funds would be provided to the replacement application.

(3) For both the Community Development Fund and Community Development Supplemental Fund (including applications funded with a portion from each of the two funds), 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 TCDP fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding 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 are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. 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 TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(5) Funds recaptured under the Colonia 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 TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(6) Funds recaptured under the Colonia Planning 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 TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Colonia Economically Distressed Areas Program Fund from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program fund applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program Fund applications within twelve months after the TCDP receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10% colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Non-Border Colonia Fund from the withdrawal of an award remain available to potential Non-Border Colonia Program Fund applicants during that program year and, if unallocated within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(9) 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.

(10) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been 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 TCDP fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(11) Funds recaptured under the Microenterprise Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(12) Funds recaptured under the Small Business Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(13) 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.

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 used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to 2 percent of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development 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 CDBG funds
- Proceeds from the sale of loans made with CDBG 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 CDBG 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 CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG 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 CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with

Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. ORCA and TDA will determine when an activity will be considered to be continued. If the local government has not committed any RLF funds during the three-year period, all program income currently retained in the local RLF and any future program income received must be returned to the State for use in the statewide RLF.

Communities electing 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 elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/TCDP contract or an RLFP is not submitted for approval within the first 6 months from the commencement date of the contract, then all program income must be returned to the state. Program income returned to the state will be placed in a statewide RLF for the purpose of providing funds for eligible economic development activities.

This section, “Texas Capital Fund Program Income,” replaces the Texas Capital Fund Program Income Sections of the Final Statements for PYs 1989 through 1995 and affects all TCF local revolving loan funds established by contracts awarded in PYS 1989 through 1995. The following provisions, however, do not apply: 1) “The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to TCDP approval of an RLFP must be returned to the State.” 2) “...every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived.” 3) “...contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state.”

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or TCDP fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least 60 days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. If the local government has not committed any RLF funds during the three year period, all program income currently retained in the local RLF and any future program income received must be returned to the state for use in the statewide RLF.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the TCDP.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the TCDP. Program income returned to the TCDP will be placed in a statewide RLF for the purpose of providing funds for eligible housing or other community development activities.

3. Microenterprise Loan Fund Program Income

Program income will be handled in accordance with HUD regulations. Additional guidance will be included in the application guidelines.

4. Small Business Loan Fund Program Income

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. ORCA will determine when an activity will be considered to be continued. If the local government has not committed any RLF funds during the three-year period, all program income currently retained in the local RLF and any future program income received must be returned to the State for use in the statewide RLF.

Communities electing 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 elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/TCDP contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. Program income returned to the state will be placed in a statewide RLF for the purpose of providing funds for eligible economic development activities.

APPLICATION INFORMATION

Types and Number of Applications

The following two types of applications are permitted under the Texas Community Development 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 TCDP application guides, an eligible city may submit an application that 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 TCDP 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 cannot participate in another single jurisdiction or multijurisdiction application for the same funding category. Local accountability cannot 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 was not meeting the TCDP application threshold requirements would be considered ineligible.

2. Multijurisdiction Applications

Multijurisdiction 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 cities/counties applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multijurisdiction application and the authorized applicant is accountable to the TCDP for financial compliance and program performance; however, all entities participating in the multijurisdiction application will be accountable for application threshold compliance. A multijurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multijurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multijurisdiction 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.

Application Cycles

Because this is the second year of the biennial submission cycle for various funds with 2005 biennial cycles, the 2006 cycle for these biennial funds must remain unchanged. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

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]	November 2004
2. Community Development Supplemental Fund	Biennial	November 2004
3. Non-Border Colonia Fund	Biennial	June 2005
4. Texas Capital Fund		
Real Estate Program	Four times annually	
Infrastructure Program	Four times annually	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
5. Colonia Fund:		
Construction Fund	Biennial	June 2005
EDAP Fund	As-needed	
Planning Fund	Annually	June 2006
6. Planning/Capacity Building Fund	Biennial[1]	November 2004
7. Disaster Relief/ Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
8. TCDP STEP Fund	Two times annually	
9. Microenterprise Loan Fund	Annually	
10. Small Business Loan Fund	Annually	
11. Section 108 Loan Guarantee Pilot Program	Annually	

[1] The applications submitted for PY 2006 Community Development Fund, Community Development Supplemental Fund, and Planning and Capacity Building Fund as part of the biennial application process have been scored and placed in rank order. Applications already allocated for 2006 funding based on estimated 2006 funding allocations will be funded to the extent that allocated 2006 funds are available. Applications submitted for the Colonia Construction Fund and Non-Border Colonia Fund will be scored and placed in rank order. Applications that will be allocated for 2006 funding based on estimated 2006 funding allocations will be funded to the extent that allocated 2006 funds are available. Only one application for the Community Development Fund/Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and the Planning and Capacity Building Fund may be submitted for the combined PY 2005 and 2006 period. Because applications are considered concurrently under both the Community Development and Community Development Supplemental Funds to determine the source of funds, only one Community Development Fund/Community Development Supplemental Fund application may be submitted for the 2005/2006 period (not one application for each fund).

[2] Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.

Contract Awards

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, Non-Border Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Program are:

FUND	CONTRACT AWARD MAXIMUM	MINIMUM
Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000[1]
Multijurisdiction Application	$ 800,000[1]	$ 75,000[1]
Community Development Supplemental Fund	[1]	[1]
Non-Border Colonia Fund	$ 250,000	None
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Program	$ 150,000[3]	$ 50,000
Downtown Revitalization Program	$ 150,000[3]	$ 50,000
Colonia Fund		
Construction Fund	$ 500,000	$ 75,000
EDAP Fund	$ 500,000	None
Area Planning Fund	$ 100,000[4]	None
Comprehensive Planning Fund	$ 200,000[4]	None
Planning/Capacity Building Fund	$ 50,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$ 350,000	$ 50,000
Urgent Need Fund	$ 250,000[5]	$ 25,000
TCDP STEP Fund	$ 350,000	None
Microenterprise Loan Fund	$ 100,000[6]	$ 50,000
Small Business Loan Fund	$ 100,000[7]	$ 50,000
	$ 500,000[8]	$ 400,000

1 Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multijurisdiction application. The maximum amount for a housing activity application is the same as other Community Development Fund applications in the region. The maximum and minimum amounts for the Community Development Supplemental Fund are the same maximum and minimum amounts established for the Community Development Fund in the region.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,000,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as "jumbo" awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the $1,000,000 increased maximum grant amount, however, projects that receive an amount greater than $750,000 may not exceed $2,000,000 in total awards during the program year.

3 Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000. Main Street Program projects may not exceed $600,000 in total awards. The Downtown Revitalization Program projects may not exceed $1,200,000 in total awards.

4 For the Colonia Planning Fund 33% of the total allocation is allocated to the Colonia Area Planning Fund and 67% is allocated to the Colonia Comprehensive Planning Fund. Any unobligated funds under either of these two funds may be allocated to the other Colonia Planning Fund category, the Colonia Construction Fund, the Planning/Capacity Building Fund, or other TCDP Fund categories if necessary to use the funds within the required obligation period. The maximum grant award for the Colonia Comprehensive Planning Fund is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county's total unincorporated area population.

5 Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.

6 Program income not to exceed $1,000,000 is available for the Microenterprise Loan Fund.

7 Program income not to exceed $1,000,000 is available for the Small Business Loan Fund.

8 Loan guarantee commitments totaling no more than $500,000 are authorized.

Amounts shown are maximum funding levels or contract "ceilings," because the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Program are subject to negotiation between ORCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

Project Length

All funded projects, except the Texas Capital Fund, TCDP STEP Fund, and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a 24 month term. The other Texas Capital Fund programs and TCDP STEP Fund projects must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Centers contracts may be adjusted to account for each program year award. Waivers of these requirements for any TCDP contract will only be granted when a waiver request is submitted in writing to ORCA or TDA (for Texas Capital Fund contracts) and ORCA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

Review Process

1. **Regional Review Committees (RRC) Composition and Role**—There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed for two-year staggered terms by the Governor.

Each Regional Review Committee reviews and scores all applications within its region for the Community Development Fund/Community Development Supplemental Fund. Furthermore, the Regional Review Committees do not score but may review and comment on applications to other TCDP fund categories. The scores for the Community Development Fund/Community Development Supplemental Fund and comments on other applications are forwarded to the TCDP.

2. **State Review Committee (SRC) Composition and Role**—A State Community Development Review Committee comprised of 12 local elected officials appointed by the Governor for two-year terms is provided for by State statute. Chapter 487.353 of the Texas Government Code prescribes the duties of the State Review Committee. Paragraph (i) states the committee shall: (1) consult with and advise the executive director on the administration and enforcement of the community development block grant program; and (2) review funding applications of eligible counties and municipalities, and advise and assist the executive director regarding the allocation of program funds to those applicants. Paragraph (j) says the committee may annually recommend to the executive director a formula for allocating funds to each geographic state planning region.

3. **Texas Capital Fund Review Process**—The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

4. **Clearinghouse Review**—Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

5. **Regional Water Plans**—Water activities included in TCDP applications must be consistent with Regional Water Plans promulgated by Senate Bill 1. (Passed during the 75th State of Texas Legislative Session)

Applicant Threshold and Past Performance Requirements

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development 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; or
   c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff.

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; and
   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.

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

4. Demonstrate satisfactory performance on all previously awarded Texas Community Development 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 ORCA'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 TCDP regarding a request for repayment of funds to TCDP; or
   d. Not more than one outstanding delinquent response to a written request from TCDP 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 Texas Community Development Program contracts, by using the following criteria:

a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the ORCA resolution process.

6. Submit any past due audit to ORCA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 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 may not receive a contract award if the audit continues to be delinquent by the awards meeting of the State Review Committee, as applicable, or for all other funding categories, prior to award by the Executive Director or by the Executive Committee for awards over $300,000.
   The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are 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 Texas Community Development 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 Legislative Budget Board for review and recommendation.
   The Disaster Relief Fund may be exempt from this threshold. Failure to meet this threshold will be forwarded to the Executive Committee for review and consideration.

7. 12-Month Applicant Threshold Requirement—Obligate at least 50 percent of the total TCDP funds awarded under an open TCDP contract within 12 months from the start date of the contract or prior to the application deadlines. This threshold is applicable to TCDP contracts with an original 24-month contract period.

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

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	**Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund**
Community Development Fund	Texas Capital Fund
Colonia Construction Fund	Colonia Self-Help Centers Fund
Colonia Fund Planning	Housing Rehabilitation Fund
Disaster Relief / Urgent Need Fund	Housing Infrastructure Fund
Planning/Capacity Building Fund	Texas STEP
Non-Border Colonia Fund	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

8. 24-Month Applicant Threshold Requirement—Submit to ORCA the Certificate of Expenditures (COE) report showing the expended TCDP funds and a final drawdown for any remaining TCDP funds as required by the latest edition of the Texas Community Development Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by TCDP staff.

   For purposes of meeting this threshold "expended" means that the construction and services covered by the TCDP funds are complete and a drawdown for the TCDP funds has been submitted prior to the application deadlines.

   This threshold will apply to an open TCDP contract with an original 24-month contract period and to TCDP Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	**Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund**
Community Development Fund	Texas Capital Fund
Colonia Construction Fund	Colonia Self-Help Centers Fund
Colonia Fund Planning	Housing Rehabilitation Fund
Disaster Relief / Urgent Need Fund	Housing Infrastructure Fund
Planning/Capacity Building Fund	Texas STEP (original 24-month contract, extended to 36-months)
Non-Border Colonia Fund	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

9. 36-Month Applicant Threshold Requirement—Submit to ORCA the Certificate of Expenditures (COE) report showing the expended TCDP funds and a final drawdown for any remaining TCDP funds as required by the latest edition of the Texas Community Development Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by TCDP staff.

   For purposes of meeting this threshold "expended" means that the construction and services covered by the TCDP funds are complete and a drawdown for the TCDP funds has been submitted prior to the application deadlines.

   This threshold is applicable for a previously awarded TCDP contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to TCDP Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund
Housing Infrastructure Fund ---when the applicant is applying for the Housing Infrastructure Fund only Texas STEP (original 36-month contract or original 24-month contract, extended to 36 months)	Texas Capital Fund (see Texas Capital Fund Section) Colonia Self-Help Centers Fund Housing Rehabilitation Fund Colonia Economically Distressed Areas Disaster Recovery Initiative Microenterprise Loan Fund Small Business Loan Fund Section 108 Loan Guarantee

10. TCDP funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund 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.

12. Based on a pattern of unsatisfactory (a) performance on previously awarded Texas Community Development Program contracts, (b) management and administration of TCDP contracts, or (c) financial management capacity based on a review of official financial records and audits, ORCA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for TCDP funding even though at the application date it meets the threshold and past performance requirements. ORCA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

Application Selection Criteria

General Description

All projects under the Community Development Fund, Colonia Fund (except for the Colonia Economically Distressed Areas Program Fund and Colonia Self-Help Centers Fund), Non-Border Colonia Fund, and the Planning and Capacity Building Fund are evaluated and rated in accordance with a numerical point system based on the following three major criteria:

(1) community/economic distress factors of the applicant
(2) project impact/design
(3) other considerations

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. For the Community Development Fund, the points under these criteria are divided between the TCDP (350 points) and each of the 24 Regional Review Committees (350 points). For the statewide and regional competitions, the TCDP staff scores the project impact/design factors.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs
(2) Business Emphasis
(3) Feasibility
(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile
(2) Project Feasibility
(3) Leverage Ratio
(4) Aiding in the Elimination of Slum an/or Blight Conditions

The final assignment of points for an applicant to the Community Development Fund, Colonia Fund, Non-Border Colonia Fund, or the Planning and Capacity Building Fund is the total of the points received in the above-mentioned criteria. All funding recommendations for the PY 2005 and PY 2006 Community Development Fund, Community Development Supplemental Fund, and Planning and Capacity Building Fund are provided to the State Review Committee for their recommendations. In addition, a grant award exceeding $300,000 is reviewed by the ORCA Executive Committee and must receive Executive Committee approval before the award is official. Awards are then provided to ORCA's Executive Director for final award.

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for TCDP grants and loans if at least 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 TCDP-eligible economic development in the community or for TCDP-eligible construction, improvement, extension, repair, or maintenance of TCDP-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 nonlocal 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 Texas Commission on Environmental Quality 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.

Resources for Descriptions of Selection Criteria by Fund Category

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 the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A. Community Development Fund and Community Development Supplemental Fund applications are scored by TCDP Staff and by Regional Review Committees. The selection criteria, factors, and methods used by each Regional Review Committee to determine scores for the Community Development Fund/Community Development Supplemental Fund are adopted by each Regional Review Committee and then made available to each eligible applicant in the region.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2006 Action Plan for the PY 2006. 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 State of Texas website at www.state.tx.us. Listed below are the TCDP fund categories that are currently contained in the Texas Administrative Code.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.3	*Young v. Martinez* Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.10	Housing Fund
255.11	Small Towns Environment Program Fund
255.12	Microenterprise Loan Fund
255.13	Small Business Loan Fund
255.14	Section 108 Loan Guarantee Pilot Program
255.15	Community Development Supplemental Fund
255.16	Non-Border Colonia Fund

Description of Selection Criteria by Fund Category

1. COMMUNITY DEVELOPMENT FUND	700 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—40 Points (Maximum)

Applicants are required to meet the 51% low/moderate income benefit for each activity as a threshold requirement. Any project where at least 60% of the TCDP funds benefit low/moderate income persons will receive 40 points.

c. Project Impact—0 to 175 Points (Maximum)

Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of TCDP staff to generate scores on the Project Impact factor.

Each application is scored by a committee composed of TCDP staff. Each committee member separately evaluates an application and assigns a score within a predetermined scoring range based on the application activities. The separate scores are then totaled and the application is assigned the average score. The scoring ranges used for Project Impact scoring are:

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 to 145
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 to 145
• Street Paving, Drainage, Flood Control and Accessibility Activities for Persons With Disabilities	160 to 130
• Fire Protection, Health Clinics, and Facilities Providing Shelter For Persons With Special Needs (Hospitals, Nursing Homes, Convalescent Homes)	145 to 125
• Community/Senior/Social Services Centers	135 to 115
• Demolition/Clearance, Code Enforcement	135 to 115
• Gas/Electrical Facilities and Solid Waste Disposal	130 to 110
• Access to Basic Telecommunications	125 to 105
• Jails, Detention Facilities	125 to 105
• All Other Eligible Activities	115 to 85

Multiactivity projects that include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 150 to 115. If the project included a water activity also, the possible range would be 175 to 115.

Other factors that are evaluated by the TCDP staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

- Each application is scored based on how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction.
- Projects addressing basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.
- Projects providing a first-time public facility or service generally receive a higher score than projects providing an expansion or replacement of existing public facilities or services.
- Public water and sewer projects providing a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.
- Projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally also given additional consideration.
- Projects designed to address drought-related water supply problems are generally also given additional consideration.
- Water and sewer projects providing first-time water or sewer service through a privately-owned for-profit utility or an expansion/improvement of the existing water or sewer service provided through a privately-owned for-profit utility may, on a case-by-case basis, receive less consideration than the consideration given to projects providing these services through a public nonprofit organization.
- Projects that include self-help methods (volunteer labor, donated materials, donated equipment, etc.) to significantly reduce the project cost or to significantly increase the proposed improvements are generally given additional consideration.

d. Matching Funds—60 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 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 2000 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 2000 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 2000 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

TCDP funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or private service provider unless the applicant provides matching funds equal to at least 50 percent of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.

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 multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low and moderate income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections 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 and are counted towards the ratio of local match to TCDP funds requested. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

e. Other Considerations—20 Points (Maximum)

Ten (10) points of the 20 points are awarded to each applicant that did not receive a 2003 or 2004 Community Development Fund contract award or a 2003 or 2004 Housing Rehabilitation Fund contract award.

An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP 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 TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

f. Regional Review Committee (RRC)—350 Points (Maximum)

• Project Priorities	100 points(Minimum)
• Local Effort	75 points (Minimum)
• Merits of the Project	175 points (Maximum)

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by TCDP. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing—Each region is encouraged to allocate 8%, or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.

(i). Project Priorities–(100 Points Minimum for Highest Priority Level)
The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort–(75 points Minimum)
Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?
6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project–(175 Points Maximum)
The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?
2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?
6. What is the cost in TCDP dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified “self-help” component provided for in the project?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by TCDP. The scoring procedure must prescribe the method of documenting the committee member’s score. For example, the committee may have scoring ranges such as 100 percent to 90 percent of maximum points possible if certain criteria are met, 90 percent to 80 percent if other criteria are met, 80 percent to 60 percent if other criteria are met, and so forth for 60 percent to 40 percent and 40 percent to 20 percent of the maximum points. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the TCDP.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process. The RRC must determine whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three required scoring factors.

Community Development Fund Marginal Competition

Due to the two-year funding cycle proposed for PYs 2005 and 2006, a Community Development Fund pooled marginal competition was not conducted for PY 2005. A pooled marginal competition may be conducted for PY 2006 using available funds if the State’s 2006 allocation is not decreased significantly from the State’s estimated 2006 Community Development/Community Development Supplemental Funds allocations.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the TCDP 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. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the TCDP Community Development Fund scoring factors (maximum of 350 points). Applicants' scores on the Community Distress scoring factors will be recalculated based on the applicants competing in the marginal pool competition only. The Benefit to Low/moderate-Income Persons, Project Impact, Matching Funds, and Other Considerations scores are part of the total score received in this competition, but they are not rescored.

The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

2. COMMUNITY DEVELOPMENT SUPPLEMENTAL FUND	360 Total Points Maximum

a. Regional Review Committee (RRC)—350 Points (Maximum)

• Project Priorities	100 points(Minimum)
• Local Effort	75 points (Minimum)
• Merits of the Project	175 points (Maximum)

b. Past Performance TCDP scored—10 points (Maximum)

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by TCDP. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing—Each region is encouraged to allocate 8 percent, or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.

(i) Project Priorities—(100 Points Minimum for Highest Priority Level)

The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort—(75 points Minimum)

Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?
6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project–(175 Points Maximum)

The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?
2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?
6. What is the cost in TCDP dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified “self-help” component provided for in the project?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by TCDP. The scoring procedure must prescribe the method of documenting the committee member's score. For example, the committee may have scoring ranges such as 100 percent to 90 percent of maximum points possible if certain criteria are met, 90 percent to 80 percent if other criteria are met, 80 percent to 60 percent if other criteria are met, and so forth for 60 percent to 40 percent and 40 percent to 20 percent of the maximum points. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the TCDP.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process. The RRC must determine whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three required scoring factors.

Past Performance—TCDP scored

An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP 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 TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Marginal competition. The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

3. TEXAS CAPITAL FUND Real Estate, and Infrastructure Programs

The selection criteria for the Real Estate and Infrastructure Programs of the Texas Capital Fund 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 and poverty

c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the state most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
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 Texas Capital Fund contribution necessary to serve the project.

4. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund 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. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Texas Historical Commission scoring
f. 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 Texas Capital Fund contribution necessary to serve the project.

5. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund 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
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 Texas Capital Fund contribution necessary to serve the project.

6. COLONIA CONSTRUCTION FUND 430 Total Points Maximum

a. Community Distress—40 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	15 points
• Percentage of housing units without complete plumbing	10 points

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

A formula is used to determine the percentage of TCDP 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 TCDP funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of TCDP benefiting low to moderate income person 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 TCDP funds requested minus the TCDP funds requested for administration to determine the percentage of TCDP funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale:

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

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
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems	145
• Housing Activities	140
• First time Water and/or Sewer service through a privately owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	110
• Street Paving and Drainage activities	75
• All Other eligible activities	20

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 TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP 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—135 Points (Maximum)

Each application is scored by a committee composed of TCDP 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 from the current drought conditions in the state.
- The applicant will use TCDP 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 Texas Water Development Board Economically Distressed Areas Program (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 TCDP Community Development Fund or through the use of CDBG entitlement funds.
- The TCDP 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 grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

e. Matching Funds—20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 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 2000 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 2000 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 2000 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 multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low and moderate income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections as housing activities. The TCDP also does not consider 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.

Past Performance—10 points (Maximum)

An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP 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 TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Colonia Construction Fund 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 Fund 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 Fund 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 TCDP fund categories.

7. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM FUND

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established PY 2006 fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within 5 years from the effective date of the annexation; or in colonias located in eligible nonentitlement 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 Texas Water Development Board's Economically Distressed Areas Program (when approved by the TCDP), taps and meters (when approved by the TCDP), 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.

TCDP staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the TCDP 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 grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.
- Cost per beneficiary.

8. COLONIA AREA PLANNING FUND 340 Total Points Maximum

a. Community Distress—40 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	15 points
• Percentage of housing units without complete plumbing	10 points

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

Points are then 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 TCDP funds benefiting low to moderate income persons	30
89.99% to 80% of TCDP funds benefiting low to moderate income persons	25
79.99% to 70% of TCDP funds benefiting low to moderate income persons	20
69.99% to 60% of TCDP funds benefiting low to moderate income persons	15
Below 60% of TCDP funds benefiting low to moderate income persons	5

c. Matching Funds—20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 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 2000 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 2000 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 2000 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—250 Points (Maximum)

Each application is scored by a committee composed of TCDP 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), 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 TCDP cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 7 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Fund 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 Fund allocation will be reallocated to either fund additional Colonia Comprehensive Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established TCDP fund categories.

9. COLONIA COMPREHENSIVE PLANNING FUND	200 Total Points Maximum

a. Community Distress–25 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points

b. Project Design–175 Points (Maximum)

Each application will be scored by a committee composed of TCDP 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 TCDP contracts.

A Colonia Planning Fund 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.

Colonia Comprehensive Planning Fund 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 Fund allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established TCDP fund categories.

10. NON-BORDER COLONIA FUND	430 Total Points Maximum

a. Community Distress–40 Points (Maximum)

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

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

A formula is used to determine the percentage of TCDP 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 TCDP funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of TCDP benefiting low to moderate income person 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 TCDP funds requested minus the TCDP funds requested for administration to determine the percentage of TCDP funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale:

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

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
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems	145
• Housing Activities	140
• First time Water and/or Sewer service through a privately-owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	110
• Street Paving and Drainage activities	75
• All Other eligible activities	20

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 TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP 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—135 Points (Maximum)

Each application is scored by a committee composed of TCDP 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 from the current drought conditions in the state.
- The applicant will use TCDP funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for non border colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (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 TCDP Community Development Fund or through the use of CDBG entitlement funds.
- The TCDP 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 grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

e. Matching Funds—20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 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 2000 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 2000 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 2000 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 multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections as housing activities. The TCDP also does not consider 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.

Past Performance—10 points (Maximum)

An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP 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 TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Non-Border Colonia Fund 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 this fund will be reallocated to the Community Development marginal calculation.

11. 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 score is awarded on this factor.

c. Project Design—375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities here.

(2) Base Match 0 points

- 5% match required from applicants with population equal to or less than 1,500.
- 10% match required from applicants with population over 1,500 but equal to or less than 3,000.
- 15% match required from applicants with population over 3,000 but equal to or less than 5,000.
- 20% match required from applicants with population over 5,000.

The percentage of match required for county applications is based on the actual target area population benefiting from the planning project.

(3) Areawide 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 50 points while previous recipients of planning funds receive either 40 or 20 points depending on the level of implementation of previously funded activities. Recipients of TCDP planning funds prior to PY 1995 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.

12. TCDP STEP FUND 120 Total Points Maximum

The following is the selection criteria to be used by TCDP staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 100 points is divided among five scoring factors:

a. Project Impact—60 Points (Maximum)

Activity	Score
• First time service	60 to 50
• To address drought	60 to 50
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60 to 50
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60 to 50
• Problems due to severe pressure problems (documented)	50 to 40
• Line replacement other than for above	40 to 30
• All other proposed water and sewer projects that are not reflected above	30 to 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 TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP 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 the TCDP staff 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)

The TCDP staff will assess the proposal for the following STEP characteristics not scored in other factors:

1. Degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. Local leaders (sparkplugs) willing to both lead and sustain the effort;
3. Readiness to proceed—the local perception of the problem and the willingness to take action to solve it;
4. Capacity—the manpower required for the proposal including skills required to solve the problem;
5. Merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in TCDP dollars requested per beneficiary, etc.; and
6. 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 10 points if they do not have a current Texas STEP grant.

An applicant can receive from five to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period.

Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP 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 TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP 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 below 1,500 in Population	
55% or more Savings	10 points
50 to 54% Savings	9 points
45 to 49% Savings	7 points
41 to 44% Savings	5 points

For Communities that are above 1,500 but below 3,000 in Population	
55% or more Savings	10 points
50 to 54% Savings	8 points
45 to 49% Savings	6 points
41 to 44% Savings	3 points

For Communities that are above 3,000 but below 5,000 in Population	
55% or more Savings	10 points
50 to 54% Savings	7 points
45 to 49% Savings	5 points
41 to 44% Savings	2 points

For Communities that are above 5,000 but below 10,000 in Population	
55% or more Savings	10 points
50 to 54% Savings	6 points
45 to 49% Savings	3 points
41 to 44% Savings	1 points

For Communities that are 10,000 or above in Population	
55% or more Savings	10 points
50 to 54% Savings	5 points
45 to 49% Savings	2 points
41 to 44% 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 multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 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 TCDP funds benefit low/moderate income persons will receive 5 points.

13. MICROENTERPRISE LOAN FUND	120 Total Points Maximum

a. Community Distress—50 Points (Maximum)

• Percentage of Persons Living In Poverty	15 points
• Per Capita Income	15 points
• Population Loss	10 points
• Unemployment Rate	10 points

b. Program Design—50 Points (Maximum)

• Nonprofit Capacity	10 points
• Overall Program Design	10 points
• Technical Assistance and Counseling Services	5 points
• Citizen Involvement	5 points
• Business Involvement	5 points
• Potential Applicants	5 points
• Marketing Plan	5 points
• Terms	5 points

c. Leverage Ratio—5 Points (Maximum)

Score 5 points if matching dollars are greater than or equal to the following Ratios based on two separate population categories:

- Applicant’s population less than 5,000 persons –1:1
- Applicant’s population equal to or greater than 5,000 persons –1.25:1

d. Previous Participation—10 Points (Maximum)

• No previous Texas Capital Fund participation	10 points
• No open Texas Capital Fund contracts	5 points

e. Rural Projects—5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

14. SMALL BUSINESS LOAN FUND	125 Total Points Maximum

a. Community Distress –50 Points (Maximum)

• Percentage of Persons Living In Poverty	15 points
• Per Capita Income	15 points
• Population Loss	10 points
• Unemployment Rate	10 points

b. Jobs–20 Points (Maximum)

• Below $10,000 per job	20 points
• Below $15,000 per job	15 points
• Below $20,000 per job	10 points
• Below $25,000 per job	5 points

c. Project Feasibility–30 Points (Maximum)

The feasibility of each project is evaluated and scored based on the financial soundness of the project. Factors examined include:

- Firm commitments for financial investments
- The jobs to be created or retained
- The history of the business
- The current financial condition of the business (including a full review of the credit analysis
- Cash flow projections
- The business or marketing plan supporting the businesses capacity to sustain operations beyond the period of program assistance including letters of intent to purchase products or services
- Management experience of the businesses' principals

d. Leverage Ratio–5 Points (Maximum)

A minimum 10% equity injection by the assisted business is required.

Score 5 points if matching dollars are greater than or equal to the following ratios based on two separate population categories:

- Applicant's population less than 5,000 persons --1:1
- Applicant's population equal to or greater than 5,000 persons --1.25:1

e. Previous Participation–10 Points (Maximum)

• No previous Texas Capital Fund participation	10 points
• No open Texas Capital Fund contracts	5 points

f. Innovative Projects–5 Points (Maximum)

Projects that support a business addressing a community need or economic/population trend will receive additional consideration

g. Rural Projects–5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

15. SECTION 108 LOAN GUARANTEE PILOT PROGRAM	50 Total Points Maximum

Selection Criteria. Applications meeting threshold requirements of the application review and underwriting analysis will be scored based on the following:

a. Community Need—30 points (Maximum)

(1) Unemployment—10 points (Maximum). Five points awarded if the applicant's unemployment rate is higher than the state rate, indicating that the community is economically below the state average. Ten points awarded if the applicant's most recently available unemployment rate is 1.5 percent over the state rate. (For cities, the most recently available city rate will be used; for counties, the most recently available county or census tract rate, for where the business site is located, whichever is higher, will be used).

(2) Poverty—10 points (Maximum). Awarded if the applicant's most recently available annual county poverty rate is higher than the annual state rate, indicating that the community is economically below the state average. Applicants will score 5 points if their rate meets or exceeds the state average and score 10 points if this figure exceeds the state average by at least 15 percent.

(3) Community Population (more Rural)—10 points (Maximum). Points are awarded to applying cities with populations of 5,050 or less and counties with a total population of 35,000 or less, using 2000 census data. For cities: score 5 points if the city is located in a county with a population of 35,000 or less; and score 5 additional points if the population of the city is less than 5,050. For counties: score 5 points if the county population is less than 35,000 and score 5 additional points if the county population is less than 15,350.

b. Jobs—20 points (Maximum).

(1) Job Impact (Jobs Created or Retained per Population of Community)—10 points (Maximum). Awarded by taking the Business' total job commitment, created & retained, and dividing by applicant's 2000 unadjusted population. This equals the job impact ratio. Score 5 points if this figure exceeds the median job impact ratio for prior years; and score 10 points if this figure exceeds 200% of the ratio. County applicants should deduct the 2000 census population amounts for all incorporated cities, except in the case where the county is sponsoring an application for a business that is or will be located in an incorporated city. In this case the city's population would be used, rather than the county's.

(2) Cost per Job—10 points (Maximum). Awarded by dividing the amount of Section 108 loan guarantee amount requested by the number of full-time job equivalents to be created and/or retained. Points are then awarded in accordance with the following scale: (i) Below $15,000--10 points; (ii) Below $20,000--5 points.

c. In the event of a tie score and insufficient funds to approve all applications, the following tie breaker criteria will be used.

(i) The tying applications are ranked from lowest to highest based on poverty rate stated on the score sheet. Thus, preference is given to the applicant with the higher poverty rate.

(ii) If a tie still exists after applying the first criteria then applications are ranked from lowest to highest based on unemployment rate stated on the score sheet. Thus, preference is then given to the applicant with the higher unemployment rate.

MONITORING

The Project Management and Compliance Divisions ensure that the Texas Community Development Program is in compliance with federal and state regulatory mandates through established contract management procedures, contract oversight, and monitoring procedures. Project Management procedures include financial and progress reporting that project management staff uses to approve continuation of contracted project activities and costs. On-site technical assistance, monitoring visits, and desk reviews are mechanisms used for overall and in-depth investigation as contracts transition from implementation to contract close-out and compliance monitoring.

Compliance objectives are achieved through two sections within the division: Monitoring and Audit. The Monitoring section is responsible for risk assessment, financial monitoring, contract close-out, Davis-Bacon labor standards compliance, environmental compliance, and desk reviews for the Texas Community Development Program. The monitoring process includes procedures for conducting desk reviews of sub-recipient activities.

Program monitoring will be conducted to meet the following objectives:

- Review sub-recipient performance. A sub-recipient's performance will be monitored to ensure that activities have been completed and beneficiaries served in accordance with a contract's Performance Statement and that funds have been expended as identified in the budget.
- Review compliance. A sub-recipient's performance will be monitored to ensure compliance with Office requirements, as outlined in the TCDP contract and other applicable state and federal rules, regulations, policies, and related statutes.
- Prevention of fraud and abuse. A sub-recipient's systems and other policies and procedures used to administer TCDP funds will be monitored to ensure that adequate protections against fraud and misuse of funds are in place.
- Identify any necessary corrective actions. A monitoring visit could result in prescribed corrective measures to be carried out by the sub-recipient.
- Identify technical assistance needs. An on-site monitoring visit may reveal a need for additional technical assistance.

The Audit section is responsible for review of Single Audits submitted by recipients of federal grants and loans, and the subsequent resolution of findings and questioned costs that may be identified during the Single Audit Desk Review process. The review process includes the following:

- Gathering sub-recipient grant expenditure information annually to determine if the single audit threshold was met or not. This information is obtained through the completion and submission of an Audit Certification Form, due within 60 days of the sub-recipients year end.
- Obtain a single audit report from those localities identified as meeting the threshold. A single audit report is due upon completion and no later than 9 months from the sub-recipient fiscal year end.
- Perform a review of the financial information submitted. And,
- The subsequent resolution of findings and questioned costs. If applicable and as needed, audit staff may do an onsite financial review.

The type/level of audit required is based on the total federal or total state financial assistance expended by an organization in any given fiscal year. Currently, any government or nonprofit entity that expends

$500,000 or more a year in total federal or state awards must have a Single Audit or a Program Specific Audit conducted for that year.

PERFORMANCE MEASURES

Goals, Objectives, Outcomes, Strategies, and Outputs

The TCDP currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. The TCDP 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 "(1) 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."

The TCDP has the following Performance Measures system in place for administering and evaluating the success of the CDBG nonentitlement program.

Goals, Objectives and Outcomes for FY 2006–2007

Goal 1: Support Community and Economic Development Projects
- Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
  - Outcome 1: Percent of the Small Communities' Population Benefiting from Projects

Goal 2: Provide Outreach and Technical Assistance to Communities
- Objective 1: Inform Local Communities of Program Information and Services
  - Outcome 1: Percent of Rural Communities Receiving Services

Strategies and Efficiency, Explanatory and Output Measures for 2006–2007

Goal 1: Support Community and Economic Development Projects
- Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
  - Strategy 1: Provide Grants for Community and Economic Development Projects
    - Efficiency 1: Average Agency Administrative Cost per Contract Administered
    - Output 1: Number of New Contracts Awarded
    - Output 2: Number of Projected Beneficiaries from New Contracts Awarded
    - Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually
    - Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded
    - Output 5: Number of Programmatic Monitoring Visits Conducted
    - Output 6: Number of Single Audit reviews Conducted Annually

Goal 2: Provide Outreach and Technical Assistance to Communities
- Objective 1: Inform Local Communities of Program Information and Services
  - Strategy 1: Provide Program Information and Technical Assistance Services
    - Efficiency 1: Average Agency Cost per Person Assisted
    - Explanatory 1: Number of Communities Eligible to Receive Assistance Under Agency Programs
    - Output 1: Number of People Assisted from Rural Communities
    - Output 2: Number of On-Site Technical Assistance Visits Conducted

OTHER 2006 CDBG PROGRAM GUIDELINES

Community Needs Assessment

Each applicant for TCDP 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.

Minority Hiring/Participation

The TCDP encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

Citizen Participation

A grant to a locality under the Texas Community Development 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. TCDP applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in TCDP application guides.

CDBG OTHER ACTIONS

Fostering Affordable Housing

The TCDP encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs. The TCDP encourages affordable housing through favorable state scoring and regional prerogative to prioritize funding for housing infrastructure including housing rehabilitation. In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and water through the payment of water and sewer yardlines as well as impact and connection fees for qualifying residents, while the Colonia Self-Help Centers continue to make housing more affordable by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

CDBG funding may also help cities and counties study affordable housing conditions through the TCDP's planning funds. These plans provide valuable data concerning a city's or county's affordable housing stock, their condition and planning tools for expanding their affordable housing.

Evaluation and Reduction of Lead-Based Hazards

The TCDP encourages the reduction of lead-based hazards through favorable scoring under its Community Development and Community Development Supplemental Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat, while lead-based paint mitigation is a common activity eligible under housing rehabilitation. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the TCDP in response to the Act.

Reducing the Number of Persons below the Poverty Line

A substantial majority of TCDP funds are obligated to cities and counties under the funding competitions meeting the national objective of benefiting persons of low to moderate income. Under these competitions, the TCDP encourages the funding of communities with a high percentage of persons in poverty through its community distress scoring.

Developing Institutional Structures and Enhancing Coordination between Housing and Service Agencies

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 for planning and constructing community facilities, infrastructure, housing and programs such as zoning and subdivision regulations, code enforcement, economic development initiatives, and private business development. Each applicant to the TCDP fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the TCDP and invites their input into the project selection process. The TCDP continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further purpose 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.

EMERGENCY SHELTER GRANTS PROGRAM 2006 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2006

TDHCA expects to receive $5,076,683 for PY 2006. This estimate is based on Texas's ESGP allocation for PY 2005, which was $5,076,683.

RECIPIENTS

Units of general local government; private nonprofit organizations.

ESTIMATED PY 2006 BENEFICIARIES

TDHCA estimates that in PY 2006 the Department will fund 76 private nonprofit entities and units of general local government who will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Some of these private nonprofit entities and units of general local government will collaborate through subcontract agreements with approximately 10 organizations.

TARGETED BENEFICIARIES

Homeless individuals and individuals at risk of homelessness.

FUND DISTRIBUTION

TDHCA has administered the Emergency Shelter Grants Program (ESGP) since 1987. TDHCA will administer the S-04-DC-48-0001 ESGP funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate PY 2006 ESGP funds through a statewide competitive application process. A portion of the State's ESGP allocation may be reserved to fund a project that will have a statewide impact on homelessness.

OBJECTIVES

The objectives of ESGP consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting statewide efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESGP funds using the competitive process described in the ESGP One-Year Action Plan. In that process, up to 30 percent of the State's ESGP annual allocation is made available to support homelessness prevention activities, and up to 30 percent of the ESGP annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESGP funding are required to demonstrate coordination with other providers in their communities as part of the ESGP scoring criteria. ESGP grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESGP funding includes information about the outreach process and case management system used by the applicant organization.
- Each application for ESGP funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESGP funding.
- ESGP grant recipients are encouraged to establish measurable goals for providing specific services for homeless persons.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund 76 projects in PY 2006. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting statewide efforts to address homelessness:

- Historically, Texas has not received all of the Continuum of Care funds HUD reserved for this State due to a lack of viable applications. The Texas Homeless Network, with the support of ESGP funding, has conducted technical assistance workshops at no cost to local organizations that are considering applying for HUD Continuum of Care funds. The Texas Homeless Network is the only organization that addresses homelessness issues statewide.

ELIGIBLE ACTIVITIES

ESGP funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.

2. Provision of essential services, including, but not limited to, the following:
   a) Assistance in obtaining permanent housing
   b) Medical and psychological counseling and supervision
   c) Employment counseling
   d) Nutritional counseling
   e) Substance abuse treatment and counseling
   f) Assistance in obtaining other federal, state, and local assistance
   g) Other services such as child care, transportation, job placement, and job training
   h) Staff salaries necessary to provide the above services

   These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESGP must be provided in a nondiscriminatory manner.

3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESG grant may be used to pay operation staff costs.

4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

RECIPIENT REQUIREMENTS

Recipients of ESGP funding 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, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
4. Assuring that ESGP subrecipients obligate within 180 days from the contract execution date.
5. Proposing to undertake only eligible activities.
6. Demonstrating need.
7. Assuring ability to provide matching funds.
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 providing services that are assisted under ESGP to the maximum extent feasible through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESGP 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. Proposing a sound plan 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. ESGP 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.

FUND OBLIGATION PROCESS

TDHCA will obligate PY 2006 ESGP funds to units of general local government or to private nonprofit organizations that have local government approval to operate a project that assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESGP funds to be distributed equitably.

The State's anticipated ESGP allocation for PY 2006 is $5,154,498 less 5 percent ($257,725) for state administration costs. ESGP funds are reserved according to the State's percentage of poverty population identified in each of 13 TDHCA service regions.

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 ESGP 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 the department.

TDHCA issues a notice of funding availability (NOFA) and provides an application to any organization or individual that requests one. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds available for each region. Any application that receives a score below 70 percent of the highest raw score from the region will not be considered for funding. All available ESGP funds are obligated each year through one-year contracts.

To the extent practicable, ESGP funds that remain unexpended in a particular region are reobligated to eligible organizations within that region, as determined by the Executive Director of TDHCA.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 et seq.)

LEVERAGING RESOURCES

Section 576.51 of the ESGP regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESGP grant award and must be provided in an amount equal to or greater than the ESGP grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. 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. ESGP monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to insure, among other things, that each ESGP recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of 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.

Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, conducting Continuum of Care Technical Assistance and Training workshops, and sponsoring an annual statewide conference on homeless issues.

CONTINUUM OF CARE BALANCE OF STATE

In PY 2006, TDHCA expects to continue to award funds to the Texas Homeless Network (THN) who will utilize the funds to provide technical assistance to communities interested in applying to the US

Department of Housing and Urban Development (HUD) for homeless funds under the Continuum of Care application and to develop and submit a Continuum of Care Application to HUD for the Balance of State funds.

MONITORING

The Department monitors each ESGP subrecipient annually. During the monitoring review, subrecipients are reviewed for compliance with the ESGP contract; State Policy Issuances; 24 CFR Ch V, Part 576; OMB Circulars related to expenditure of funds; and for projects funded for rehabilitation, conversion, or renovation they are reviewed for compliance with Chapter 58 of the Environmental Protection Act.

ESGP ACTIONS

This section describes how ESGP addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

Affordable Housing

While the Department encourages the use of ESGP funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative that we fund or whose results we track in the ESGP Program.

Public Housing Resident Initiatives

Fostering public housing resident initiatives is not an initiative that we fund or whose results we track in the ESGP Program.

Lead-Based Hazards

The Department does evaluate and reduce lead-based hazards for conversion, renovation, or rehabilitation projects funded with ESGP funds and tracks work in these efforts in the ESGP Program as required by Chapter 58 of the Environmental Protection Act.

Poverty-Level Households

While the Department encourages the use of ESGP funds to assist ESGP clients move above the poverty line, it is not an initiative that we specifically fund or whose results we track in the ESGP Program.

Institutional Structure

The Department does encourage ESGP subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESGP funds are required to coordinate services and to provide services as part of a local continuum of care. At the time the Department monitors ESGP subrecipients, coordination efforts are reviewed.

HOME INVESTMENT PARTNERSHIPS PROGRAM 2006 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2006

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 goal 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 to strengthen their capacity to meet the housing needs of low, very low, and extremely low income Texans. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program is receiving approximately $41,308,832 ($40,636,419 HOME funds plus $672,413 ADDI funds) from HUD for PY 2006.

ALLOCATION OF PY 2006 FUNDS

TDHCA will use the following method for allocating funds.

	Estimated Available Funding	% of Total HOME Allocation
PY 2006 HOME Allocation	$40,636,419	100.0%
less Administration Funds (10% of PY 2006)	$4,063,642	10.0%
less CHDO Project Funds Set Aside (15% of PY 2006)[1]	$6,095,463	15.0%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$304,773	0.7%
less Direct Award for the Texas Home of Your Own Program	$500,000	1.2%
less Set Aside for Contract for Deed Conversions	$2,000,000	4.9%
less Set Aside for Rental Housing Preservation Program	$2,000,000	4.9%
less Set Aside for Rental Housing Development Program	$3,000,000	7.4%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	$22,672,541	55.8%
Plus PY 2006 American Dream Downpayment Initiative Funds	$672,413	
= Total Funds Subject to RAF	$23,344,954	

[1] In addition to the funds set aside from the CHDO set aside for disaster relief efforts, $1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute HOME funding subject to the RAF.

Activity	RAF Funding Amount	% of RAF Funding
Homebuyer Assistance	$4,668,991	20.0%
Owner-Occupied Housing Assistance	$15,174,220	65.0%
Tenant Based Rental Assistance	$3,501,743	15.0%
Total Funds Subject to the RAF	$23,344,954	100.0%

ESTIMATED PY 2006 BENEFICIARIES

Based on PY 2005 program activity, TDHCA estimates that the number of PY 2006 beneficiaries assisted will be approximately 2,799 low, very low, or extremely low income households. On the basis of historical performance, TDHCA estimates that approximately 60 percent of those households will be minority households.

DEFINITIONS

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

(1) At least one entrance door, whether located at the front, side, or back of the building

(A) is on an accessible route served by a ramp or no-step entrance,

(B) has at least a standard 36-inch door.

(2) On the first floor of the building,

(A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C) each bathroom wall is reinforced for potential installation of grab bars;

(D) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and

(E) each electrical plug or other receptacle is at least 15 inches above the floor.

(3) Each breaker box is located inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: A colonia is an unincorporated community located within 150 miles of the Texas-Mexico border, or a city or town within the 150 mile region that has a population less than 10,000 according to the latest US Census data. The majority population is composed of individuals and families of low and very low income who lack safe, sanitary and decent housing, together with basic services as potable water, adequate sewage systems, drainage, streets, and utilities.

Community Housing Development Organization (CHDO): A private nonprofit organization with a 501(c)(3) or (4) federal tax exemption. The CHDO must include providing decent, affordable housing to low income households as one of its purposes in its charter, articles of incorporation, or bylaws. It must serve a specific, delineated geographic area: either a neighborhood, several neighborhoods, city, town, village, county, or multicounty area (but not the entire state). CHDOs are certified through TDHCA on an annual basis and as applications are made by eligible applicants.

Consortium: An organization of geographically contiguous units of general local government that act as a single unit of general local government for purposes of the HOME program.

Extremely Low Income Family: Family whose income is between 0 and 30 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Low Income Family: Family whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Non–Participating Jurisdiction: A state or unit of general local government that does not receive an annual allocation of HUD program funds and is not part of a HUD Consortium.

Participating Jurisdiction: A state or unit of general local government that receives an allocation of HOME Program funds directly from HUD.

Persons with Disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

Very Low Income Family: Family whose income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Agencies (PHAs)

DESCRIPTION OF ACTIVITIES

Single Family

Owner-Occupied Housing Assistance (OCC)

Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is 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 money administered by TDHCA in the construction of single family homes.

OCC will comprise approximately 65 percent of the HOME allocation that will be available through the Regional Allocation Formula process—approximately $15,174,220.

Tenant-Based Rental Assistance (TBRA)

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 two years. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance.

TBRA will comprise approximately 15 percent of the HOME allocation that will be available through the Regional Allocation Formula process—approximately $3,501,743.

Homebuyer Assistance (HBA)

Down payment and closing cost assistance is 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.

Under the Contract for Deed and CHDO Set-Asides, eligible homebuyers may receive loans up to $10,000 per household for down payment and closing costs, depending on the location of the property, in the form of a 2nd- or 3rd-lien loan. Eligible homebuyers with disabilities may receive loans up to $15,000 for down payment and closing costs, regardless of the location of the property. Eligible first time homebuyers may receive $10,000 or 6 percent of the purchase price, whichever is greater, for down payment and closing costs in the form of a 2nd- or 3rd-lien loan under the American Dream Downpayment Initiative. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, or repayment of the first lien. The amount of recapture will be based on the pro-rata share of the remaining term.

At the completion of the assistance, all properties must meet the International Residential Code or the Colonia Housing Standards, if located in a colonia, and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state money administered by TDHCA in the construction of single family homes.

Excluding set-aside funds listed below, this activity will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $4,668,991.

HBA may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Multifamily

Rental Housing Development and Preservation

Awards for eligible applicants are to be used for the construction, acquisition, and rehabilitation of affordable multifamily rental housing. The Department will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit housing development organizations, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA will determine, based on the underwriting review, whether the award will be made as a loan or grant. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and must keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local and state 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 International Residential Code and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability. Terms of the loans provided under this activity are recommended by TDHCA's Real Estate Analysis Division.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state 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. Refinancing of existing affordable properties is not an eligible activity.

Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

SET ASIDES

TDHCA will use the following set asides to direct its funding to address federal and state legislative requirements or departmental program objectives. According to §2306.111(d-1) of TDHCA's enabling legislation, funds are not required to be allocated using a Regional Allocation Formula if funds are reserved for contract for deed conversions, set asides mandated by state or federal law, or equal not more than 10 percent of the total allocation of funds for the program.

Administrative Expenses

This allowable cost is for the reimbursement of costs associated with the administration of the HOME Program. Up to 4 percent of project dollars awarded may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive this fee. TDHCA retains the balance of the fee to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

American Dream Downpayment Initiative

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI assistance. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan.

In order to ensure the suitability of households receiving ADDI assistance, first time homebuyers will be required to participate in a homebuyer counseling course. For application scoring purposes, the following are required to be included:

- A copy of the curriculum.
- A copy of the proposed written agreement with service provider, stating counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training. If the applicant is the provider, the applicant must state that the counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training.
- Reference that post purchase counseling will be provided.

For PY 2006, $672,413 is reserved for down payment assistance and may, at the discretion of TDHCA, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds are included in the 20 percent allocated for HBA. These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Notification of available funding will be sent to those on the TDHCA mailing list and will be posted on TDHCA's website. TDHCA promoted and discussed this initiative at the public hearings held in all 13 Uniform State Service Regions in the fall of 2005. The public hearings were held in Abilene, Arlington, Austin, Beaumont, Corpus Christi, El Paso, Houston, Lubbock, McAllen, Midland, Mt. Pleasant, San Antonio, and Temple.

Outreach

The Department continues to promote ADDI through the public hearings held in all 13 Uniform State Service Regions. Since PHAs are eligible applicants under the HOME Program, the initiative is discussed in great detail at HOME Application Workshops held each spring. The program is also promoted around the state through a Texas Association of Realtors continuing education course that Department staff helps teach. The course was designed to improve the state homeownership rate and to educate Realtors about the availability of affordable housing products.

Since Texas has a large number of manufactured housing units and manufactured housing dealers, questions from real estate agents always arise about the availability of low interest rate loan funds and the availability of down payment assistance. Through continuing education courses and outreach, TDHCA is able to inform real estate agents about how ADDI can assist manufactured housing buyers. In addition, TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds directly to eligible first time homebuyers.

The Department also operates a First Time Homebuyer Program hotline. Over 1,200 calls are received on average per month. Interested homebuyers are provided literature and made aware of the various products and programs available

CHDO Set-Aside

In response to Hurricane Rita, on October 4, 2005, HUD waived the 15 percent HOME CHDO set-aside requirement for Federal PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 22-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside and funds not awarded from prior year CHDO set-asides including PY 2005 funds and CHDO de-obligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately $10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or 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. These organizations may 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, developer, or sponsor of the single family housing project. In addition, other eligible activities under the CHDO Set-Aside include the following:

- CHDO Operating Expenses. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department 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. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50 percent of the CHDO's total annual operating expenses in that fiscal year or $50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.

- Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, $1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Disaster Relief

The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 22-county area impacted by Hurricane Rita. Approximately $8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.

Contract for Deed Conversions

The 79th Legislature passed Appropriations Rider 11 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 should convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007. 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. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia.

To assist TDHCA in meeting this mandate, $2,000,000 in PY 2006 HOME program funds will be targeted to assist households described under this initiative.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Persons with Disabilities (5 percent of Allocation)

Subject to the availability of qualified applications, a minimum of 5 percent of annual HOME Program funds will be allocated to applicants serving persons with disabilities–approximately $2,065,441. Eligible applicants may include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. HOME funds may be expended in a PJ, but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board.

In PY 2006, TDHCA will allocate $500,000 to the Home of Your Own (HOYO) Coalition for homeownership activities for persons with disabilities. The HOYO Program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal. These funds may be used statewide, including in participating jurisdictions.

These funds represent less than 10 percent of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Rental Housing Preservation and Rental Housing Development Programs

TDHCA will reserve $2,000,000 for Rental Housing Preservation and $3,000,000 for Rental Housing Development activities from PY 2006 funding.

These funds represent less than 10 percent of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

SPECIAL INITIATIVES

Persons with Disabilities

In addition to the set aside for persons with disabilities, TDHCA will also ensure that housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20 percent of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to assist TDHCA in reaching its goal.

FUND DISTRIBUTION

Section 2306.111, Texas Government Code, mandates TDHCA to allocate housing funds awarded in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula developed by TDHCA.

Project funds, with the exception of the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, Rental Housing Preservation, and Rental Housing Development, will be awarded based on the Regional Allocation Formula, as referenced in the *2005-2009 State of Texas Consolidated Plan*, utilizing the following percentage per region.

HOME Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,619,309	6.9%	$1,619,061	100.0%	$248	0.0%
2	Abilene	$1,106,263	4.7%	$1,076,607	97.3%	$29,656	2.7%
3	Dallas/Fort Worth	$2,615,609	11.2%	$1,037,193	39.7%	$1,578,417	60.3%
4	Tyler	$3,201,579	13.7%	$2,562,164	80.0%	$639,415	20.0%
5	Beaumont	$1,486,596	6.4%	$1,306,849	87.9%	$179,747	12.1%
6	Houston	$1,641,817	7.0%	$625,397	38.1%	$1,016,419	61.9%
7	Austin/Round Rock	$982,309	4.2%	$478,225	48.7%	$504,084	51.3%
8	Waco	$1,209,298	5.2%	$722,187	59.7%	$487,111	40.3%
9	San Antonio	$1,393,668	6.0%	$786,035	56.4%	$607,633	43.6%
10	Corpus Christi	$1,878,128	8.0%	$1,270,558	67.7%	$607,570	32.3%
11	Brownsville/Harlingen	$4,243,879	18.2%	$2,862,637	67.5%	$1,381,242	32.5%
12	San Angelo	$1,411,415	6.0%	$539,947	38.3%	$871,468	61.7%
13	El Paso	$555,085	2.4%	$351,814	63.4%	$203,271	36.6%
	Total	$23,344,954	100.0%	$15,238,675	65.3%	$8,106,279	34.7%

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 the department.

ELIGIBLE SERVICE AREAS

Per Section 2306.111(c), the Department shall expend at least 95 percent of HOME funds for the benefit of non–participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board.

Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA determined and communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary to have a prompt response in aiding the Hurricane Rita impacted persons. This suspension of the distribution limitation is expected to continue during any period where the Governor invokes §418.016 in continuing disaster declarations for Rita impacted areas.

REVIEW OF APPLICATIONS

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified applicants are notified in writing. All applications must be received by the Department by 5 pm on the date identified in the NOFA and/or application guidelines, regardless of method of delivery.

Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner. The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then, each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) for review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

Applications received by the Department in response to a Competitive Application Cycle NOFA will be reviewed for threshold and scoring criteria in accordance with the rules for application review published in the NOFA and/or application guidelines.

SELECTION PROCESS

All applications for funds received under competitive funding cycles are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. Applications will be recommended up to the limit of funds available per activity and region. Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants.

All applications received under open funding cycles will be reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Because applications are reviewed on a "first come, first served" basis, applications will be reviewed and recommended for funding in the manner prescribed in TDHCA's Open Cycle rules at 10 TAC §53.58.

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 include the following:

1. 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.
2. 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).
3. Eligible match contributions from State recipients, as specified in 24 CFR 92.220.
4. 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.

Additionally, TDHCA will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligation Policy. TDHCA's Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the TDHCA's Board, disaster relief applicants, special needs applicants, applicants serving the colonias, and for other eligible uses as determined by TDHCA's Board of Directors, or the Executive Director at the Board's direction.

APPLICABLE FEDERAL AND STATE REGULATIONS

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 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. 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. In the event that a project does not meet the requirements of Section 504, TDHCA will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing noncompliant projects into compliance when appropriate and when such a request is supported by circumstances beyond the control of the administrator. This provision will not apply if Section 504 activities were included as part of the budget in contracts between TDHCA and administrators.

THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The *2006 State of Texas Consolidated Plan One-Year Action Plan (Draft for Public Comment)* was available for public comment from September 19, 2005 through October 18, 2005 (a 30-day public comment period). Additionally, TDHCA held 13 public hearings in which constituents were given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations were encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

MINORITY PARTICIPATION

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

RECAPTURE PROVISIONS UNDER THE HOMEBUYER ASSISTANCE PROGRAM

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).

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any Homebuyer Program the State administers.

(A) The following methods of recapture would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

(1) Recapture the amount of the HOME investment reduced or prorated 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 net proceeds.

(2) If the 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

$$\frac{\text{HOME investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{amount to homeowner}$$

(B) The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This is also the amount upon which the affordability period is based. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities. If HOME funds were used for development subsidy and therefore not subject to recapture, the resale provisions at 24 CFR 92.254(a)(5)(i) apply.

(C) Upon recapture of the HOME funds used in a single family homebuyer project with more than one unit, the affordability period on the rental units may be terminated at the discretion of TDHCA.

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any homebuyer program the State administers.

(A) The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

(1) Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.

(2) The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.

(3) The period of affordability is based on the total amount of HOME funds invested in the housing.

(B) Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements.

(1) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD.

(2) The participating jurisdiction may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure in an effort to preserve affordability.

(3) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.

(4) In the event of the above termination events, the HOME investment that is subject to recapture is based on the amount of available net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds), if any, from the sale.

(5) If the net proceeds are insufficient to repay the loan and the homebuyer's down payment and any capital investment, the homebuyer's investment is paid in full first from the available proceeds from the resale and the loan repaid to the extent that proceeds are available.

(6) If there are no net proceeds, repayment of the loan is not required.

(7) Any net proceeds in excess of homebuyer's investment and the amount to be repaid under the loan are paid to the seller of the property.

FORECLOSURES UNDER THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT PROGRAMS

If the property becomes the subject of a foreclosure proceeding that results in the sale of part or all of the property, all sums in excess of those paid to superior lien holders shall be paid to TDHCA to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, TDHCA may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

The Department also plans to utilize HOME funds for the management and administration of properties that have been foreclosed upon by the Department as a superior lien holder. These funds will be taken from the 10 percent in HOME funds available to the Department for administration of its programs.

OTHER FORMS OF INVESTMENT

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

If the State intends to use HOME funds to refinance existing 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).

The Department may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). The Department shall use its underwriting and evaluation standards, codified at 10 TAC §§1.31-1.36 and its HOME Investment Partnerships Program rules at 10 TAC §53, 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;
- 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 the Department 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.

HOME PROGRAM ACTIONS

This section describes how the HOME Program addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

Affordable Housing

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). 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 for the acquisition of affordable single family housing, and funding for rental housing development preservation of existing affordable or subsidized rental housing.

Public Housing Resident Initiatives

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA/ADDI. 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.

Lead-Based Hazards

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.

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 period not to exceed two years. 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.

Institutional Structure

The HOME Program encourages partnerships in order to improve the provision of affordable housing. TDHCA currently directly allocates $500,000 in HOME funds to the Home of Your Own Coalition, which assists persons with disabilities purchase a home by providing education and financial assistance. Organizations receiving HBA/ADDI 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 TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2006 ACTION PLAN

INTRODUCTION

This 2006 Action Plan for Housing Opportunities for Persons with AIDS (HOPWA) is part of the *2005–2009 State of Texas Consolidated Plan* for program year 2006 (February 1, 2006, through January 31, 2007). Although this plan is part of the *Consolidated Plan* submitted to the US Department of Housing and Urban Development (HUD) by the Texas Department of Housing and Community Affairs, HUD will directly contract with the Texas Department of State Health Services (DSHS) for the HOPWA program, as it has done since 1992.

NEEDS STATEMENT

The Human Immunodeficiency Virus (HIV) disease and Acquired Immunodeficiency Syndrome (AIDS) has become a disease disproportionately affecting the poor. The proportion of AIDS cases is higher among women, children, and minorities, who are already over represented among the poor. The debilitating nature of HIV disease and the high cost of medical treatment affect employability, while increasing the cost of living. Loss of employment, underemployment, and lack of insurance quickly drain financial resources and can lead to loss of housing. While affordable housing declines, the need for housing may actually increase as people with HIV live longer due to improved medical treatments.

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons with AIDS are either homeless or at risk of homelessness; there may be from 16,283 to 24,283 people living with AIDS in Texas who are homeless or at risk of homelessness. It is unknown how many symptomatic people with HIV are at risk. Housing continues to rank high on the needs assessments of people with HIV/AIDS as assessed regularly by the Ryan White Title II planning bodies.

DSHS distributes approximately $21.5 million in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. An additional $55 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.

The Texas HOPWA program continues to fill the unmet need by providing emergency housing assistance and rental assistance. Because the primary objective of this project is the provision of assistance to continue independent living, the continuation of HOPWA funding is critical in addressing the threat of homelessness for persons with HIV/AIDS in Texas.

PROPOSED ACTIVITIES

The Texas Department of State Health Services (DSHS) proposes to continue the following activities.

Emergency Assistance Program

This program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. It enables low income individuals at risk of becoming homeless to remain in their current residences for a period not to exceed 21 weeks in any 52-week period. Payments for rent, mortgage, and/or utilities, including telephone, up to the cap established locally, are provided. The project sponsor makes payment directly to the provider with the client paying any balance due.

Rental Assistance Program

This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing. Clients must contribute the greater of 10 percent of gross income or 30 percent of adjusted gross income towards their rent, or they must contribute the amount of welfare or other assistance received for that purpose. The project sponsor pays the balance of the rent up to the fair market rent value.

Supportive Services

DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services will be limited primarily to case management and the purchase of smoke detectors for HOPWA clients.

PROGRAM PLAN

On the basis of past performance, DSHS estimates that 1,360 persons can be provided with short-term rent, mortgage, and utility payments, and 1,290 persons can be provided project- or tenant-based rental assistance during the project year. Individuals eligible to receive assistance or services under the HOPWA program are persons with HIV/AIDS and their families who are low income, as defined by HUD.

All 25 of the state's HIV Service Delivery Areas (HSDAs) receive HOPWA funding through a contract with the Administrative Agency serving the HSDA. Each Administrative Agency administers contracts with one or more Project Sponsors who directly serve HOPWA client needs.

Administrative Agencies are selected based on a competitive RFP process. Award of their funding allocation is contingent upon the submission of a DSHS accepted plan of action. DSHS reserves 3 percent of total award for administrative and indirect costs combined including Administrative Agency administrative costs. Project Sponsors are allowed to use up to 7 percent of their allocation for personnel or other administrative costs while Project Sponsors are required to provide case management, case management and other support services are provided primarily through Ryan White CARE Act funds and State Services funds.

GEOGRAPHIC DISTRIBUTION

The general locations for the proposed activities cover the entire state through established HSDAs. An Administrative Agency administers the HOPWA grant, Ryan White CARE Act/Title II grant, and the State Services grants. There are 30 counties that are excluded from the state allocation because they receive direct funding from HUD.

The excluded counties are in the five directly-funded Eligible Metropolitan Service Areas of Austin, Dallas, Fort Worth, Houston, and San Antonio as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Denton, Ellis, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Chambers, Fort Bend,

Harris, Liberty, Montgomery, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.
HOPWA funds are allocated to HSDAs based on a formula allocation that includes HIV morbidity, poverty, and other data. DSHS does not include minority concentration in its allocation formula, as referenced in 24 CFR 91.320(d).

HOPWA funds are allocated to HSDAs based on the following:

- Each HSDA's proportion of the total number of Texas AIDS cases reported, as collected by DSHS's HIV/AIDS Surveillance System
- Each HSDA's proportion of the total Texas population, using estimates from the Texas A&M University Texas State Data Center
- The ratio of each HSDA's estimated 1990 poverty rate to the State's 1990 poverty rate
  **This formula allocation is currently being re-evaluated.*

In addition to the formula allocation, DSHS uses any unspent funds to reallocate and/or redistribute funds to HSDAs that have shown the ability to effectively use HOPWA funds and are in greatest need of funds.

Administrative Agencies

DSHS proposes to contract with the following entities for HOPWA.

Bexar County Housing and Human Services
233 North Pecos Street, Ste. 590
San Antonio, TX 78207-3180

Brazos Valley Council of Governments
P.O. Box 4128
Bryan, TX 77805-4128

Dallas County Health and Human Services
2377 North Stemmons Frwy., Ste. 600
Dallas, TX 75207-2710

East Texas Administrative Resource Center
P.O. Box 9007
West Loop 281
Longview, TX 75604

Galveston County Health District
P.O. Box 939
La Marque, TX 77568-0939

Houston Regional HIV/AIDS Resources Group, Inc.
500 Lovett Boulevard, Ste. 100
Houston, TX 77006

Lubbock Regional MHMR Center
P.O. Box 2828
1602 Tenth St.
Lubbock, TX 79408-2828

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902

South Texas Development Council
P.O. Box 2187
4812 North Bartlett
Laredo, TX 78044-2187

Tarrant County Health Department
1101 South Main St., Ste. 2500
Fort Worth, TX 76104-4802

Project Sponsors

Administrative Agencies contract with Project Sponsors in each HSDA as follows.

Bexar County
Coastal Bend AIDS Foundation, Inc.
800 Mann Street, Suite 800
Corpus Christi, TX 88401
Contact: Mary Olivarez, 361-814-2001

United Medical Centers—Eagle Pass
P.O. Box 1470
Eagle Pass, TX 78853
Contact: Connie Villarreal, 830-777-5358

Victoria City-County Health Department
2805 North Navarro, Ste. 104
Victoria, TX 77901
Contact: Bain C. Cate, M.D., 361-572-0125

Housing Authority of Victoria
401 Halsey
Victoria, TX 77901
Contact: Delores Garza, 361-575-3682

Brazos Valley Council of Governments
Community Action, Inc., Hays, Caldwell
P.O. Box 748
San Marcos, TX 78667
Contact: Cynthia Juniper, 512-392-1161

San Angelo AIDS Foundation, Inc.
P.O. Box 62474
San Angelo, TX 76906
Contact: Rita Castro, 325-658-3634

United Way of the Greater Fort Hood Area
208 West Avenue A
Killeeen, TX 76541
Contact: Robert E. Luckey, 254-634-0660

Waco-McLennan County Public Health District
225 West Waco Drive
Waco, TX 76707
Contact: Bobbie Stephens, 254-750-5499

Dallas County Health and Human Services
AIDS Resource Center of Texoma, Inc.
222 West Brockett
Sherman, TX 75090
Contact: William Stringer, 903-813-1272

AIDS Resources of Rural Texas
P.O. Box 1720
Weatherford, TX 76086
Contact: Bradley Ward, 817-596-3022

East Texas Administrative Resource Center
Special Health Resources, Inc.
P.O. Box 9007
Longview, TX 75608
Contact: Donna Emery, 903-619-0288

Galveston County Health District
AIDS Coalition of Coastal TX, Inc.
P.O. Box 939
La Marque, TX 77568
Contact: Anne Garcia McMorris, 409-938-2401

Houston Regional HIV/AIDS Resources
Health Horizons of East Texas, Inc.
P.O. Box 635022
Nacogdoches, TX 75961
Contact: Wilbur Brown, Jr., Ed. D., 936-569-8240

Triangle AIDS Network
P.O. Box 12279
Beaumont, TX 77726
Contact: Bonnie S. Brooks, 409-832-8338

People with AIDS Coalition—Houston, Inc.
603 Avondale
Houston, TX 77006
Contact: Brenda Myers, 713-522-5428

Lubbock Regional MHMR Center
Panhandle AIDS Support Org., Inc.
1523 S. Taylor
Amarillo, TX 79101
Contact: Michael Timcisko, 806-372-1050

Permian Basin Community Center MHMR
502 N. Carver
Midland, TX 79701
Contact: Larry Carroll, 432-570-3390

Planned Parenthood Assoc. of Lubbock, Inc.
Briercroft Office Park, Bldg. 14
Lubbock, TX 79412
Contact: Tony Thornton, 806-795-7123

South Plains AIDS Resource Center—Lubbock
202 37th Street
Lubbock, TX 79404
Contact: Roger Culberson, 806-765-0444

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902
Contact: Norma Vasquez, 915-544-8195

South Texas Development Council
City of Laredo Health Department
P.O. Box 2337
Laredo, TX 78044
Contact: Hector Gonzalez, M.D., M.P.H., 956-723-2051

Valley AIDS Council
418 East Tyler, Ste. B
Harlingen, TX 78550
Contact: Charles R. Smith, 956-428-2653

Tarrant County Health Department
AIDS Resources of Rural Texas
P.O. Box 1720
Weatherford, TX 76086
Contact: Doug Cooper, LCSW, 817-596-3022

AIDS Resources of Rural Texas—Abilene
P.O. Box 1720
Weatherford, TX 76086
Contact: Doug Cooper, LCSW, 817-596-3022

Wichita Falls—Wichita County P.H. District
1700 Third Street
Wichita Falls, TX 76301
Contact: Dewayne Robertson, 940-761-7804

*Please note some Project Sponsors may change in 2006.

CLIENT PARTICIPATION

HIV Care clients are informed about the availability of housing assistance during intake, and applications for assistance are taken. Having met HUD's basic eligibility criteria, clients may be selected on the basis of a more restrictive income requirement and, once in the program, may be subject to monthly caps on emergency rental and utility assistance. Clients are assessed for changes in housing eligibility status during regular assessment visits with their case manager. Any client needing housing assistance may request determination of eligibility as needed.

Information regarding HOPWA assistance and eligibility criteria is made available to all HIV service agencies in the HSDA, and potential clients are referred. In addition, project sponsors are required to collaborate with local housing authorities and other housing assistance programs in the HSDA to insure that appropriate referrals can be made to maximize available resources.

Coordination

Because DSHS is the state agency that administers assistance provided under the Ryan White CARE Act Title II, as well as state funds appropriated for persons with HIV/AIDS and their families, coordination of HOPWA assistance with agencies responsible for providing services to these individuals is assured.

In turn, Administrative Agencies contract directly with the HOPWA Project Sponsors and administer HIV health and social services administered by DSHS, including the Ryan White and the State Services Grants. The fundamental purpose is to ensure the coordination of all agencies serving those with HIV/AIDS to avoid duplication, save dollars, and provide the best possible services to people with HIV/AIDS.

Monitoring

HOPWA project sponsors are monitored by the HIV Administrative Agencies according to program standards set out in the DSHS HOPWA program manual located at http://www.tdh.state.tx.us/hivstd/fieldops/hopwa.htm. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the *Administrative Agency Core Competencies* document located at http://www.tdh.state.tx.us/hivstd/files/AA_Core_Competencies_2005.doc.

HOPWA Program Actions

This section describes how the HOPWA Program addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure. Please note that the only action that HOPWA addresses is lead-based paint.

Lead-Based Hazards

HUD requires providers to give all HOPWA clients the lead-based paint pamphlet entitled *Protect Your Family from Lead in Your Home*. The client's case record must include documentation that a copy of the pamphlet was given to the client. The pamphlet was developed by the Environmental Protection Agency in response to concern about lead-based paint hazards in the home.

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 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.

AVAILABLE RESOURCES

The consolidated 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 consolidated 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 PROGRAM

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. This RAF objectively measures the affordable housing need and available resources in 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. For the 2006 RAF, the following available resources were determined to have been available or distributed in 2005 in the areas eligible for TDHCA HOME funds. While these amounts are subject to change in 2006, it is thought that overall they represent a useful estimate of the availability of funding for activities similar to those eligible under the HOME Program.

Source	Funding Level
State of Texas Housing Trust Fund	$ 4,203,697
HUD Housing for Persons with AIDS	$ 1,546,851
HUD Public Housing Authority Capital Improvements Funding	$ 36,534,599
HUD Section 8 Funding	$ 146,053,519
USDA Multifamily Development Funding	$ 6,794,000
USDA Rental Assistance Funding	$ 28,164,849
Federal Housing Tax Credits	$ 155,424,069
Multifamily Bond (MFB) Financing	$ 51,227,369
Federal Housing Tax Credits Associated with MFB Financing	$ 37,898,379
USDA Single Family Funding	$ 45,915,871
Single Family Bond Financing	$ 140,860,433
HOME Funding	$ 48,401,779
Total Resources	$ 703,025,416

HOPWA

Although Ryan White and State HIV Services funds may be used for housing, a very small amount is currently allocated for that purpose. Ryan White case managers also provide HOPWA case management, and attempt to fulfill housing needs through the HOPWA program or through other local housing programs.

GENERAL INFORMATION ON OTHER PROGRAMS

TDHCA is required by State law to publish a *Program Guide* the outlines state and federal housing and housing-related programs that are available in Texas. The guide has information on all TDHCA programs and includes housing-related programs from other state and federal agencies. This detailed document is organized by activity area and then by administering entity. For each specific program, contact information at the appropriate agency is provided. The 120-plus page document is updated annually and is currently available on line at http://www.tdhca.state.tx.us/ppa/docs/hrc/05-ProgramGuide-050607.pdf or in hard copy upon request.

OTHER ACTIONS

The following section lists other actions taken by the State to fulfill the consolidated planning requirements concerning the provision of affordable housing. For a complete account of all of the State's actions, please also consult the program statements for the formula grants in the previous section as many of the formula grants also address the issues listed below.

COMPLIANCE MONITORING

It is one of the functions of the Portfolio Management and Compliance Division to oversee the development and enforcement of compliance procedures to ensure that program requirements are met. This monitoring is accomplished through participation in program development, technical assistance, and field visits. Compliance staff are responsible for monitoring occupancy requirements established in restrictive use agreements. Examples are, but not limited to, monitoring occupancy requirements of the Housing Tax Credit Program in accordance with Section 42, monitoring income eligibility and tenure of affordability in the HOME Program, and monitoring income and rent eligibility for the Housing Trust Fund and Private Activity Bonds. The Compliance Division is also responsible for the post-construction or post-rehabilitation monitoring of multifamily properties.

HOUSING TAX CREDIT (HTC) PROGRAM

The HTC Program directs private capital toward the creation of affordable rental housing by providing financial incentives to nonprofit and for-profit developers of multifamily housing. Interested persons should obtain a copy of the *Housing Tax Credit Qualified Allocation Plan and Rules* (QAP) for a more detailed description of the program. A number of other descriptive documents are available on TDHCA's web site at www.tdhca.state.tx.us.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention	X	
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families	X	
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives	X	

Emergency Shelter and Transitional Housing Needs of Homeless Persons

The HTC Program, by providing financial incentives to nonprofit and for-profit developers of transitional housing, addresses some needs of homeless persons.

Homelessness Prevention

The HTC Program awards points toward allocations for projects designed solely as transitional housing for homeless persons with supportive services designed to assist tenants in locating and retaining permanent housing. The program's selection criteria awards points to developments in danger of foreclosure, with consequent loss of affordable rental units. Maintaining the affordability of these developments aids in preventing the homelessness of the tenants.

Special Needs of Homeless Persons

The program awards points to encourage the development of projects specifically for homeless persons and that provide appropriate supportive services for this population.

Meeting Underserved Needs

The program awards points and sets priorities to encourage developments that serve the groups with the most need. Through the QAP's selection criteria, TDHCA provides preferences to applications that:

- are located in underserved areas where the federal, state, or local government is trying to encourage development;
- supply housing in areas with the greatest need for affordable housing; and
- provide units for tenants at lower income levels.

Foster and Maintain Affordable Housing

The fundamental purpose of the HTC Program is fostering and maintaining affordable housing. The QAP's scope states the following:

> *"TDHCA shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of accessible affordable housing developments in rural and urban communities."*

Remove Barriers to Affordable Housing

This activity is indirectly addressed by building developments that are comparable to market-rate properties in construction and amenities. Furthermore, overcoming the local opposition to affordable housing through education is addressed in HTC literature. The HTC Program also encourages its developers to accept tenants on the waiting lists of public housing authorities. Points are awarded for marketing HTC projects to such tenants.

Reducing Lead-Based Paint Hazards

TDHCA's HTC Program requires an environmental site assessment (ESA) as part of the application package. Such an assessment accounts for all environmental hazards, including lead-based paint. The engineers performing ESAs have a very high level of awareness of the lead-based paint issue because of the prevalence of the problem.

Reducing the Number of Poverty-Level Families

This issue is addressed by the provision of supportive tenant services that would not normally be available to the resident. By awarding selection criteria points, the QAP encourages the provision of supportive services that can often assist families in raising their income level and financial knowledge. Examples of such services include job training, money management classes, adult education, health and nutritional courses, credit counseling, and homeownership training.

Developing Institutional Structure

Though not explicitly addressed, the existence of the program's Nonprofit Set-Aside and points given for nonprofit participation encourage the proliferation of nonprofits. Program provisions are known to have resulted in the creation of a very small number of nonprofits in past allocation years.

Enhancing Coordination between Public & Private Housing and Social Service Agencies

The provision of supportive services is encouraged by the awarding of points for such services in the QAP. Supportive services are frequently a part of tax credit developments. The HTC Program facilitates the construction of affordable housing by both public and private entities. The program oversees the dispersion of properties built with tax credits in consideration of the location of all affordable housing developments, including projects that are not associated with the tax credit program.

Fostering Public Housing Resident Initiatives

Public housing resident initiatives are implicitly addressed in the QAP, which provides points to owners who enter into an agreement to sell a tax credit development to a tenant organization. As a result of the provision, a very small number of owners have submitted applications including proposals to establish tenant organizations for the purpose indicated.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) is the only State-funded program dedicated to the development of affordable housing. The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS).

Local units of government, public housing authorities, community housing development organizations (CHDO), nonprofit organizations, or for-profit entities are eligible to apply for funding under this program.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention		X
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families		X
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

Emergency Shelter and Transitional Housing Needs of Homeless Persons

Under HTF, funding for the acquisition, new development, or rehabilitation of transitional housing for the homeless is an eligible activity.

The Department has reserved approximately $1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.

Special Needs of Homeless Persons

The homeless are considered a special needs group under the HTF. Additionally, HTF requires applicants to list the types of services or programs that will be available to residents whose homes were assisted with HTF dollars. Examples of these services are job training, childcare, counseling, and meal services. These types of services can be crucial in reducing the number of poverty-level families. This raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

Meeting Underserved Needs

The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS). HTF strives for a broad geographic distribution of projects, with a focus on rural, underserved areas. For HTF funded rental developments:

- single family affordable housing must be made accessible to persons with disabilities in accordance with §2306.514 of the Texas Government Code; and
- multifamily housing units must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

Fostering and Maintaining Affordable Housing

Through its funding activities, HTF preserves affordable housing stock and creates new affordable housing. Through this process, HTF works to meet the underserved housing needs of Texans. HTF provides affordable housing assistance through other program activities as well.

HTF's Capacity Building Program has enhanced the ability of nonprofit organizations to develop affordable housing by providing training in real estate development, construction management, property management, and housing finance.

HTF's Predevelopment Loan Fund has provided organizations with funding for predevelopment expenses. For many organizations, the up-front costs associated with the development of affordable housing provide a significant barrier. By awarding predevelopment funding to nonprofits that demonstrate the capacity to develop affordable housing, this cost barrier can be reduced or eliminated.

Removing Barriers to Affordable Housing

This activity is indirectly addressed by building developments that are comparable to market rate properties in construction and amenities.

Reducing Lead-Based Paint Hazards

Developments assisted with HTF funds are required to address the issue of lead-based paint. Program requirements state that applicants are to provide a Phase One environmental survey on all proposed new development or rehabilitation. The Phase One survey is required to contain both lead-based paint and asbestos components to identify any potential hazards for residents. If these materials are found on the property, the owner is required to submit a plan for either the removal or containment of the substance prior to work proceeding.

Developing Institutional Structure

In 2005, the Housing Trust Fund provided approximately $400,000 in grant funding to 12 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing. The Capacity Building program is not subject to the regional allocation plan since it represents less than 10 percent of the annual Housing Trust Fund allocation.

Approval for the fiscal year 2006 Capacity Building program is pending final review from the Department's Board in January, 2006.

Enhancing Coordination between Public and Private Housing and Social Service Agencies

Rewarding applicants for providing tenant services raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

MULTIFAMILY BOND PROGRAM

TDHCA's Multifamily Bond Program provides the State with the opportunity to increase the affordable housing stock at no cost or liability to the State. The programs allow for financing of affordable multifamily housing through private investment rather than through the use of public funds.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

Fostering and Maintaining Affordable Housing

The Multifamily Bond Program provides long-term variable or fixed-rate financing to nonprofit and for-profit developers of new or existing multifamily rental properties to generate and/or preserve affordable rental housing. TDHCA may finance individual multifamily developments or pools of properties located throughout the state. Under the program, developers agree to set aside a prescribed percentage of a property's units for rent to persons and families of low, very low, and moderate income, as well as to persons with special needs. TDHCA finances properties under the program through the sale of mortgage revenue bonds.

SINGLE FAMILY BOND PROGRAMS

These programs are for the purchase of single family homes by first time homebuyers. The Single Family Bond Program is designed to assist very low, low, and moderate income families.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

Fostering and Maintaining Affordable Housing

Single family lending fosters affordable housing primarily through administration of the Mortgage Revenue Bond (MRB) First Time Homebuyer Program. This program channels low-interest mortgage money through participating Texas lenders to eligible families who are either purchasing their first home or who have not owned a home within the preceding three years.

Removing Barriers to Affordable Housing

Single family programs assist in overcoming barriers to mortgage financing by offering down payment assistance programs. Qualified individuals and families (115 percent or less of AMFI) may receive grants or zero-percent subordinate financing to cover down payment and allowable closing costs. This financing lowers the overall monthly housing obligation expense and overcomes the “lack of funds” hurdle typically faced by low to moderate income households.

ENERGY ASSISTANCE PROGRAMS

The Weatherization Assistance Programs and Comprehensive Energy Assistance Program provide housing-related assistance by reducing energy expenses and energy consumption through assistance with utility payments and weatherization. Both programs are federally funded.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention	X	
Special needs of homeless persons		X
Meeting underserved needs	X	
Foster and maintain affordable housing		X
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families	X	
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

Homelessness Prevention

A number of studies have shown that high energy costs contribute to home abandonment. Reducing energy consumption and increasing energy affordability through the Weatherization Assistance Program (WAP) and the Comprehensive Energy Assistance Program (CEAP) allows households to meet their overall housing expenses.

Meeting Underserved Needs

Community assessments conducted by community action agencies (CAAs) indicate that energy assistance programs are greatly needed in low income areas. In some areas, TDHCA programs may be the only energy assistance programs available.

Reduce the Number of Poverty-Level Families

CEAP takes a case management approach to energy assistance by which the program addresses the underlying contributing causes to energy induced hardship. Often this involves enrolling clients in education, training, and employment programs.

Enhance Coordination between Public and Private Housing and Social Service Agencies

The energy assistance program deals with many housing issues in an indirect manner through its involvement in a number of partnership programs with investor-owned utilities in the provision of weatherization services.

OFFICE OF COLONIA INITIATIVES

The Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all colonia initiatives and managing portions of TDHCA's existing programs targeted to colonias. All of the assistance provided by OCI is designed for border communities and/or colonia residents. A colonia is defined as a geographic area located within 150 miles of the Texas-Mexico border that has a majority population composed of individuals and families of low, very low, and extremely low income who lack safe, sanitary, and sound housing together with basic services such as potable water, adequate sewage systems, drainage, streets, and utilities.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

Meeting Underserved Needs

OCI meets the need of underserved populations by virtue of the programs' geographical area and by focusing on extremely low and very low income households (at or below 60 percent of AMFI) that are exceptionally prone to poverty.

Fostering and Maintaining Affordable Housing

OCI fosters affordable housing through the Texas Bootstrap Loan Program created by the 76th Texas Legislature to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. This program is specifically designed to promote self-help construction methods and allow residents to build their own homes.

Another method used to foster affordable housing is the Contract for Deed Conversion Program, whereby eligible residents can apply to convert their existing contract for deed into a traditional note and deed of trust. This allows residents to begin to build equity on their property and use their property as collateral for securing a construction/rehabilitation loan.

Additionally, the intent of the Colonia Model Subdivision Loan Program is to provide low-interest loans for the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias.

Removing Barriers to Affordable Housing

There are presently seven counties (El Paso, Webb, Starr, Hidalgo, Maverick, Val Verde, and Cameron/Willacy) with Colonia Self-Help Centers. These centers provide technical assistance in housing finance and rehabilitation, new construction, surveying and platting, construction skills, tool libraries, credit and debt counseling, grant preparation, infrastructure construction and access, consumer education, and other improvements.

Additionally, OCI has created a Colonia Resident Advisory Committee that advises TDHCA regarding the needs of colonia residents, as well as programs and activities operated through the self-help centers. Other examples of barrier removal include obtaining a waiver from HUD allowing for the use of a new set of housing standards for Texas' colonias. This set of minimum standards, known as the Colonia Housing Standards (CHS), was adopted by HUD and FHA to insure loans in the colonias. The new standards provide basic, safe, sanitary, and structurally sound housing needed to alleviate the existing health risks in the areas. OCI has also developed and implemented a consumer education program for residents purchasing residential property under a contract for deed. This program provides valuable information on the rights and responsibilities of purchasing residential property under a contract for deed vs. a traditional note and deed of trust.

Developing Institutional Structure

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department's programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for improving developing institutional structures that are responsive to the needs of colonia residents.

Enhancing Coordination between Public and Private Housing and Social Service Agencies

Through the Texas Border Infrastructure Group, chaired by the Secretary of State's Office, OCI created *The Border Resource Guide* containing up-to-date program funding information for federal, state, local, and bi-national organizations. *The Border Resource Guide* is distributed throughout the Texas-Mexico border to assist organizations and inform them of funding opportunities.

Another effort managed by OCI includes the operation of three Border Field Offices located in Edinburg, Laredo, and El Paso. Through the efforts of border field representatives, coordination and communication between public and private agencies is maintained. Technical support is provided to organizations needing assistance in accessing department resources and/or seeking funding opportunities.

TEXAS DEPARTMENT OF STATE HEALTH SERVICES (DSHS)

During 2006, DSHS anticipates the following other activities:

- DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services will be limited primarily to case management and the purchase of smoke detectors for HOPWA clients.
- Based on statewide stakeholder meetings held during the Fall of 2005, DSHS will implement changes to the current Administrative Agency structure. Due to diminishing funding, the state may make changes to maximize our HIV client services dollars.
    - DSHS will provide additional guidance to Administrative Agencies and Project Sponsors on HOPWA administrative caps, and implement corrective action where needed. The State and the Administrative Agencies combined may not use more than 3 percent of the overall grant award for costs relating to grant administration, as defined at 24 CFR 574.3. Project Sponsors carrying out HOPWA activities through the state program may not use more than 7 percent of the amounts they receive for administrative costs (see 24 CFR Section 574.300(b)(10)(i)-(ii)). Administrative costs are defined as "costs for general management, oversight, coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since these costs are eligible as part of the activity delivery costs of such activities."
    - DSHS will implement changes to funding of certain Administrative Agencies and Project Sponsors in compliance with OMB Bulletin No. 03-04, *Revised Definitions of Metropolitan Statistical Areas, New Definitions of Metropolitan Statistical Areas and Combined Statistical Areas and Guidance on Uses of the Statistical Definitions of These Areas,* as indicated in the following table:

HOPWA FORMULA JURISDICTIONS	**Changes in Service Areas Using New MSA Definitions, Including Divisions**	
NAME OF HOPWA GRANTEE FOR THE METROPOLITAN STATISTICAL AREA (MSA) OR DIVISION	**Counties Added to Prior Service Area**	**Counties Cut From Prior Service Area**
TEXAS	Henderson & Hood	Atascosa, Austin, Bandera, Brazoria, Delta, Galveston, Kendall, Medina, San Jacinto, & Wise
AUSTIN-ROUND ROCK, TX		
DALLAS-PLANO-IRVING, TX DIVISON	Delta	Henderson
FORT WORTH-ARLINGTON, TX DIVISON	Wise	Hood
HOUSTON-BAYTOWN-SUGAR LAND, TX	Austin, Brazoria, Galveston & San Jacinto	
SAN ANTONIO, TX	Atascosa, Bandera, Kendall & Medina	

Note: This table is an excerpt from a table published in the US Department of Housing and Urban Development publication CPD-03-11.

- HOPWA Administrative Agencies and Project Sponsors will be responsible for implementing the new Outcome Performance Measurement system beginning 02/01/06–01/31/07. For additional details about the proposed Outcome Performance Measurement System, please reference Federal Register/Vol. 70, No. 111/Friday, June 10, 2005/Notices.

SUMMARY OF PUBLIC COMMENT

The Plan was made available for public comment from September 19, through October 18, 2005. Comment was accepted in writing and at 13 Consolidated hearings held across the state. Approximately 97 individuals attended the public hearings held in the following cities: Abilene, Arlington, Austin, Corpus Christi, Crockett, El Paso, Houston, Lubbock, McAllen, Midland, Mt. Pleasant, San Antonio, and Temple. These public hearings took comment in the Draft 2006 Plan, and comment was solicited for each program, CDBG, HOME, ESGP, and HOPWA, separately.

The comments summarized below were received during the public hearings or submitted in writing. To review hearing transcripts, contact TDHCA's Division of Policy and Public Affairs at 512-475-3976. Please note that no comments were received for HOPWA at the public hearings or directly by the Texas Department of State Health Services.

COMMENT REGARDING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTE: The Texas Community Development Program (TCDP) uses a biannual funding design to expedite the allocation and obligation of CDBG funds under a biannual funding competition. Since, the TCDP selected its 2006 awardees (pending 2006 CDBG funding) through the 2005-2006 funding competitions by following the selection procedures under the 2005 TCDP Action Plan, very little could be changed under the proposed 2006 TCDP Action Plan in terms of the distribution process and competition scoring from that of the approved 2005 Action Plan. Although 18 public hearings for the proposed 2006 TCDP Action Plan were held throughout the state, only two comments were received regarding the 2006 Proposed TCDP Action Plan.

Comment: Retaining the 12-Month Disaster Relief Fund Application Due Date Period

On July 28, 2005, ORCA held a 2006 Proposed TCDP Action Plan public hearing in Kerrville, Texas. The following was accepted as public comment:

> *"The timeframe for submitting a Disaster Relief application no more than 6 months after the date the disaster event occurred would be too short. If it were 6 months it would put the city or county at a disadvantage. We should retain the 12-month period that was allowed in the 2005 Action Plan."*

- ORCA Response
  The TCDP shall continue to allow eligible Disaster Relief applicants to submit their Disaster Relief applications no later retain the 12 months from the date of the Presidential or Governor's declaration.

Comment: New GASBE 34 Rules Delay a TCDP Grant Recipients Ability to Complete Projects on Time

On August 1, 2005, ORCA held a 2006 Proposed TCDP Action Plan public hearing in Kingsville, Texas. The following was accepted as public comment:

> *"Due to the new GASB 34 rule, many auditors are overwhelmed or overworked due to rules and regulations. Paperwork is taking 9-12 months to complete. Therefore, many communities can't submit audits to ORCA within the six months to meet the audit threshold. Extensions are hurting*

cities that take time on projects rather than those working toward their future scores and rushing projects."

- ORCA Response

  ORCA's TCDP Funding is made available from Community Development Block Grant (CDBG) funds from the US Department of Housing and Urban Development (HUD). Subrecipients expending $500,000 or more in total Federal and State awards during the fiscal year shall obtain either an annual single audit or an annual program specific audit. The single audit is due within 9 months after the end of the audited fiscal year per the US Office of Management and Budget Circular A-133. The GASB 34 rule must be followed by those sub-recipients who must submit an annual single audit or program specific audit. This is a federal/HUD requirement that the state of Texas must follow in order to make state CDBG awards and cannot be waived. ORCA recognizes that there will be a learning curve for grant recipients in the first year of implementing the new financial requirements. Grant recipients will avoid a lot of frustration and ORCA strongly encourages hiring a CPA firm (1) early in the audit process; (2) that is knowledgeable in the new GASB 34 requirements (ask and get confirmation about CPE hours related to GASB 34); and (3) that is able to start and complete your audit in a timely period (as stipulated by your engagement letter) to comply with federal, state, and contractual requirements. For detailed information on GASB 34, see www.gasb.org.

GENERAL COMMENTS RECEIVED DURING THE PUBLIC COMMENT PERIOD THAT COULD AFFECT THE HOME PROGRAM

Comment: Disaster Relief Policy Development

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short-term help and rental development funding to increase the available housing supply.

> *"...I would strongly encourage...lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner- city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.*
>
> *"Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi -- I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing.*
>
> *"The City of Corpus Christi is an entitlement -- has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst -- what? -- 30, 40 agencies. They may have good programs, but there's not enough money...I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build ...apartments... We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here... We could probably do a lot of good stuff, good things. So I'm suggesting,...like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation."*

- TDHCA Response

  The Department has received a number of state and federal waivers that allow it to more effectively use its HOME funds for Disaster relief.

  The following revision was made to allow funding in PJs for Hurricane Rita disaster relief.

  "Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute."

The following revisions to the CHDO set aside description and the addition of a Disaster Relief set aside were made to allow CHDO funds to be used for Hurricane Rita disaster relief.

"CHDO Set-Aside

In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including PY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately $10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or 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. These organizations may 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, developer, or sponsor of the single family housing project. In addition, other eligible activities under the CHDO Set-Aside include the following:

- *CHDO Operating Expenses. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department 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. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50 percent of the CHDO's total annual operating expenses in that fiscal year or $50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.*
- *Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.*
- *Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, $1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.*

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code."

Disaster Relief
The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately $8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.

Additionally, TDHCA has reserved $1.8 million of the Housing Trust Fund for this purpose.
The Department has reserved approximately $1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.

Comment: Transportation Issues

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

"While you're not directly involved...with the ability to extend the transit system, I think that that is something that is -- that just further defines where people will have to find homes or residences."

"It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on."

- TDHCA Response
  Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the One Year Action Plan are suggested.

Comment: Public Comment Administration

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

"I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that -- we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not

only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face."

"...Many of the programs...directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs...I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue."

- TDHCA Response

  TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a "TDHCA Consolidated Public Hearings" page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

  In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the One Year Action Plan are suggested.

Comment: Fair Housing

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

"We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to -- and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to $430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're doing to -- for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite."

- TDHCA Response

  TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the One Year Action Plan are suggested.

Comment: Policies to Assist Persons with Disabilities

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities.

> *"...The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence...We have four major recommendations (to assist with this issue).*
>
> *First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA....All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.*
> *We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.*
>
> *We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program...Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.*
>
> *We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoveled into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments."*

- TDHCA Response

  Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the One Year Action Plan are suggested.

SPECIFIC COMMENTS REGARDING THE HOME PROGRAM

Comment: Texas Home of Your Own Funding from the HOME Program

> *"I am here in support of the continuation of the Department's commitment to Texas Home of Your Own program. The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan."*
>
> *"We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing."*
>
> *"Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners...This project could not have happened without you all's support and the ability to help us learn how to do HUD 8-11 project..."*
>
> *"We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership..."*

- TDHCA Response
  As the funding activities discussed in the comment were included in the draft One Year Action Plan, no changes are suggested.

Comment: Use of HOME Funding for Persons in Participating Jurisdictions

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

> *"We...provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community...One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to $4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience...With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas...*
>
> *These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing....(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted."*

- TDHCA Response

  TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an oversubscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund nonrental development activity applications in PJ areas. No changes to the One Year Action Plan are suggested.

Comment: §53.53(k) Applicant Requirements

Several localities request that the value of services provided by third-party organizations, including contractors and consultants that go beyond their contractual duties, be considered as eligible match thereby expanding the sources and amounts of matching funds available to smaller, poorer communities.

- TDHCA Response

  The proposed addition to the rule, §53.53(k), is intended to clarify the federal match and conflict of interest requirements of the HOME Program. The new language does not exclude third-party organizations, such as contractors, consultants, or service providers from providing match as long as the third-party organization is not deriving a monetary benefit from the award. Given that a conflict of interest and/or a monetary benefit may arise from an organization under contract from an award, such procured and/or contractually bound organizations are strictly prohibited from providing match. Additionally, a third-party organization may not provide a portion of their services as match and still derive a monetary benefit from the award. It is important to note that any party providing matching contributions cannot bid or be procured through a selection process by the Administrator of a contract, as this would be considered a conflict of interest and in violation of program rules. Staff believes this new language benefits all applicants and stakeholders, by clarifying the Department's definition and application of the federal rules. No new changes are recommended.

Comment: §53.55. Program Activities

A request was made asking that the rules governing Tenant Based Rental Assistance (TBRA) be changed to provide for "transfer of vouchers" in times of crisis like the recent hurricanes.

- TDHCA Response

  HOME TBRA assistance is portable; the assistance moves with the household. If the household no longer wishes to rent a particular unit, the household may take its assistance and move to another approved rental unit within the Administrator’s service area. In times of natural disasters, the Department may have the ability to consider policy changes to utilize funds in impacted areas. The Department is in the process of seeking waivers from the U.S. Department of Housing and Urban Development (HUD) and is exploring all funding options to better assist displaced households. No change is recommended.

Comment: §53.57. Distribution of Funds

A request was made to increase the administrative fees for program Administrators.

- TDHCA Response
  Staff believes that 4 percent of the project funds awarded as administrative dollars is sufficient to execute a HOME Single Family contract. In addition to administrative fees, Administrators may access the applicable activity soft costs to assist in administering the Program. Given that soft costs are not eligible to TBRA Administrators, the Department is reviewing the percentage of administrative dollars awarded to this activity. The Department works to provide other forms of assistance to nonprofit administrators, including Capacity Building and CHDO Operating Expenses. No change is recommended.

Comment: §53.60. General Selection Criteria

Several localities expressed the desire that Cash Reserves/Bridge Loans not be considered as a scoring criterion in future Single Family HOME Applications, claiming they are never truly utilized by grantees, it is not a HUD requirement, and it places an undue hardship on smaller, poorer communities.

- TDHCA Response
  Staff annually reviews, and when necessary revises, the various scoring components used to award funding. Staff will consider the necessity of each scoring item when we evaluate the 2006 Single Family HOME Application. No change is recommended for the rule.

Comment: Provision of Information and Training

A comment was made regarding the administration of the HOME Program. The commenter noted that the Department's website does not provide sufficient information to applicants regarding local Participating Jurisdictions and program requirements and that Department staff, HUD, and local officials provide conflicting information in that regard. Comment does request that additional HOME training be provided for rental development applicants.

- TDHCA Response
  Staff modifies and updates the Department's website, as necessary. Information on Participating Jurisdictions is available on the website under the 2005 HOME Funding Cycle. It is staff's desire for the website to be as useful as possible, and we will reevaluate the information currently available and further elaborate and/or clarify the information presented. The Department also plans to update its training materials and provide quarterly trainings for HOME rental applicants. No change is recommended to the rule.

Comment: Open Cycles

A comment was made on the use of HOME funds as a supplementary funding source to private activity bond (PAB) financed developments. It was noted that the timing of application processes between PAB and HOME applications creates limitations in terms of filing applications and closings. It was also noted that both programs should continue to be open cycles, and that the Department consider extending the HOME application cycle to a full year, rather than having a closed period.

- TDHCA Response

  Staff is supportive of finding new ways to layer HOME funds with the Department's other financing tools for at least several months a year. However, closing the HOME rental development cycle is necessary for planning and evaluative purposes for at least a limited period. No change is recommended to the rule.

Comment: Public Transportation

Speakers requested that TBRA activities consider the location of public transportation as a selection item, especially when serving special needs populations. Speakers also requested that the Department reconsider funding TBRA in Participating Jurisdictions.

- TDHCA Response

  The Department allows an applicant receiving TBRA assistance the right to choose a dwelling of his or her choice given it meets all applicable codes and standards. The Department feels it is vital that an individual's needs be met, and that all housing options with viable supportive services are available for an individual to rent. Additionally, at the time of application submission, a Contract Administrator does not know which clients will be assisted, or the dwellings they would choose upon receiving rental assistance. It would not be prudent to make transportation a scoring criterion given this unknown. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to be awarded to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an oversubscription rate in the 2004 and 2005 application cycles for single family activities, TDHCA will no longer fund single family activity applications in PJ areas. No change is recommended to the rule.

Comment: Increase in Owner Occupied Rehabilitation (OCC) Per Unit Subsidy

Speaker requested the Department to consider an increase in the per-unit maximum in the Owner Occupied Rehabilitation program to $65,000 or $70,000. Speaker noted that construction materials are increasing rapidly and that the current level of subsidy is not sufficient.

- TDHCA Response

  The Department is currently considering revisions to the per unit maximum in the Owner Occupied Housing Assistance activity based on research being conducted on 4 of 5 construction and material costs across the state. Any changes will be made through the Department's HOME Program Guidelines. No change is recommended to the rule.

Comment: TBRA Voucher Duration

Speaker commented that the duration of a TBRA voucher is not long enough to assist a household in becoming self-sufficient or receiving Section 8 assistance.

- TDHCA Response

  In accordance with the HOME federal program rules, TBRA may only be a source of temporary housing assistance. The Department currently allows an individual to receive up to 24 months of rental assistance under a Contract Administrator's TBRA contract. The term of 24 months of assistance is a federally mandated timeline. The Department feels this is a sufficient amount of time to find more permanent housing and complete a self-sufficiency program required when receiving TBRA assistance. Contract Administrators have the option of reapplying for TBRA funds, and have the ability to serve the same household for an additional 24 months. It should be noted that TBRA funds are highly competitive, and a Contract Administrator should never rely on receiving an award. No change is recommended to the rule.

Comment: Match Requirements

Comment was received on match requirements for Administrators. Commenters noted that nonprofits and smaller entities are placed at a disadvantage in competitive programs because of the current match requirement in Single Family HOME programs.

- TDHCA Response

  Each year, HUD determines if a state is economically distressed, and reduces the match requirement for these states. Texas has historically been classified as an economically distressed state and is only required to report 12.5%, rather than 25%, of the annual allocation in matching funds. The Department realizes the difficulty for any applicant to provide matching funds, much less the smaller, less prosperous municipalities and nonprofits. The Department understands match is a sensitive issue. The Department is actively taking measures to ensure a level playing field exists. The Department has strived in years past to remedy the possible inequities and is currently in the process of reviewing these scoring criteria for the 2006 Single Family HOME Funding Cycle. No change is recommended to the rule.

Comment Regional Allocation of Community Housing Development Organization (CHDO) Funds

Speakers requested that the HOME CHDO program consider regionally allocating funds to ensure that rural regions are equally represented in funding awards.

- TDHCA Response

  The Department finds that regionally allocating funding through the HOME CHDO program will limit its effectiveness and reduce our ability to fully allocate these funds. Applicants are welcome to apply for funding through the open cycle process, which allows for small rural applicants to respond to development opportunities within their communities. It should be noted that the Department is limited by state statute from awarding HOME funds to local Participating Jurisdictions, which are predominately urban areas. The CHDO NOFA has also been under subscribed for the past two years, and the Department is working hard to find qualified applicants for this program. No change is recommended to the rule.

COMMENTS REGARDING THE HOME, HTC, AND HTF AFFORDABLE HOUSING NEEDS SCORE

Comment: Consideration of the Need Characteristics of Specific Regions and Census Tracts

"Looking at the Affordable Needs Score, it, as traditionally, is very low for Region 12, and my question is that, for instance, Big Spring, Howard County, is number one and number two in the state for lead-based paint. When you look at the Affordable Needs Score, is some of that type of data put in there, because if it is, then it looks like it should be higher, just the fact that you have number one and number two in Region 12. And I think that when you look at -- you know, if you do it on population, we're going to be way down there, but if you look at actual needs, there are –

...(A)nother problem with the Affordable Needs Score and where it gets skewed sometimes is there are pockets of poverty that are surrounded with clusters of wealth, and you can't reach those pockets of poverty, because when you look at it by census tract, it skews the census tract methodology. And so somehow there has to be a method created or looked at where we can reach those pockets of poverty. I can take you within just a few blocks of my office, and I can show you a home that still has outdoor facilities. I can show you a house that's been lived in for a number of years that's never had electricity, still uses coal oil lamps, and yet we can't reach those because of the way the Affordable Needs Score is skewed..."

- TDHCA Response

  The AHNS serves as a measure of the general level of affordable housing need in an area. As such, it does not provide a scoring preference based on location specific housing problems. The number of substandard dwellings in the community provides some measure of housing quality standards which would include such issues as lead based paint.

  While addressing lead based paint issues are certainly important, it would probably be more appropriate to add a scoring preference in the application selection criteria. That way preference could be given to applications that work to eliminate specific types of housing need that align with overarching Departmental goals.

  With regard to the suggestion that specific Census tracts need to be served due to their need characteristics, the AHNS does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Rather, it evaluates the housing need of the entire community and compares that level of need to other places in the region.

  With regard to the specific example of Big Spring as raised by the commenter, the AHNS actually seems to be functioning rather well. Of the rural communities Big Spring would compete against for HTCs in Region 12, only one other place has a higher score. This place, Christoval, has never received an award of HTCs. Christoval's population is only 422. Under the 2006 AHNS methodology, it is likely that Christoval's future score would decrease if it actually received a credit award. That is because the methodology now considers previous TDHCA funding activity in generating a place's AHNS. For HOME, Big Spring has the highest score possible in all activities except for owner occupied rehab. The owner occupied rehab score is only one point below the maximum score.

Comment: Using the AHNS to Discourage the Overconcentration of Affordable Housing in Primarily High-Minority, Low-Income Areas

"... (O)ne of the things we really need to focus on is for the state to gather information, ... which show that -- and I just ran it in Dallas, Fort Worth, Austin, and Houston -- that approximately 75 percent of the tax credit units that have been funded since 2000 in the state of Texas have gone to primarily low-income, primarily minority-concentrated areas. And as we all know, we're under a federal mandate, because of the Fair Housing Act of 1968, to disseminate particularly federally funded housing out into non-impacted areas. The whole concept is -- to summarize it really is not to continue to create ghettos like we did with the old HUD programs.

...(T)he City of Dallas has been under, for a long time, a federal mandate...that says we have to get housing out of the impacted areas. My fear is, if you look at what we've done since 2000, what we're continuing to do is concentrate low-income people in particular areas of the cities...

...In terms of the Affordable Housing Needs Score, ...we might want to... hav(e) some scoring, which I guess really isn't state-mandated, but -- or legislatively mandated, but have some scoring that really focuses on doing deals outside of impacted areas. If to the extent that you're doing a deal that's in a high income suburb that doesn't have a lot of minority population, maybe you score some additional points for doing that. It might also help offset some of the issues ... that have to do with "not in my backyard," because right now there's an awful lot of points in the QAP that you get for getting things like state senator, state rep report, which you can't really get without getting city council support, which you can't really get without getting home owner support...

And also there's points for things like neighborhood associations, and to the extent you try and -- because I've tried the last two years -- to do deals outside of minority areas, out in the suburbs, in one instance I had to actually sue a city who tried everything possible to stop us, because they just didn't want affordable housing in that area. And in another case I had a county commissioners' court decide to vote unanimously not to approve our bonds when the only objection was that the home owners didn't want it there, in their nice, high income neighborhood. So if we're going to make any progress on attempting to address the needs for affordable housing outside of impacted areas, we're going to have to come up with some way of counterbalancing the "not in my backyard" points that are in the QAP."

- TDHCA Response

  The overconcentration of affordable housing in primarily high-minority, low-income areas is an issue that was given a great deal of consideration when developing the Qualified Allocation Plan, of which the AHNS is a scoring component.

  As was previously discussed, the AHNS serves as a measure of the general level of affordable housing need in an area. This helps to distribute funds to places within the region based on the level of need present within the entire community. As such it does not give scoring preferences to specific areas within a particular place. For example, if a preference was included in the AHNS for a "high income suburb that doesn't have a lot of minority population," there would be nothing to preclude the site from being located within a high minority tract within that place.

  As previously discussed, the AHNS also does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Within each community, there is a wide ranging set of community housing and development goals and market conditions. The AHNS should not complicate how these neighborhood level issues are addressed by trying to combine scoring factors in an attempt to meet a variety of housing goals through the use of a single score.

As the commenter seems to be pointing out, this issue would be better addressed at the program application selection criteria level. The draft Qualified Allocation Plan included a number of items that may help alleviate the concentration issues discussed by the commenter. TDHCA will continue to work to address distribution and concentration issues associated with its funding awards.

COMMENTS REGARDING THE HOME, HTC, AND HTF REGIONAL ALLOCATION FORMULA

Comment: Weighting Multifamily Bond Financing in RAF's Consideration of Available Funding

"We are in support of the proposed Regional Allocation Formula for 2006 Housing Tax Credits. The methodology you have used in accounting for 4% tax credits and bonds is an improvement over last year, and we feel is much more in line with the intent of the original legislation which created the Regional Allocation Formula (SB 1112 by Shapleigh, 76th Legislative Session). The new methodology better acknowledges that the largest metropolitan areas of the state, which are also the ones with the highest median family incomes (Dallas-Ft. Worth, Houston, Austin and San Antonio), are the only areas of the state that have access to 4% tax credits and bond deals, and allows the poorest regions of the state (such as El Paso and the other border areas) to access its fair share of the programs designed to help the poorest families in the state."

- TDHCA Response

  This comment supports the 2006 proposed change in the way the RAF considers multifamily bond funding. As no additional comment was received on this issue, no changes to the RAF methodology are recommended.

Comment: RAF's Consideration of the Use of HTC Funding for Disaster Relief

"...(G)iven the recent hurricanes in I guess what would be Region 5, in Beaumont, Port Arthur area, it might make sense for us to consider at least the flexibility in the various programs to reallocate some resources to the extent that the federal government doesn't step to the plate and do it, to reallocate some of the housing resources to that particular region. And what I proposed ... was something like 5 percent or 7 percent or whatever of, for instance, the tax credits. Give the Board the discretion between now and the time that we ultimately have to take applications to re-allocate the credits over to Region 5, and you just take 7 percent from all the other regions, and just allocate it over there. If you look at the impact on each particular region, it's really pretty minor, but it would make a huge impact in terms of addressing the needs of the hurricane victims in that particular region.

...(I)f we wait for the federal government it's going to be too late..., if we've already finalized all of our plans for next year, for the state to address that issue. And we can do it without federal dollars if we just do kind of a re-allocation within the state, or at least have the flexibility to do that, if the federal government doesn't do it."

- TDHCA Response

  Section 2306.111(d) of the Government Code requires objective measures of affordable housing need to be part of the RAF. Currently, quantitative data is not available on the type and level of need in each region that has changed since the 2000 Census because of the recent disasters. Even if such data was available, it could then be argued by other regions that their need should be updated to reflect increased need related to the hurricanes (or other disasters) or ongoing immigration since the Census was conducted. While the decennial occurrence of the Census obviously limits the RAF's ability to respond to ongoing change, it provides a detailed statewide assessment of each region's general level of need.

  This comment, however, does raise the idea that providing a means of updating the 2000 Census need data could be a valuable addition to the RAF methodology. However, given the significance of this change, it is thought that the related changes to the RAF would require going out for additional public comment. Given current data limitations and program application cycle timing requirements, TDHCA will study this issue over the next year and provide options on how this might be accomplished for the proposed 2007 RAF.

No changes to the RAF methodology are recommended for the 2006 RAF.

Comment: Updating Place Geography Type Designations to Reflect Population and Boundary Changes Since the 2000 Census

"...(A)fter reviewing the Dallas 2004 MAPSCO Directory, pages 10A and 10B, you will note that Wylie touches Garland strip annexation twice. The strip divides Wylie and Rowlett and then goes up along Lake Ray Hubber and then touches Wylie again. Garland is over 215,000 plus in population. So this would qualify Wylie as urban/exurban based on Wylie touching Garland."

- TDHCA Response

The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from "Rural" to "Urban/Exurban" if the applicant can provide a letter from the jurisdiction indicating that their place's city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place's rural designation until the next census is conducted.

The inclusion of the following notes in the RAF methodology is suggested:

"Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the:

- *pre-application submission period for HTC applications, or*
- *application submission period for HOME applications."*

"The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination."