Texas Department of Housing and Community Affairs

Summary of ESG-CV Phase ll Amendment to the 2019 State of Texas Consolidated Plan One Year Action Plan

October 2020

Programming Plan for ESG CARES II Allocation

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

To support the additional coordination and reporting requirements for ESG CARES, the programming plan also includes funds for HMIS lead agencies and CoC lead agencies.

The second round of ESG CARES funds to TDHCA is recommended to be allocated as follows, with up to a 25% variation among categories as deemed necessary by the Executive Director or designee.

ESTIMATED ALLOCATION OF THE ALLOCATION OF ESG CARES, PHASE ll FUNDS

Activity	Funds
Rental Assistance and Housing Stabilization Prioritization (includes 5% Administrative Funds for Subrecipients)	$61,031,041
ESG CARES and HMIS coordination	$280,000
Administration for TDHCA (5%)	$3,226,896
Total funds	$64,537,937

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

Public Comment and the Departments reasoned responses to that comment can be found attached at the end of this document.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator		Texas Department of Agriculture
HOPWA Administrator		Texas Department of State Health Services
HOME Administrator	TEXAS	Texas Department of Housing and Community Affairs
HTF Administrator	TEXAS	Texas Department of Housing and Community Affairs
ESG and ESG-CV Administrator	TEXAS	Texas Department of Housing and Community Affairs
CDBG-CV Administrator	TEXAS	Texas Department of Housing and Community Affairs

Table 1 – Responsible Agencies

Narrative

TDHCA administers the ESG, ESG-CV, NHTF, CDBG-CV (Phase I) and the HOME Programs; TDA administers the CDBG Program; and DSHS administers the HOPWA Program. All of these programs, known collectively as CPD Programs, are covered in the 2019 OYAP. TDHCA coordinates development of the OYAP among itself, TDA, and DSHS.

Key Organizational Events

In 1991, the 72nd Texas Legislature created TDHCA. TDHCA's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

At that time the CDBG Program was transferred from TDHCA to the newly-created Office of Rural Community Affairs, later called the Texas Department of Rural Affairs, and was then subsequently moved to TDA. As of October 1, 2011, the program is administered by TDA. Through an interagency agreement with TDA, TDHCA administers 2.5% of the CDBG funds which are designated for the Colonia Self Help Centers (SHCs) along the Texas-Mexico border.

DSHS, which administers HOPWA, is an agency of Texas Health and Human Services (HHS). In 2015, HHS began a reorganization to produce a more efficient, effective, and responsive system. In September of 2016, the first phase of that effort became operational, and a second phase occurred September 1, 2017. The goals of the transformation were to create a system that is easier to navigate for people who need information, benefits, or services; aligns with the HHS mission, business, and statutory responsibilities; breaks down operational silos to create greater program integration; creates clear lines of accountability within the organization; and develops clearly defined and objective performance metrics for all areas of the organization. Foremost as it relates to HOPWA, DSHS contract oversight and support functions have transferred to HHS. For more information about the HHSC transformation, visit https://hhs.texas.gov/about-hhs/hhs-transformation.

On March 12, 2016, TDHCA was designated by Governor Abbott as the state agency responsible for the administration of funds provided through the NHTF.

TDHCA, TDA, and DSHS administer their assigned CPD programs and services through a network of organizations across Texas and do not typically fund assistance to individuals directly. Depending on the program, organizations include units of local government, councils of governments, nonprofit organizations, for-profit organizations, Administrative Agencies (AA), Public Housing Authorities (PHAs), and Community Housing Development Organizations (CHDOs).

OMB Control No: 2506-0117 (exp. 06/30/2018)

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

Anticipated Resources (only added row shown)**Program**	**Source of Funds**	**Uses of Funds**	**Expected Amount Available Year 1**				**Expected Amount Available Remainder of ConPlan $**	**Narrative Description**
			Annual Allocation: $	**Program Income: $**	**Prior Year Resources: $**	**Total: $**		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	~~33,254,679~~ 97,792,616	0	0	~~33,254,679~~ 97,792,616	~~33,254,679~~ 97,792,616	TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities. HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately $140,000 per year, provides funds to counties and municipalities to combat homelessness.

Table 2 - Expected Resources – Priority Table

Executive Summary

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

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

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

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

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

For the ESG-CV Phase I funding the State requested a waiver of the citizen participation process. However, TDHCA held a series of online consultation opportunities with COCs, current ESG Subrecipients, and other stakeholders to gather input on ESG-CV program design. While the substantial amendment was not formally released for public comment, the activities for the ESG-CV allocation 1 ~~in the amendment~~ were posted for the public to review and orally described at a TDHCA Board Meeting on April 23, 2020, with an opportunity for public comment. The additional activities proposed in this amendment will be posted for a five-day public comment period. ~~There was no public comment.~~

OMB Control No: 2506-0117 (exp. 06/30/2018)

Expected Resources

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

Introduction

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

These include:

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

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

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

TDHCA is the lead agency for the following workgroups:

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

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

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

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

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

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

Anticipated Resources (only added row shown)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	~~33,254,679~~ 97,792,616	0	0	~~33,254,679~~ 97,792,616	~~33,254,679~~ 97,792,616	TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities. HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately $140,000 per year, provides funds to counties and municipalities to combat homelessness.

Table 3 - Expected Resources – Priority Table

OMB Control No: 2506-0117 (exp. 06/30/2018)

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

HOME

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

ESG

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

HOPWA

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

ESG-CV

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

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

Annual Goals and Objectives

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

Goals Summary Information *(only revised row shown)*

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homelessness Prevention Rapid Re-housing	ESG: $9,127,824 ESG-CV: $~~33,254,679~~97,792,616	Tenant-based rental assistance / Rapid Rehousing: ~~4,173~~5,835 Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 50,593 Beds Homelessness Prevention: ~~13,998~~33,932 Persons Assisted

Table 4 – Goals Summary

Goal Descriptions *(only revised row shown)*

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

OMB Control No: 2506-0117 (exp. 06/30/2018)

AP-35 Projects – (Optional)

Introduction:

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

TDHCA will receive $9,127,824 in ESG under the 2019 allocation, outlined as ESG19 Texas. TDHCA has been allocated an additional $~~33,254,679~~97,792,616 in 2020 ESG funds under the CARES Act, outlined as ESG20 Texas for the purposes of this plan, and the use of these funds is further described below.

#	Project Name
1	ESG20 Texas

Table 5 – Project Information

Goal Outcome Indicator Info by allocation:

Goal	Goal Outcome Indicator	ESG20 Texas
1	Tenant-based rental assistance / Rapid Rehousing	~~3,255~~4,917
1	Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added	39,461
1	Homelessness Prevention	~~10,918~~14,797
	Total Persons Assisted	~~53,634~~73,373

Description

TDHCA has programmed ~~will use total~~ ESG-CV allocation~~s~~ 1 ~~& 2~~ to fund the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19:

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

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

TDHCA is programming all of ESG-CV allocation 2 to fund only the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19:

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

In order to be responsive to the needs of the State of Texas in preparing, preventing, and responding to coronavirus and its impact on people at risk of and experiencing homelessness, TDHCA will routinely reevaluate our funding decisions throughout the period of performance. Consistent with the terms of all contracts, TDHCA intends to reprogram ESG-CV funding between selected activities or to include additional ESG-CV activities if/when necessary, based on infection control needs and response efforts related to preventing, preparing, and responding to COVID-19.

TDHCA has requested waivers to the following provisions from HUD:

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

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

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

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

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

While TDHCA had previously requested waivers to allow for the direct administration of ESG-CV funds, and this authority was granted though CPD Notice 20-08, the State does not plan on direct administering the program, but instead plans on subawarding ESG-CV funds to eligible entity types (Unit of Local Government, Private Nonprofit, and Public Housing Authority), ~~including those entities identified in the ESGCV Notice~~, ~~-~~ through a letter of interest or a competition; however, the State may administer rapid rehousing and homeless prevention directly if adequate geographic dispersion of assistance thought rapid rehousing/homeless prevention is not obtained through partnership with subrecipients. In this event, the plan will be amended to include written standards implemented by TDHCA.

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

ESG does not have funding allocation priorities for special needs populations. ~~The ESG20 Texas project outlined in the Action Plan includes funds allocated to TDHCA though the first allocation under the CARES Act. A portion of the funds will be utilized by TDHCA for administration, and the remainder will be distributed to entities providing street outreach, emergency shelter, rapid rehousing, and homeless prevention to eligible households, in addition to funding eligible HMIS activities. Funds may be set-aside for the provision of legal services allowable under the ESG regulations, as the need for legal services to obtain or maintain housing is anticipated to exceed regularly occurring expenses due to the pandemic. TDHCA will contract these funds to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at-risk of homelessness quickly regain stability in permanent housing, with particular emphasis of mitigating the impacts of COVID-19.~~ A portion of the funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients regardless of method of application. TDHCA retains the right to adjust awards in relation to the amount of funding received. Threshold requirements for receipt of an award include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds. ~~TDHCA has elected to subgrant the first allocation of ESG20 funds through a process that is not competitive, but builds on existing networks and organizational capacity. ESG20 funds may be used for six program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, HMIS or HMIS-comparable database, and administrative activities. In order to expedite response, a portion of the ESG20 funds will be allocated to existing subrecipients of ESG19, and a portion will be made available to each CoC region based a regional allocation formula. A CoC lead agency may elect to select the subrecipients of ESG20 funding based on the needs and priorities of the CoC in responding to COVID-19, and TDHCA will review their selections and, if the entity is an eligible subrecipient, contract directly with the selected entity. ESG20 funds that are not distributed in either of these manners may be selected by TDHCA to provide one or more of the six eligible components, and TDHCA may either subgrant or procure providers as it deems necessary to facilitate a rapid response. The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible. The expected outcome of TDHCA's plan to allow local selection is that the same will be accomplished, but with CoC-wide planning rather than with only State planning. As with the ESG19 project, eligible applicant organizations are Units of General Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance determine~~

~~if they may apply. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible.~~ Actions to meeting underserved needs are found in Action Plan Section 85.

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

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

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

HOME/NHTF Addresses Geographic Areas for Assistance

TDHCA does not provide priorities for allocation of investment geographically to areas of minority concentration; however, the geographic distribution of HOME/NHTF funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement of its activities through 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 receiving assistance from each housing program.

HOME/NHTF funds used for multifamily development are typically paired with tax-exempt bond and/or HTC. TDHCA rules that govern the HTC Program include incentives for developments utilizing the competitive 9% HTC in high opportunity areas, which are defined as high-income and low-poverty areas, and are not typically minority-concentrated except in majority-minority areas of the state. It also provides competitive incentive to develop in colonias or economically distressed areas. Developments using tax-exempt bond financing and 4% HTCs are more frequently located in qualified census tracts due to federal guidelines that cause these to be more financially viable.

ESG Addresses Geographic Areas for Assistance

Assistance provided by ESG funds will be directed statewide, according to the 11 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in 24 CFR §91.320(f).

HOPWA Addresses Geographic Areas for Assistance

The Texas HOPWA funding allocations are geographically distributed according to the 26 HIV HSDAs. Allocations are based on several factors, including past performance of Project Sponsors and unmet need, with the majority of Texas HOPWA clients (90% in 2017) classified as extremely low and very low income. Allocations generally mirror the Ryan White Program allocation formula, which takes into account population of PLWH, HIV incidence, number of PLWH accessing Ryan White services, percent of PLWH eligible for Medicaid, and other considerations. The allocations are then adjusted based on unmet need, prior performance and expenditures, geographic-specific data provided by Project Sponsors, and any other relevant factors. Many of these individuals reside in areas of minority concentration and a disproportionate number of PLWH are racial and ethnic minorities, so the program allocates funding to meet the needs of PLWH in Texas.

CDBG Addresses Geographic Areas for Assistance

TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). CDBG funds are allocated across the state in three ways.
1. The CD Fund assigns a percentage of the annual allocation to each of the 24 Regional COGs, ensuring that each region of the state receives a portion of the funds.

2. The Colonia Fund directs funding to communities within 150 miles of the Texas-Mexico border. All remaining funds are distributed through state-wide competitions without geographic priorities.
3. Colonia SHCs are established along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, Maverick, Val Verde, and El Paso counties. The Colonia SHC Program serves approximately 35 colonias in seven border counties, which are comprised of primarily Hispanic households and have concentrations of very low-income households.

NHTF Geographic Priorities description is added to Discussion section text below.

Geographic Distribution

Target Area	Percentage of Funds
State of Texas	100

Table 6 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HOME Addresses Geographic Investments

HOME funds are allocated geographically using a regional allocation formula (RAF), as described in Strategic Plan Section 10. This process directs funds to areas of the State that demonstrate high need. At least 95% of TDHCA-administered HOME funds are used in areas that are not Participating Jurisdictions (PJs) per statute. This results in more HOME funds in smaller communities than in larger Metropolitan Statistical Areas (MSAs) that receive HOME funds directly from HUD. The current RAF is online at http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.

ESG Addresses Geographic Investments

ESG allocates the majority of ESG and ESG-CV funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost burden of renters, point in time counts and ESG funds available from federal and state sources.

HOPWA Addresses Geographic Investments

At the end of 2016, there were 86,669 people living with HIV in Texas. The number of Texans living with HIV increases each year and in order to meet the needs of low-income PLWH in Texas, many of whom live in areas of minority concentration, the HOPWA funding allocations are geographically distributed across the State and are allocated based on several factors, including unmet need.

Six cities in Texas have a population of over 500,000 (Austin, Dallas, Fort Worth, El Paso, Houston, and San Antonio) in MSAs funded directly from HUD for HOPWA. The Texas HOPWA program can operate in any area of the State, but mostly serves counties not covered under the MSAs' jurisdictions, with some overlap of counties between the State and the MSAs. As a result, Texas HOPWA covers all of the rural areas of the State, where many low-income HOPWA clients reside, and funding prioritization is based on areas with greater unmet need for PLWH.

CDBG Addresses Geographic Investments

Texas CDBG Funds for projects under the CD Fund are allocated by formula to 24 regions based on the methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs (21.71% of annual allocation), along with a state formula based on poverty and unemployment (40% of annual allocation). 12.5% of the annual allocation is allocated to projects under the Colonia Fund categories, which must be expended within 150 miles of the Texas-Mexico border.

For the Colonia SHCs, state legislative mandate designates five centers along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties to address the long history of poverty and lack of institutional resources. In 2001, TDHCA added two additional Colonia SHCs in Maverick and Val Verde counties. These seven counties collectively have approximately 40,180 colonia residents who may qualify to access center services.

NHTF Geographic Investments description is added to Discussion section text below.

Discussion

Many of the Target Areas available in the Integrated Disbursement and Information System (IDIS), HUD's electronic system in which this Plan has been entered, were too detailed for use at the macro-level; therefore, the State entered the "State of Texas" as a Target Area in Strategic Plan Section 10. Within Texas, each program relies on a formula to distribute funds geographically.

NHTF Geographic Priorities

The Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within each region prior to collapse into a statewide competition.

NHTF Addresses Geographic Investments

NHTF funds are allocated geographically using a Regional Allocation Formula, as described in Strategic Plan Section 10. Acknowledging that all regions of the State have a need to create housing for ELI households, the formula provides opportunity for access to NHTF. This process directs funds to areas of the State that demonstrate high need.

Texas Department of Housing and Community Affairs

ESG-CV 2, Amendment to the 2019 State of Texas Consolidated Plan One Year Action Plan Reasoned Responses to Public Comment

October 2020

ESG-CV Phase 2 Public Notification was achieved through posting the Substantial Amendment for ESG-CV funds on the TDHCA Public Comment section of the website found here: https://www.tdhca.state.tx.us/public-comment.htm

For the ESG-CV Phase 2 funding the State put the amendment out for a 5-day public comment period from October 12, 2020 to October 16, 2020. In addition, to the 5-day comment period a public hearing was held on October 14, 2020 at 6:00 pm Austin local time. During the 5-day comment period 5 commenters submitted 6 comments as seen in the summary and reasoned responses by the State below:

Public Comment on OYAP Amendment for ESG CARES2:

Commenters:

1. Mark Bethune, Concho Valley Community Action Agency (CVCAA)

2. Sarah Eckel, Concho Valley Community Action Agency (CVCAA)

3. Alex Dunn, Tarrant County Homeless Coalition (TCHC)

4. Eric Samuels, Texas Homeless Network (THN)

5. Jean Langendorf, Disability Rights Texas (DRT)

Summary of Public Comment:

Comment 1:

Commenters 1 and 2 commented that while they broadly support use of ESG CARES funding to place households in permanent housing, there are no homeless shelters in the services area of CVCAA. The commenters stated that by limiting the eligible components under ESG CARES 2 to rapid rehousing and homeless prevention, households in their service area may remain unsheltered during their housing search, which has taken an average of 30 days for clients served under their emergency shelter and rapid rehousing program. Commenters recommend that ESG CARES second allocation funds be available for emergency shelter, particularly in areas of the state where limited resources exist.

Reasoned Response to Comment 1:

The Department agrees with the commenter on the importance of emergency shelter and made sure that emergency shelter was an eligible activity with the first allocation of ESG CARES (ESG CARES I) funding to the State of Texas. That first allocation was distributed for any eligible component, including emergency shelter and street outreach. Under the funding plans for ESG CARES I, each Continuum of Care was granted latitude to determine the use of their portion of the first allocation of funding to prevent, prepare, and respond to COVID-19 in their community, including the need for emergency shelter and street outreach. Subrecipients of ESG CARES funding under the first allocation may amend their agreement at any time to adjust their budget, including moving funding from one component to another component as needed. Additionally, the annual allocation of ESG funding (non-CARES ESG) also continues to be distributed for any eligible component, up to the statutory limitation for emergency shelter and street outreach. Because both ESG CARES I and regular non-CARES ESG still allow for emergency shelter as an activity, TDHCA has limited the use of the second allocation of ESG CARES funding to homeless prevention, rapid rehousing, administration, and funding for Homeless Management Information Systems (HMIS) in order to ensure that the funds are utilized to provide placement in permanent housing though rapid rehousing, and to ensure that households at risk of homelessness are able to maintain housing stability. Effective September 1, 2020, HUD has authorized use of ESG CARES funding to pay for landlord incentives, which may be utilized to assist households to obtain permanent housing more rapidly, reducing the amount of time that a household may face housing insecurity. TDHCA has incorporated these flexibilities into the subrecipient contracts for ESG CARES funds. No changes are recommended in response to this comment.

Comment 2:

Commenter 3 commented that homelessness needs, and therefore desired uses of ESG CARES funding, vary across the state, and that local communities and Continuums of Care should determine how to use the second allocation of ESG CARES funds based on the specific needs in their communities. Commenter 2 stated that in their area, local funding from municipalities is already being utilized for homeless prevention and rapid rehousing. The commenter stated that the need for emergency shelter in their community necessitates a state investment of ESG CARES second allocation funding for emergency shelter for overflow and shelter for COVID-19 impacted persons. The commenter stated that there has been an increase in unsheltered homelessness of 43%, and there is a need for street outreach to engage these persons. The commenter also noted that the national recommendation is to utilize ESG funding for homeless prevention only if there are no persons experiencing homelessness in the community.

Although the commenter did not provide a specific recommendation for a change in their written comment, the commenter did state during oral comment in the public hearing that ESG CARES second allocation of funding to TDHCA should allow the local systems to make the determination about which components to prioritize with the second allocation of ESG CARES funding to the State of Texas. It should also be noted that households that would otherwise reside in a shelter or are unsheltered are also eligible to participate in rapid rehousing and be placed into permanent housing.

Reasoned Response to Comment 2:

See reasoned response to Comment 1 above.

Comment 3:

Commenter 4 commented that more autonomy at the local level would allow communities, specifically communities that did not receive direct allocations of ESG CARES funding, to provide emergency shelter and street outreach services and further their ability to respond to the needs of the unsheltered populations that are at increased risk for COVID19. While the commenter agrees with the overall housing focus of the plan, the commenter noted that some communities that did receive their own allocation of CARES funding are able to align funding sources to meet the community need, but that other communities do not have the resources available to meet the immediate needs of people experiencing homelessness without the ability to use the state's second allocation of ESG CARES funding for emergency shelter and street outreach. The commenter recommends that for communities with demonstrated need for emergency shelter and street outreach, up to 25% of the funding allocated to the community be available for those program components.

Reasoned Response to Comment 3:

See reasoned response for Comment 1 above.

Comment 4:

Although the comments made by Commenter 5 are not specific to ESG, the commenter requests that TDHCA establish a preference or priority in the allocation of rental assistance funding to households with an individual with a disability.

Reasoned Response to Comment 4:

TDHCA agrees with the commenter that households with a member who is a person with a disability may be disproportionately impacted by COVID, and will emphasize to subrecipients of ESG CARES second allocation of funding TDHCA's requirements for marketing to this special needs population and of the federal requirements including reasonable accommodation for potential applicants for federal assistance; subrecipients may establish a preference or priority for applicants in this special needs category for their homeless prevention and rapid rehousing programs. No changes are recommended in response to this comment.

Comment 5:

Commenter 5 encourages that all community residential settings are included in the approach to housing stability.

Reasoned Response to Comment 5:

The only limitation on housing types that may be assisted with ESG CARES funding for rental assistance under homeless prevention and rapid rehousing are established by federal regulation. No changes are recommended in response to this comment.

Comment 6:

Commenter 4 represents the Balance of State Continuum of Care, which includes rural areas of Texas. The commenter commented that the minimum subrecipient award amount of $500,000 under the second allocation of ESG CARES may exceed the organizational capacity for smaller organizations who otherwise have a strong history of performance. The commenter recommends flexibility in the award amount, with emphasis on a reduced minimum of funds allocated to street outreach and emergency shelter.

Reasoned Response to Comment 6:

TDHCA recognizes that the minimum threshold for subrecipient contracts exceeds the amount that is typically set for the annual allocation of ESG funds, and may exceed the needs of a subrecipient providing overflow shelter or street outreach services. The plan, as proposed, includes funding for rapid rehousing and homeless prevention, as well as costs for HMIS and administration. The proposed use of funds and the minimum subrecipient contract amount were proposed due to the increased amount of rental assistance that is anticipated per household to respond to COVID19, as well as the increased cost per household included to provide landlord incentives and other associated services under both the homeless prevention and rapid rehousing components. These high cost components necessitate larger award amounts in order to obtain the objective of obtaining or maintaining housing stability in permanent housing.

TDHCA also anticipates that entities that are not typically permitted to participate as subrecipients for ESG funding, such as Public Housing Authorities, may access the ESG CARES second allocation of funds to provide homeless prevention and rapid rehousing in a larger geographic footprint than is typical for an ESG subgrantee. No changes are recommended in response to this comment.