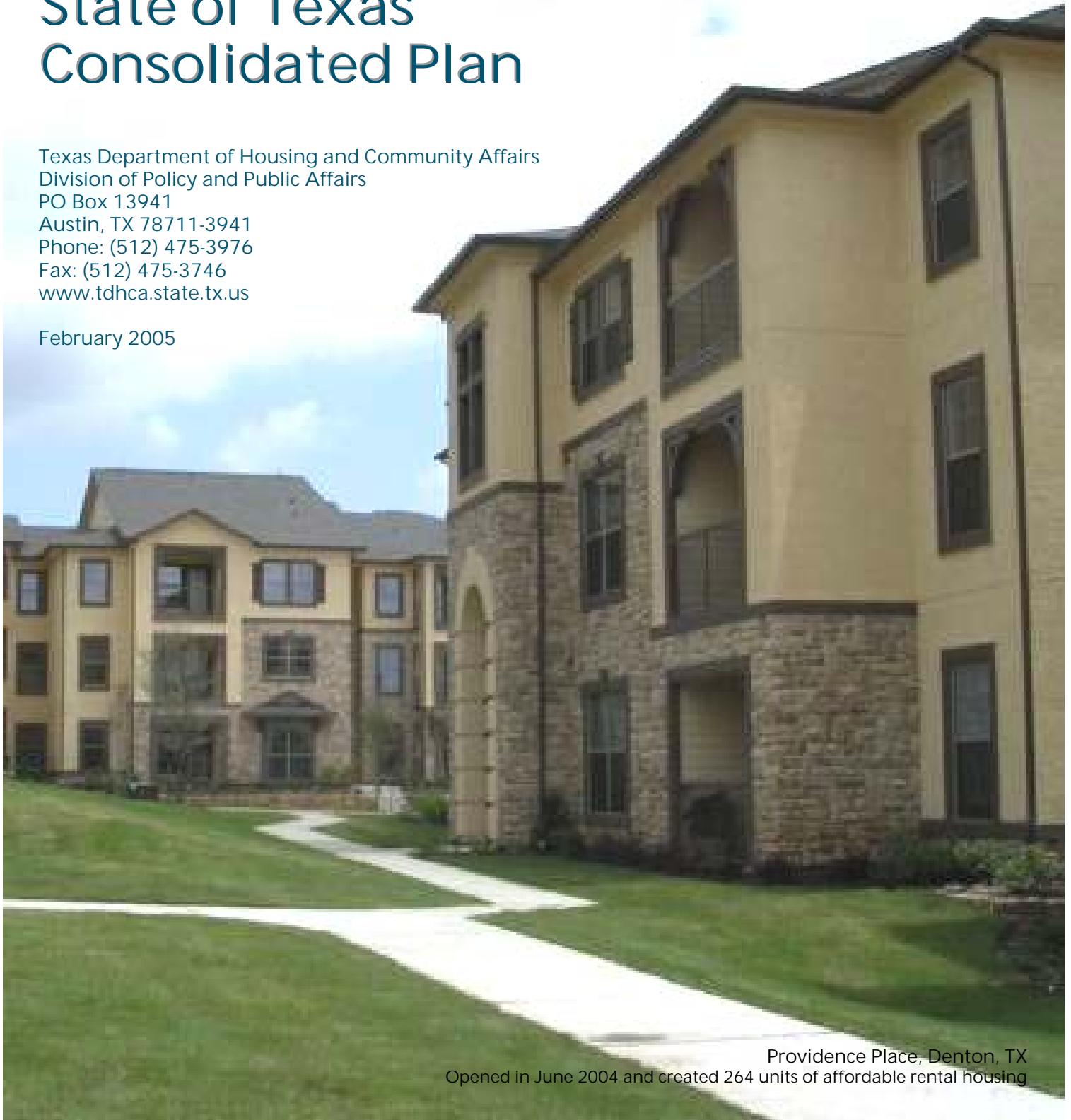




2005–2009 State of Texas Consolidated Plan

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February 2005



Providence Place, Denton, TX
Opened in June 2004 and created 264 units of affordable rental housing

**2005–2009 STATE OF TEXAS CONSOLIDATED PLAN
CONTENTS**

INTRODUCTION	1
HISTORY OF THE DEPARTMENT	1
THE DEPARTMENT’S ADMINISTRATIVE STRUCTURE	1
CONSULTATION WITH OTHER ENTITIES	2
CITIZEN PARTICIPATION	5
SECTION I. HOUSING AND HOMELESS NEEDS ASSESSMENT	7
CATEGORIES OF PERSONS AFFECTED	8
HOMELESS NEEDS	61
OTHER SPECIAL NEEDS POPULATIONS	66
LEAD-BASED PAINT	74
SECTION II. HOUSING MARKET ANALYSIS	75
GENERAL CHARACTERISTICS	76
HOMELESS FACILITIES	84
SPECIAL NEEDS FACILITIES AND SERVICES	96
BARRIERS TO AFFORDABLE HOUSING	103
SECTION III. STRATEGIC PLAN	105
AFFORDABLE HOUSING	107
HOMELESSNESS	123
SPECIAL NEEDS	127
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	130
NONHOUSING COMMUNITY DEVELOPMENT	134
BARRIERS TO AFFORDABLE HOUSING	139
STRATEGY TO OVERCOMING BARRIERS	142
LEAD-BASED PAINT HAZARDS	144
ANTI-POVERTY STRATEGY	146
INSTITUTIONAL STRUCTURE OF AGENCIES	149
STRENGTHS AND GAPS IN SERVICE	171
COORDINATION OF RESOURCES	174
HOUSING TAX CREDIT USE	178
PUBLIC HOUSING RESIDENT INITIATIVES	180
SECTION IV. ONE-YEAR ACTION PLAN	181
FORM APPLICATIONS: STANDARD FORM 424	183
COMMUNITY DEVELOPMENT BLOCK GRANT	188
EMERGENCY SHELTER GRANTS PROGRAM	252
HOME INVESTMENT PARTNERSHIPS PROGRAM	257
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	270
OTHER ACTIONS	274
SECTION V. MONITORING	283
CDBG	284
HOME AND ESGP	285
HOPWA	289
SECTION VI. CERTIFICATIONS	291
DUNS NUMBERS	294
CERTIFICATION FORMS	294
SECTION VII. CITIZEN PARTICIPATION PLAN	305
OVERALL SCOPE	308
SUMMARY OF PUBLIC COMMENT	313

INTRODUCTION

The *2005–2009 State of Texas Consolidated Plan* covers four HUD-funded programs, the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships (HOME) Program, the Emergency Shelter Grants Program (ESGP), and the Housing Opportunities for Persons with AIDS (HOPWA) Program. The Texas Department of Housing and Community Affairs (TDHCA or the Department) administers the ESGP and HOME Program, the Office of Rural Community Affairs (ORCA) administers CDBG, and the Texas Department of State Health Services (DSHS) administers the HOPWA Program.

TDHCA is the state’s lead agency responsible for affordable housing and community assistance, as well as the regulation of the state’s manufactured housing industry. Below is a brief overview of the Department.

HISTORY OF THE DEPARTMENT

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department’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.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

THE DEPARTMENT’S ADMINISTRATIVE STRUCTURE

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities include housing finance, rehabilitation of single family and multifamily units, rental assistance, new construction of single family and multifamily housing, homebuyer assistance including down payment and closing costs, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

Funding of agency programs is currently grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, the Department includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Governmental Affairs; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Policy and Public Affairs; and the Office of Colonia Initiatives. The Office of Colonia Initiatives administers programs related to the Texas-Mexico border and oversees Border Field Offices and Colonia Self-Help Centers.

Federal funding sources for the services listed above include the US Department of Housing and Urban Development, the US Treasury Department, the US Department of Health and Human Services, and the US Department of Energy. The Housing Trust Fund receives general revenue funds from the State. Through these funding mechanisms, the Department strives to promote sound housing policies; ensure equity; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

CONSULTATION WITH OTHER ENTITIES

Before preparing the Plan, the Department is required to meet with various organizations concerning the prioritization and allocation of the Department's resources. Because this is a working document, all forms of public input are taken into account in its preparation. Throughout the year research is performed to analyze housing needs across the state, focus meetings are held to discuss ways to prioritize funds to meet specific needs, and public comment is received at program-level public hearings as well as every Board of Directors meeting. In the development of new programs, workgroups with representatives from outside interested parties are formed, again giving organizations the opportunity to have input in Department policies and programs. Comment on the Department as a whole is also received at the *Consolidated Plan: One-Year Action Plan* and *State of Texas Low Income Housing Plan and Annual Report* public hearings. Additionally, various Department programs hold public hearings throughout the year.

Recently TDHCA staff made great headway in marketing its programs regionally at housing workshops that were initiated by Department technical assistance field staff or local organizations. Besides increasing program access, the Department benefited by learning what other housing organizations are doing to meet affordable housing, community development, and community service needs. This has allowed TDHCA to form partnerships to leverage funds and produce more affordable housing. There has been great response, both internal and external, to these workshops and the Department is continuing with this approach. In addition, in an effort to provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents, the Department consolidated the following planning documents required hearings into one consolidated hearing for each of the 13 state service regions:

- *2005–2009 State of Texas Consolidated Plan*
- *2005 State of Texas Low Income Housing Plan and Annual Report*
- *Housing Tax Credit Qualified Allocation Plan and Rules*
- *Real Estate Analysis Rules and Guidelines*
- *Housing Trust Fund Rules*
- *HOME Investment Partnership Program Rules*
- *Compliance Rules and Guidelines*
- *Texas State Affordable Housing Corporation Plan*

The collaborative efforts between TDHCA and numerous organizations have resulted in a more participatory and efficient approach towards defining strategies and meeting the diverse affordable housing needs of Texans. TDHCA would like to acknowledge the organizations listed below for their dedication of time and effort to assist the Department in working towards reaching its mission, goals, and objectives. Contributions were made in various forms, from direct contact to availability of research materials on the Internet.

- American Association of Retired Persons
- Center for Disease Control National AIDS Hotline
- Enterprise Foundation
- Fannie Mae
- Freddie Mac
- Legislative Budget Board/GOBP
- Local community action agencies
- Local councils of governments
- Local housing finance corporations
- Local nonprofit organizations
- National and local private lenders
- National Center for Farmworker Health Inc.
- National Coalition for the Homeless
- National Coalition for Homeless Veterans
- National Council of La Raza
- National Council of State Housing Agencies
- National Domestic Violence Hotline
- National Housing Council
- National Lead Information Clearinghouse
- National Low Income Housing Coalition
- National Safety Council
- Neighborhood Reinvestment Corporation
- Office of Rural Community Affairs
- Rural Rental Housing Association of Texas
- Technical Assistance Collaborative
- Texas A&M Real Estate Center
- Texas A&M Center for Housing and Urban Development
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board
- Texas Commission on Alcohol and Drug Abuse
- Texas Commission for the Blind
- Texas Council for Developmental Disabilities
- Texas Council on Family Violence
- Texas Department of Assistive and Rehabilitative Services
- Texas Department of State Health Services
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Department on Aging
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Interagency Council for the Homeless
- Texas House Committee on Urban Affairs
- Texas House Committee on Appropriations
- Texas House Committee on Border and International Affairs
- Texas House Committee on Financial Institutions
- Texas Senate Committee on Intergovernmental Relations
- Texas Senate Committee on International Relations and Trade
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Public Housing Authorities
- Texas residents who took the time to testify at public hearings and submit written comment
- Texas State Affordable Housing Corporation
- Texas State Data Center
- Texas Workforce Commission
- Texas Workforce Commission, Civil Rights Division
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development
- US Department of Labor
- US Department of Veterans Affairs

Introduction

The meetings, workshops, and hearings attended by organizations such as these have provided the Department with information and policy initiatives resulting in a stronger and clearer agency vision for FY 2005 and beyond. Manuscripts of public comment received for the *Consolidated Plan* and *State of Texas Low Income Housing Plan and Annual Report* in FY 2005 will be available from the Division of Policy and Public Affairs.

Additionally, several issues related to TDHCA were reviewed by various legislative interim committees. Below is a listing of those committees and the charges that directly related to TDHCA. Please note that both TDHCA and the general public were invited to testify on these issues. The testimony received was taken into account in the development of this plan.

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
House Committee on Urban Affairs	<ul style="list-style-type: none"> • Oversight committee • Actively monitor the implementation of SB 264, 78th Legislature, sunset legislation for the Texas Department of Housing and Community Affairs. Include an analysis of whether further reforms are needed through a review of “best practices” in other states. • Evaluate the effectiveness of current programs in meeting the state’s housing needs and examine new alternatives such as urban land banks, homestead preservation districts, and programs to provide gap financing. • Evaluate the effectiveness of Uniform State Service Regions in allocation of Home Investment Partnerships (HOME) Program funds and low income tax credits to develop housing, and examine alternatives to meet the needs of the state’s rural areas.
House Committee on Appropriations	<ul style="list-style-type: none"> • Actively monitor the performance of state agencies and institutions, including operating budgets and plans to carry out legislative initiatives, caseload projections, performance measure attainment, and other matters affecting the fiscal condition of the agencies and the state.
House Committee on Border and International Affairs	<ul style="list-style-type: none"> • Study issues relating to lending practices along the border, including the prevalence of subprime and predatory lending along the border.
House Committee on Financial Institutions	<ul style="list-style-type: none"> • Explore the limits of federal law in relation to the state’s enforcement activities, regulation of terms of lending contracts, consumer protections and disclosures, and the registration or licensure of entities not currently subject to state regulation so as to reduce the potential for anti-consumer lending behavior in this state.
Senate Committee on Intergovernmental Relations	<ul style="list-style-type: none"> • Oversight Committee • As required by SB 264, 78th Legislature, jointly study with the House Urban Affairs Committee the effect of subdividing uniform state service regions into urban/exurban areas and rural areas and upon the provision of state and federal financial assistance to meet housing needs of rural areas.
Senate Committee on International Relations and Trade	<ul style="list-style-type: none"> • Study and make recommendations for improving colonias infrastructure, including water services, wastewater services, and transportation infrastructure. All recommendations should include an analysis of cost-effective alternatives for achieving results an assessment of current efforts to improve infrastructure.

CITIZEN PARTICIPATION

The *2005-2009 State of Texas Consolidated Plan* had a 32-day public comment period from September 24th to October 25th, 2004. To ensure that citizens were given the opportunity to comment on the draft version of the plan, TDHCA held 13 hearings across the state in each of the Uniform State Service Regions. Constituents were encouraged to give input regarding all Department programs in writing or at one of the public hearings held across the state.

Approximately 196 individuals attended the public hearings held in the following cities: Houston, El Paso, Dallas, San Antonio, Victoria, Waco, Tyler, Lufkin, Wichita Falls, Amarillo, Harlingen, San Angelo, and Austin. A summary of comment received during the public comment period will be included in the Appendix. Transcripts of public hearings and complete copies of submitted comments are also available in the Division of Policy and Public Affairs Library, which is open to the public 8 am to 5 pm, Monday through Friday. Please contact the Division of Policy and Public Affairs at (512) 475-3975 for more information.

HOUSING AND HOMELESS NEEDS ASSESSMENT

§ 91.305 Housing and homeless needs assessment.

- (a) General. The consolidated plan must describe the State's estimated housing needs projected for the ensuing five-year period. Housing data included in this portion of the plan shall be based on US Census data, as provided by HUD, as updated by any properly conducted local study, or any other reliable source that the State clearly identifies and should reflect the consultation with social service agencies and other entities conducted in accordance with § 91.110 and the citizen participation process conducted in accordance with § 91.115. For a State seeking funding under the HOPWA program, the needs described for housing and supportive services must address the needs of persons with HIV/AIDS and their families in areas outside of eligible metropolitan statistical areas.
- (b) Categories of persons affected.
- (1) The consolidated plan shall estimate the number and type of families in need of housing assistance for extremely low-income, low-income, moderate-income, and middle-income families, for renters and owners, for elderly persons, for single persons, for large families, for persons with HIV/AIDS and their families, and for persons with disabilities. The description of housing needs shall include a discussion of the cost burden and severe cost burden, overcrowding (especially for large families), and substandard housing conditions being experienced by extremely low-income, low-income, moderate-income, and middle-income renters and owners compared to the State as a whole.
- (2) For any of the income categories enumerated in paragraph (b)(1) of this section, to the extent that any racial or ethnic group has disproportionately greater need in comparison to the needs of that category as a whole, assessment of that specific need shall be included. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.
- (c) Homeless needs. The plan must describe the nature and extent of homelessness (including rural homelessness) within the State, addressing separately the need for facilities and services for homeless individuals and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with a table prescribed by HUD. This description must include the characteristics and needs of low-income individuals and families with children (especially extremely low-income) who are currently housed but threatened with homelessness. The plan also must contain a narrative description of the nature and extent of homelessness by racial and ethnic group, to the extent information is available.
- (d) Other special needs.
- (1) The State shall estimate, to the extent practicable, the number of persons who are not homeless but require supportive housing, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and any other categories the State may specify, and describe their supportive housing needs.
- (2) With respect to a State seeking assistance under the HOPWA program, the plan must identify the size and characteristics of the population with HIV/AIDS and their families within the area it will serve.
- (e) Lead-based paint hazards. The plan must estimate the number of housing units within the State that are occupied by low-income families or moderate-income families that contain lead-based paint hazards, as defined in this part.

CATEGORIES OF PERSONS AFFECTED

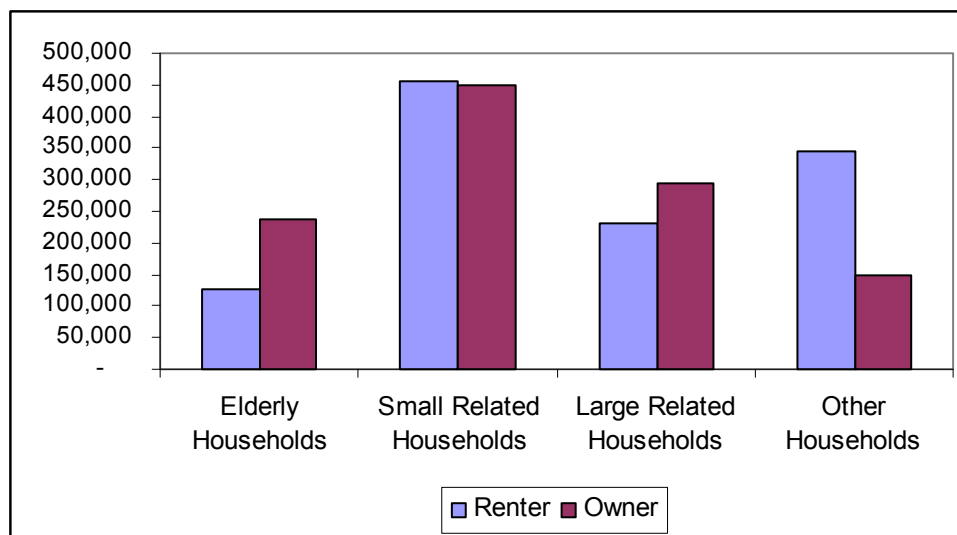
HOUSEHOLDS BY INCOME GROUP AND HOUSEHOLD TYPE

Figure 1.1 shows the estimated households in the State of Texas in need of housing assistance by household type. This table was derived from data in the 2000 CHAS Database, prepared for HUD by the US Bureau of the Census. The summary indicator of housing need for this database is the share of households with one or more housing problems, which includes households with any of the following three problems: (1) excessive housing cost burden (greater than 30 percent of income), (2) overcrowding, or (3) living in a housing unit lacking complete kitchen and/or plumbing.

Table 1.1 shows the number of households with one or more housing problems by income group and HUD-defined household type. The 2000 figures are from the 2000 CHAS database, while the 2005 and 2010 figures are projections. The projections are based on figures from The Texas State Data Center of the 2000 age-specific fertility rates and survival rates, and rates of net migration equal to those of 2000-2002, the scenario recommended for short-term planning purposes.¹ The projection additionally assumes that the rate of household growth will be equal across all income groups and household types as well as across renter and owner households.

As shown in Table 1.1, an estimated 2,285,202 households (total renter and total owner households) in Texas are in need of housing assistance in the year 2000. This figure is 31 percent of the total of 7,393,354 households in Texas in the year 2000. Of the households in need of housing assistance, 51 percent, or 1,156,614, will be renter households and 49 percent, or 1,128,588, will be owner households.

Figure 1.1: Estimated Households in Need of Housing Assistance by Household Type



¹ Texas State Data Center and Office of the State Demographer, "2004 Population Projections," <http://txsdc.utsa.edu/cgi-bin/prj2004totnum.cgi> (accessed on August 19, 2004).

**Table 1.1: Estimated Households in Need of Housing Assistance,
2000, 2005, and 2010**

		Renter			Owner		
		2000	Projected 2005	Projected 2010	2000	Projected 2005	Projected 2010
0-30% AMFI	Elderly Households	59,065	65,157	71,975	100,876	111,281	122,925
	Small Related Households	162,308	179,049	197,785	76,492	84,382	93,211
	Large Related Households	63,879	70,468	77,841	39,256	43,305	47,836
	Other Households	133,429	147,191	162,593	39,368	43,429	47,973
	Total Households	418,681	461,865	510,195	255,992	282,396	311,946
31-50% AMFI	Elderly Households	36,578	40,351	44,573	62,920	69,410	76,673
	Small Related Households	133,605	147,386	162,808	79,006	87,155	96,275
	Large Related Households	58,132	64,128	70,838	53,907	59,467	65,690
	Other Households	102,090	112,620	124,404	24,401	26,918	29,734
	Total Households	330,405	364,484	402,624	220,234	242,950	268,372
51-80% AMFI	Elderly Households	19,934	21,990	24,291	41,173	45,420	50,172
	Small Related Households	98,014	108,124	119,438	121,204	133,705	147,696
	Large Related Households	57,987	63,968	70,662	81,842	90,283	99,731
	Other Households	79,147	87,311	96,447	35,978	39,689	43,842
	Total Households	255,082	281,392	310,837	280,197	309,098	341,441
81-95% AMFI	Elderly Households	3,638	4,013	4,433	9,883	10,902	12,043
	Small Related Households	18,310	20,199	22,312	40,150	44,291	48,926
	Large Related Households	14,142	15,601	17,233	25,542	28,176	31,125
	Other Households	11,784	12,999	14,360	14,049	15,498	17,120
	Total Households	47,874	52,812	58,338	89,624	98,868	109,214
More Than 95% AMFI	Elderly Households	8,169	9,012	9,955	23,454	25,873	28,580
	Small Related Households	43,853	48,376	53,438	131,939	145,548	160,778
	Large Related Households	35,490	39,151	43,247	92,229	101,742	112,388
	Other Households	17,060	18,820	20,789	34,919	38,521	42,551
	Total Households	104,572	115,358	127,429	282,541	311,683	344,298
Total Households	Elderly Households	127,384	140,523	155,227	238,306	262,886	290,394
	Small Related Households	456,090	503,133	555,780	448,791	495,081	546,886
	Large Related Households	229,630	253,315	279,822	292,776	322,974	356,770
	Other Households	343,510	378,941	418,593	148,715	164,054	181,221
	Total Households	1,156,614	1,275,912	1,409,422	1,128,588	1,244,995	1,375,270

Housing and Homeless Needs Assessment

Categories of Persons Affected

Table 1.2 shows the number and percentage of households with one or more housing problems in 2000, by income group and household type. Renter households generally have a higher incidence of housing problems than owner households. Also, lower income groups have much higher rates of incidence of housing problems than higher income groups. Among household types, large related family households have the highest rates of housing problems.

Table 1.2: Households with One or More Housing Problems, 2000

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.10%	100,876	151,597	66.50%
	Small Related Households	162,308	204,534	79.40%	76,492	102,443	74.70%
	Large Related Households	63,879	69,467	92.00%	39,256	44,325	88.60%
	Other Households	133,429	183,124	72.90%	39,368	59,120	66.60%
	Total Households	418,681	552,255	75.80%	255,992	357,485	71.60%
31-50% AMFI	Elderly Households	36,578	61,305	59.70%	62,920	168,088	37.40%
	Small Related Households	133,605	180,725	73.90%	79,006	240,138	32.90%
	Large Related Households	58,132	67,274	86.40%	53,907	104,329	51.70%
	Other Households	102,090	127,074	80.30%	24,401	68,290	35.70%
	Total Households	330,405	436,378	75.70%	220,234	406,282	54.20%
51-80% AMFI	Elderly Households	19,934	47,527	41.90%	41,173	210,720	19.50%
	Small Related Households	98,014	250,309	39.20%	121,204	282,336	42.90%
	Large Related Households	57,987	81,881	70.80%	81,842	132,264	61.90%
	Other Households	79,147	210,629	37.60%	35,978	79,867	45.00%
	Total Households	255,082	590,346	43.20%	280,197	705,187	39.70%
81-95% AMFI	Elderly Households	3,638	13,761	26.40%	9,883	78,918	12.50%
	Small Related Households	18,310	91,694	20.00%	40,150	147,881	27.20%
	Large Related Households	14,142	24,917	56.80%	25,542	53,828	47.50%
	Other Households	11,784	90,223	13.10%	14,049	40,543	34.70%
	Total Households	47,874	220,595	21.70%	89,624	321,170	27.90%
More Than 95% AMFI	Elderly Households	8,169	54,143	15.10%	23,454	497,428	4.70%
	Small Related Households	43,853	400,026	11.00%	131,939	1,749,473	7.50%
	Large Related Households	35,490	74,662	47.50%	92,229	360,855	25.60%
	Other Households	17,060	338,469	5.00%	34,919	303,446	11.50%
	Total Households	104,572	867,300	12.10%	282,541	2,911,202	9.70%
Total Households	Elderly Households	127,384	399,250	31.90%	238,306	1,345,057	17.70%
	Small Related Households	456,090	1,583,378	28.80%	448,791	2,971,062	15.10%
	Large Related Households	229,630	547,831	41.90%	292,776	988,377	29.60%
	Other Households	343,510	1,293,029	26.60%	148,715	699,981	21.20%
	Total Households	1,156,614	3,823,488	30.30%	1,128,588	5,829,914	19.40%

Table 1.3 shows the rates of incidence among households, by income group, of the following types of housing problems: substandard housing, overcrowding, extreme cost burden, and severe cost burden.

Affordability, or housing cost burden, is the most common housing problem. According to the 2000 CHAS data, approximately 21 percent of all households have a housing cost burden. Housing cost burden and overcrowding affects renter households more than owner households and affects lower income households at a much higher rate than higher income households.

Table 1.3: Types of Housing Problems of Households, 2000

	Income Group	Total Households	Substandard Housing		Overcrowded Households		Extreme Cost Burden		Severe Cost Burden	
			Count	Percent	Count	Percent	Count	Percent	Count	Percent
Total Households	0% to 30%	911,402	25,877	2.8%	131,063	14.4%	518,101	56.8%	401,100	44.0%
	31% to 50%	845,166	15,945	1.9%	132,056	15.6%	403,012	47.7%	149,034	17.6%
	51% to 80%	1,298,796	16,450	1.3%	173,438	13.4%	345,877	26.6%	66,200	5.1%
	81% to 95%	543,353	4,217	0.8%	52,620	9.7%	80,548	14.8%	12,040	2.2%
	Over 95%	3,780,708	19,807	0.5%	182,130	4.8%	185,324	4.9%	22,414	0.6%
	Total	7,379,425	82,296	1.1%	671,307	9.1%	1,532,862	20.8%	650,788	8.8%
Renter Households	0% to 30%	553,239	15,072	2.7%	98,249	17.8%	305,640	55.2%	249,890	45.2%
	31% to 50%	436,860	8,712	2.0%	86,840	19.9%	234,534	53.7%	71,047	16.3%
	51% to 80%	591,077	8,615	1.5%	98,053	16.6%	148,450	25.1%	14,145	2.4%
	81% to 95%	221,060	2,165	1.0%	27,446	12.4%	18,285	8.3%	1,739	0.8%
	Over 95%	868,154	8,382	1.0%	77,126	8.9%	19,135	2.2%	2,265	0.3%
	Total Renter	2,670,390	42,946	1.6%	387,714	14.5%	726,044	27.2%	339,086	12.7%
Owner Households	0% to 30%	358,163	10,805	3.0%	32,814	9.2%	212,461	59.3%	151,210	42.2%
	31% to 50%	408,306	7,233	1.8%	45,216	11.1%	168,478	41.3%	77,987	19.1%
	51% to 80%	707,719	7,835	1.1%	75,385	10.7%	197,427	27.9%	52,055	7.4%
	81% to 95%	322,293	2,052	0.6%	25,174	7.8%	62,263	19.3%	10,301	3.2%
	Over 95%	2,912,554	11,425	0.4%	105,004	3.6%	166,189	5.7%	20,149	0.7%
	Total Owner	4,709,035	39,350	0.8%	283,593	6.0%	806,818	17.1%	311,702	6.6%

The state defines “standard condition” of housing as properties that meet the federal Housing Quality Standards, or the state Colonia Housing Standards, as applicable. “Substandard condition but suitable for rehabilitation” refers to properties that do not meet the above standards but are not sufficiently deteriorated to justify demolition or replacement. These definitions refer to the condition of properties prior to the receipt of assistance.

The *Consolidated Plan* is required to examine whether a disproportionately greater housing need exists for any racial or ethnic group for the following income categories: 0-30 percent, 31-50 percent, 51-80 percent, and 81-95 percent of median income. For these purposes, disproportionately greater need exists when, in an income category, the percentage of households of a particular racial or ethnic group in need of housing assistance is at least 10 percentage points higher than the percentage of households in need as a whole for that income category.

Table 1.4 shows the number and percentage of households with housing problems by income group and racial/ethnic group. According to the table, Hispanic renter households above 81 percent of median

Housing and Homeless Needs Assessment

Categories of Persons Affected

income and “Other” owner households at 31-50 percent, 51-80 percent, and 81-95 percent of median income all experience disproportionate need.

Table 1.4 also demonstrates that households in a particular income group generally experience housing problems at a roughly equivalent rate regardless of racial/ethnic category. It should be noted that Hispanic Renter Households tend to experience a slightly higher level of housing problems than the other racial/ethnic groups. The exception to this pattern is for the 31-50 percent income level at which all of the various racial/ethnic groups experience a relatively equal level of housing problems. Hispanic Owner Households experience a higher level of housing problems as compared to White, Black, and Two or More Races Owner Households at all income levels. The level of disproportionate need experienced by the “Other” Owner households exceeds that of the other racial/ethnic groups across all income levels.

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000, but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was \$13,602 in 1989, but \$17,857 in 1999, and the Anglo-Hispanic difference was \$12,242 in 1989, but \$17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.²

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state’s elderly population.

² Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas*, by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

Housing and Homeless Needs Assessment

Categories of Persons Affected

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.³

Table 1.4: Housing Problems by Racial/Ethnic Group, 2000

% of Median Income	Total			White			Black		
	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems
Renter Households									
0-30%	552,514	418,614	75.77%	197,355	144,471	73.20%	125,061	92,425	73.90%
31-50%	436,229	330,130	75.68%	170,841	128,089	74.98%	79,594	58,090	72.98%
51-80%	590,659	255,628	43.28%	274,340	112,879	41.15%	100,221	36,004	35.92%
81-95%	220,302	47,989	21.78%	122,205	20,514	16.79%	35,206	5,923	16.82%
Above 95%	867,098	104,619	12.07%	544,542	37,386	6.87%	101,688	12,569	12.36%
Total	2,666,802	1,156,980	43.38%	1,309,283	443,339	33.86%	441,770	205,011	46.41%
Owner Households									
0-30%	358,600	256,648	71.57%	173,003	121,302	70.12%	58,683	40,756	69.45%
31-50%	407,841	220,940	54.17%	213,363	105,581	49.48%	44,531	23,469	52.70%
51-80%	707,123	280,993	39.74%	399,506	138,573	34.69%	66,216	25,966	39.21%
81-95%	321,608	89,685	27.89%	212,264	52,653	24.81%	30,185	7,795	25.82%
Above 95%	2,911,371	282,566	9.71%	2,173,764	158,221	7.28%	184,842	18,763	10.15%
Total	4,706,543	1,130,832	24.03%	3,171,900	576,330	18.17%	384,457	116,749	30.37%

% of Median Income	Hispanic			Other			Two or More Races		
	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems
Renter Households									
0-30%	201,208	161,057	80.05%	20,575	14,619	71.05%	8,315	6,042	72.66%
31-50%	166,820	128,356	76.94%	13,144	10,942	83.25%	5,830	4,653	79.81%
51-80%	190,066	94,200	49.56%	17,688	9,006	50.92%	8,344	3,539	42.41%
81-95%	52,737	18,756	35.57%	7,032	2,200	31.29%	3,122	596	19.09%
Above 95%	171,378	45,656	26.64%	37,936	7,759	20.45%	11,554	1,249	10.81%
Total	782,209	448,025	57.28%	96,375	44,526	46.20%	37,165	16,079	43.26%
Owner Households									
0-30%	116,551	86,723	74.41%	6,508	5,073	77.95%	3,855	2,794	72.48%
31-50%	139,923	84,977	60.73%	6,633	4,859	73.25%	3,391	2,054	60.57%
51-80%	220,591	104,560	47.40%	14,286	8,831	61.82%	6,524	3,063	46.95%
81-95%	68,302	24,465	35.82%	7,842	3,746	47.77%	3,015	1,026	34.03%
Above 95%	454,961	88,349	19.42%	74,351	14,510	19.52%	23,453	2,723	11.61%
Total	1,000,328	389,074	38.89%	109,620	37,019	33.77%	40,238	11,660	28.98%

³ Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas*

Housing and Homeless Needs Assessment

Categories of Persons Affected

Housing demand projections are directly linked to projected changes in the demographic makeup of the future population. The bottom line is that the projections show faster population and household growth in segments that generally create the largest demand on the affordable and subsidized housing supply.

Table 1.5 shows the percentage of households in a particular income group, by racial/ethnic group. These numbers demonstrate that minority households are much more likely to have lower incomes than White households. Minority households are therefore much more likely to have housing problems than White households, since housing problems affect the lowest income households to a much greater degree than higher income households.

Table 1.5: Households by Race/Ethnicity and Income Category, 2000

Renter Households	Total	White	Black	Hispanic	Other	2+ Races
0-30%	21.00%	15.00%	28.30%	25.70%	21.60%	22.40%
31-50%	16.30%	13.20%	18.00%	21.30%	13.50%	15.70%
51-80%	22.00%	21.00%	22.70%	24.30%	17.80%	22.50%
81-95%	8.20%	9.30%	8.00%	6.70%	7.20%	8.40%
Above 95%	32.50%	41.50%	23.00%	22.00%	39.90%	31.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Owner Households	Total	White	Black	Hispanic	Other	2+ Races
0-30%	7.60%	5.50%	15.30%	11.70%	5.50%	9.60%
31-50%	8.70%	6.70%	11.60%	14.00%	5.60%	8.40%
51-80%	15.00%	12.60%	17.20%	22.00%	12.70%	16.20%
81-95%	6.80%	6.70%	7.90%	6.80%	7.20%	7.50%
Above 95%	61.90%	68.50%	48.00%	45.50%	69.00%	58.30%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

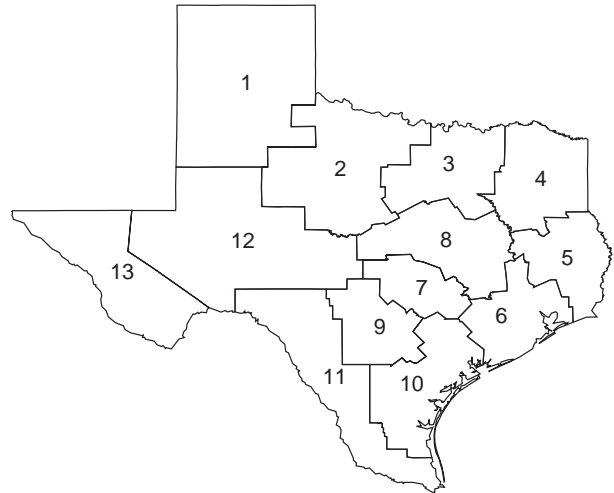
Please note that the 2000 CHAS data is a special tabulation of Census 2000 data not largely available through standard Census products. HUD analysis of the rounding rules applied to all CHAS data shows that tables with more cells (such as a large table at the Census Tract geography) when aggregated to the national level results in a national deflation of total population. However, for individual places and counties, sometimes it inflates or deflates. HUD suggests that users be careful when comparing differences with the 1990 Census data and when comparing the data across tables or with the SF3 standard tabulation data. These data will not add up to the data available via the Census Bureau's SF3 tables due to special tabulation rounding rules that were not used for SF3.

GENERAL REGIONAL HOUSING NEED CHARACTERISTICS

The following section provides an overview of the regional characteristics that most directly relate to the Department's allocation of funds on a statewide basis to the 13 state service regions.

Regional Allocation Formula

The Texas Department of Housing and Community Affairs (TDHCA) uses a Regional Allocation Formula (RAF) to distribute its HOME Investment Partnerships (HOME) Program, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding.⁴ The 13 regions used for the RAF are shown in the diagram to the right. The RAF also determines how funding is allocated to rural and urban/exurban areas within each region. The RAF's funding distributions are based on objective measures of each region's affordable housing need and available resources to address this need. The RAF is legislatively required by Section 2306.111(d) of the Texas Government Code.



The first step in the RAF is to determine how the program funding would be distributed based solely on measures of regional need provided by US Census data. With the exception of the poverty numbers, the most relevant Census data is for households at or below 80 percent of the Area Median Family Income (AMFI). The following factors are used in the RAF to measure affordable housing need.

- **Poverty:** Number of persons in the region who live in poverty
- **Extreme Cost Burden:** Units with a monthly gross housing expense to monthly household income ratio that exceeds 30 percent
- **Overcrowded Units:** Units with more than one person per room
- **Units with Incomplete Kitchen or Plumbing:** Units that are missing one of the following: a sink with piped water, a range or cook top and oven, refrigerator, hot and cold piped water, a flush toilet, or a bathtub or shower

- 1) Each factor is assigned a weight based on its perceived value as a measure of affordable housing need (poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent). In general, the weights reflect the relative number of persons or households affected by the housing problem.
- 2) Each measure's weight is multiplied by total amount of funding available under the RAF to determine the measure's funding amount.
- 3) For each measure, the region's number of affected persons or households is divided by the state total to determine the percentage of the state's need that is present in the region.
- 4) Each region's percentage of state need is multiplied by the measure's funding amount.

⁴ Slightly modified versions of the RAF are used for the HOME and HTF/HTC programs because they have different consumers, eligible activities, and geographical eligibility requirements.

Housing and Homeless Needs Assessment

Categories of Persons Affected

- 5) Finally, the funding distributed by the measures is summed for each region to determine the region's total allocation. The resulting regional funding distribution provides an overall measure of each region's affordable housing need.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other funding sources that address affordable housing need. Some of this funding, such as the HOME Investment Partnerships program, is distributed via allocation formulas that consider need. In contrast, multifamily tax exempt bond financing is allocated via a lottery process and is subject to economic feasibility issues that preclude regional distribution. To address any inherent regional funding inequities, the RAF analyzes the regional distribution of state and federal sources that provide rental housing assistance to households that are similar to those served by each program.

The allocation formula was developed to serve as a dynamic measure of need. As such, the formula will be updated annually to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings. To assist persons interested in commenting on the actual funding distribution under the formula, such information will be provided annually in the *State of Texas Low Income Housing Plan and Annual Report*.

Poverty

According to the 2000 Census, Texas has the eighth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent), and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.⁵ The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.⁶ While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. In 2002 the top two most common jobs in Texas were retail salesperson and cashier, which are not high-paying occupations. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least \$10,000 below the state median income of \$33,770.

⁵ Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas*, by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

⁶ Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, “a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet.” The study examined a typical family’s fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of \$18 to \$22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under \$10 per hour.⁷

Furthermore, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller’s Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research. While this progress may buoy state growth figures, it is unlikely to raise many low income families, who may not have the necessary education or training, from their current positions.

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Table 1.6: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
State	20,851,820	100%	22,016,911	5.6%

Source: 2000 US Census and Texas State Data Center

⁷ Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas*

Housing and Homeless Needs Assessment

Categories of Persons Affected

The regions with the highest number of persons in poverty are Regions 6, 3, and 11, see Table 1.7. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Table 1.7: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

Substandard Housing

The number of units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population, see Table 1.8. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked fifth in terms of population and third in number of units lacking kitchen and/or plumbing facilities.

**Table 1.8: Number of Units Lacking Kitchen and/or Plumbing
by Affordability Category, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	2,792	781	485	525	173
2	1,879	583	319	399	131
3	16,095	4,337	2,937	3,426	1,162
4	4,850	1,499	864	871	322
5	3,336	1,104	550	637	166
6	16,253	4,864	2,875	3,293	902
7	4,868	1,685	853	978	295
8	3,589	1,078	700	686	204
9	6,540	1,850	1,147	1,375	528
10	3,268	1,101	641	670	128
11	12,694	5,489	3,110	2,197	0
12	2,241	620	476	468	88
13	3,544	826	950	816	108
State	81,949	25,817	15,907	16,341	4,207

Source: CHAS Database

Extreme Cost Burden

Table 1.9 shows the number of households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 417,759 households and Region 6 with 339,522 households.

**Table 1.9: Number of Households with Extreme Cost Burden
by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	58,377	22,556	16,251	12,016	2,374	5,202
2	38,950	14,262	11,643	7,593	1,804	3,672
3	417,759	128,846	108,438	102,887	25,299	54,915
4	76,313	27,806	20,487	15,932	4,230	7,933
5	53,816	22,564	14,489	9,924	2,244	4,706
6	339,522	116,194	90,915	72,682	18,240	42,996
7	124,625	39,065	31,493	31,954	7,802	14,347
8	78,395	29,749	20,402	17,300	4,183	7,159
9	133,329	41,353	33,681	31,627	8,256	18,567
10	51,438	17,930	13,802	11,041	2,598	6,099
11	68,228	28,764	18,002	12,252	63	9,234
12	34,756	13,038	9,891	6,864	1,608	3,428
13	48,556	15,185	13,027	11,912	1,380	7,066
State	1,524,064	517,312	402,521	343,984	80,081	185,324

Source: CHAS Database

Housing and Homeless Needs Assessment

Categories of Persons Affected

Severe Cost Burden

Table 1.10 shows the number of households with cost burden greater than 50 percent by income group. The highest numbers of very low income households with severe cost burden are found in Region 3 with a total of 166,340 households and Region 6 with 146,858 households.

**Table 1.10: Number of Households with Severe Cost Burden
by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	26,999	17,546	6,109	2,290	413	651
2	16,573	10,291	3,879	1,495	315	593
3	166,340	101,724	38,217	18,111	3,566	6,230
4	34,146	20,415	7,865	3,994	794	1,082
5	25,493	17,216	5,334	2,101	410	497
6	146,858	91,778	33,147	14,199	2,761	5,641
7	52,975	32,708	12,108	5,502	1,013	1,644
8	37,054	24,296	8,414	3,215	677	752
9	53,302	31,641	12,614	5,918	1,245	1,962
10	21,600	13,004	5,253	2,219	335	797
11	29,945	19,046	6,938	2,707	20	1,262
12	14,913	9,449	3,477	1,503	202	307
13	20,617	11,449	5,402	2,552	218	996
State	646,815	400,563	148,757	65,806	11,969	22,414

Source: CHAS Database

Overcrowded Households

Table 1.11 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, fifth in population, ranks third in number of overcrowded households.

Table 1.11: Number of Overcrowded Households by Income Group, 2000

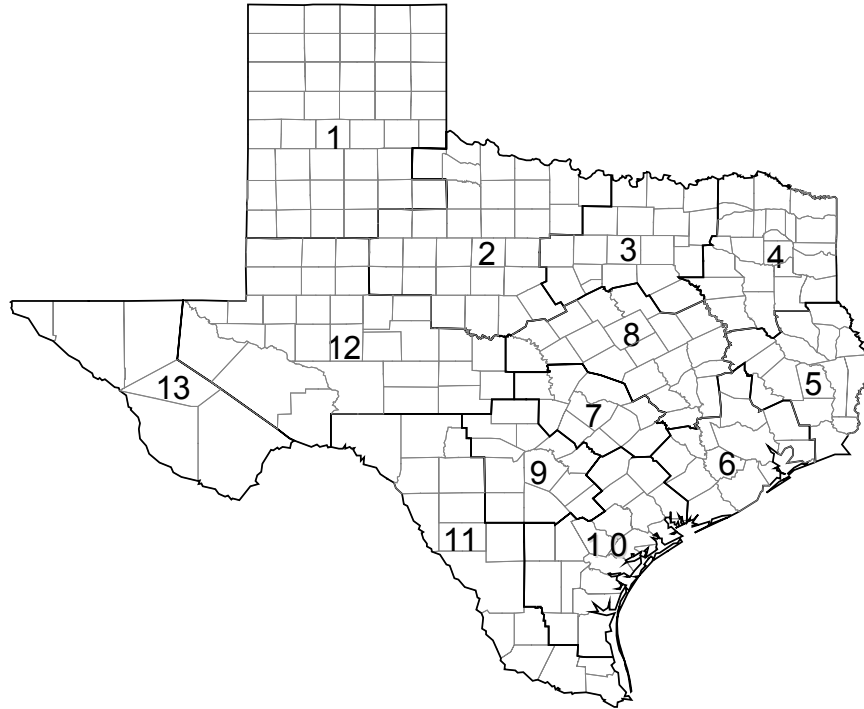
Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	18,513	2,934	3,248	4,997	1,595	5,747
2	8,219	1,278	1,252	2,340	726	2,635
3	170,794	31,928	34,761	46,485	15,945	42,726
4	19,080	3,180	3,165	4,703	1,990	6,060
5	15,299	2,913	2,216	3,450	1,479	5,279
6	183,086	36,873	38,129	48,295	15,982	44,246
7	34,896	6,471	7,125	9,148	3,354	8,798
8	21,203	3,644	3,283	5,781	2,021	6,552
9	54,248	9,940	10,267	13,890	5,196	14,985
10	21,292	4,293	3,675	4,692	1,639	7,013
11	79,565	19,747	16,904	18,383	10	24,731
12	12,635	2,144	2,159	3,582	1,171	3,601
13	28,872	5,510	5,765	6,759	1,179	9,757
State	667,702	130,855	131,949	172,505	52,287	182,130

Source: CHAS Database

SPECIFIC REGIONAL HOUSING NEED CHARACTERISTICS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Uniform State Service Regions



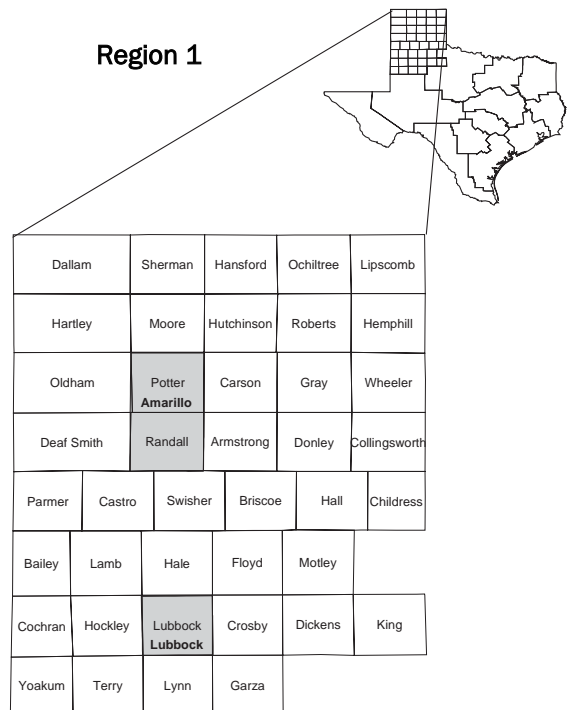
While the previous section provided a comparative analysis of the service regions, this section provides a more detailed assessment of specific regional characteristics. Motivating this region-specific profile is a desire to more appropriately match specific programs to geographically defined needs.

Housing and Homeless Needs Assessment

Categories of Persons Affected

Region 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the Census, the total population in Region 1 is 780,733, representing a 6.3 percent increase from 1990. Slightly less than 48 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. The figure to the side shows Region 1 with the metropolitan statistical areas shaded.



According to the Texas Comptroller, the region will experience a 1.7 percent annual employment growth rate. The areas that have experienced the highest annual employment growth over the past 20 years are services to business, healthcare, and tourism and entertainment. The region specializes in specific economic areas including the ordnance and ammunition industry as demonstrated by the nuclear weapons operations near Amarillo. The oil and gas industry, as well as the agriculture and cattle industry, are other regional specializations.⁸

Of the 288,175 housing units in the region, 66.3 percent are owner occupied and 33.7 percent are occupied by renters, according to 2000 Census data.

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Recent Regional Advisory Committee meeting reports in Region 1 identified several areas of concern that could be addressed by the Department. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue requiring attention.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

⁸ Texas Comptroller of Public Accounts, "Texas Regional Outlook," <http://www.window.state.tx.us/ecodata/regional/> (accessed July 19, 2004).

following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The most recent Census data shows that 122,991 people in the region live in poverty, representing a 16.4 percent poverty rate. Almost 48 percent of the 29,555 renter households with extreme housing cost burden (paying more than 30 percent of income towards housing costs) earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 31 percent of the households with extreme housing cost burden. Only 17 percent of the households with extreme cost burden are low income and 4 percent are moderate income and above.

In Region 1 there are 1,638 renter households that lack kitchen and/or plumbing facilities. Almost one-third of them (553 households) earn under 30 percent of the area median income, 322 households earn between 31 and 50 percent, and 301 households earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 9,294 overcrowded renter households, almost 22 percent are extremely low income, 22 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a lack of a strong expressed preference among the various rental assistance activities. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

Single Family Housing Need

Region 1 has 3.7 percent of the state's owner households (28,912 households) with extreme housing cost burden. Almost 30 percent of that total is extremely low income households. 24 percent, or 7,021 households, are very low income; 24 percent are low income; and the rest are moderate income and above.

There are 1,154 owner households in Region 1 that lack kitchen and/or plumbing facilities; a significant number of these households are extremely low income (20 percent). Fourteen percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. Region 1 has 3.3 percent of the state's overcrowded owner households. Of the 9,245 overcrowded households, almost 10 percent are extremely low income. Thirteen percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the two metropolitan areas of the region, over 56 percent of the households have sufficient income to afford the median-priced home; this is slightly higher than the state average of 55 percent and lower than the national average of 52 percent.⁹

⁹ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed July 19, 2004).

Housing and Homeless Needs Assessment

Categories of Persons Affected

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing.

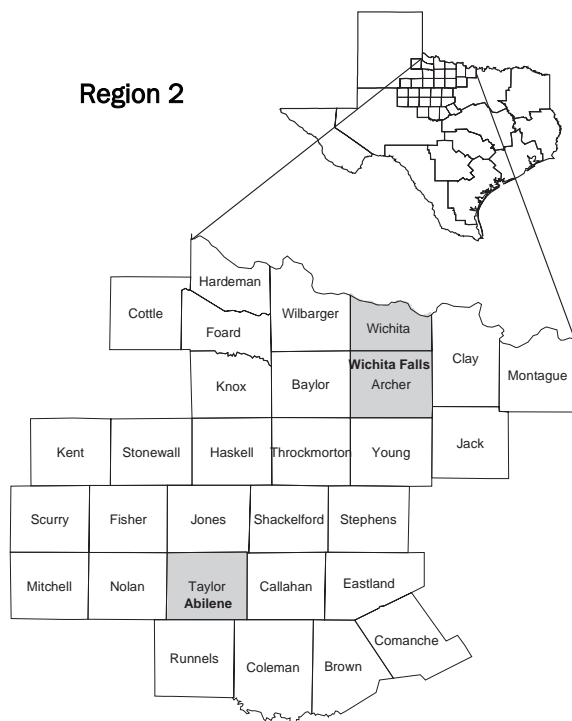
Community Services Need

Region 1 has 4.5 percent of the state's poverty households; 8,897 households are elderly and 37,710 households are headed by individuals under 65 years of age. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area; this is lower than the state average of 23 percent. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment. Energy-related education activities rank the lowest among energy assistance and weatherization activities for the region.

Housing Supply

According to the most recent US Census, there are 322,045 housing units in Region 1 and 288,175 are occupied. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 4,240 multifamily and 949 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 9,389 units. Almost all of these units are multifamily; there have been 25 homeownership units. The housing finance corporations in the region have produced 1,252 multifamily units and assisted 1,683 single family households.



Region 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the left. The region has a majority rural population at 59 percent. A total of 549,267 people live in the area, or 2.6 percent of the state’s population. Estimated population figures through 2002 display no projected change.¹⁰

The region’s employment is expected to grow at the same rate that it has experienced since 1995, about 1 percent annual growth. According to the Texas Comptroller, delivering a high-tech educated workforce is one of the economic challenges of the region. Region 2 plays a smaller role in the state’s economy than it did 30 years ago; other regions have experienced much higher rates of population and employment growth. The areas of economic specialization for the region include the oil and gas industries and the manufactured housing industry.

Employment in the oil and gas industries has declined nationwide over the past decades, while the manufactured housing industry has experienced growth during the 1990s.¹¹

There are 206,388 occupied housing units in the region: 69.1 percent are owner occupied and 30.9 percent are occupied by renters, according to 2000 Census data.

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Recent Regional Advisory Committee meeting attendees from Region 2 suggest that the Department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

¹⁰ Texas State Data Center and Office of the State Demographer, “Texas Population Estimates Program,” <http://txsdc.tamu.edu/tpepp/txpopest.php> (accessed on August 24, 2003).

¹¹ Texas Comptroller of Public Accounts, “Texas Regional Outlook.”

Housing and Homeless Needs Assessment

Categories of Persons Affected

following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate for Region 2 is 15 percent, representing 77,647 people. More than 45 percent of the 16,557 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent almost 35 percent of the households with extreme housing cost burden. Approximately 16.3 percent of the households are low income and 3.4 percent are moderate income and above.

In Region 2, 968 renter households lack kitchen and/or plumbing facilities. More than one-third of them earn under 30 percent of the area median income, 17 percent of the households earn between 31 and 50 percent, and 24.5 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 3,906 overcrowded renter households, more than 22 percent are extremely low income, 18 percent are very low income, another 30 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 2 has 2.8 percent of the state's owner households with extreme housing cost burden, or 22,471 households. The region's share of owner households with extreme housing cost burden is higher than the region's share of the state's population at 2.6 percent. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Twenty-six percent are very low income, 22 percent are low income, and the rest are moderate income and above.

There are 919 owner households in the region that lack kitchen and/or plumbing facilities; many of these households are extremely low income (27.5 percent). Seventeen percent of the households lacking kitchen and/or plumbing are very low income and 18.5 percent are low income. The remaining households are moderate income and above. Region 2 has 1.5 percent of the state's overcrowded owner households. Of the 4,325 overcrowded households, 9.5 percent are extremely low income. Almost 13 percent are very low income, 27 percent are low income, and the remaining households are moderate income and above.

In Abilene, one of the major metropolitan areas of the region, 75 percent of the households can afford the median-priced home. For Wichita Falls the percentage is 69; both of these rates are higher than the state average of 55 percent and the national average of 52 percent.¹²

¹² Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing.

Community Services Need

Region 2 has 3.2 percent of the state's poverty households; 8,100 households are elderly (4.2 percent of the state's total) and 23,414 households are headed by individuals under 65 years of age (2.8 percent of the state's total).

Twelve percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance. Measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

Housing Supply

According to the most recent US Census, there are 243,506 housing units in the region and 84 percent are occupied. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 3,530 multifamily and 700 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 7,503 units; all of this assistance has been multifamily. The housing finance corporations have produced 280 multifamily units and assisted 772 single family households.

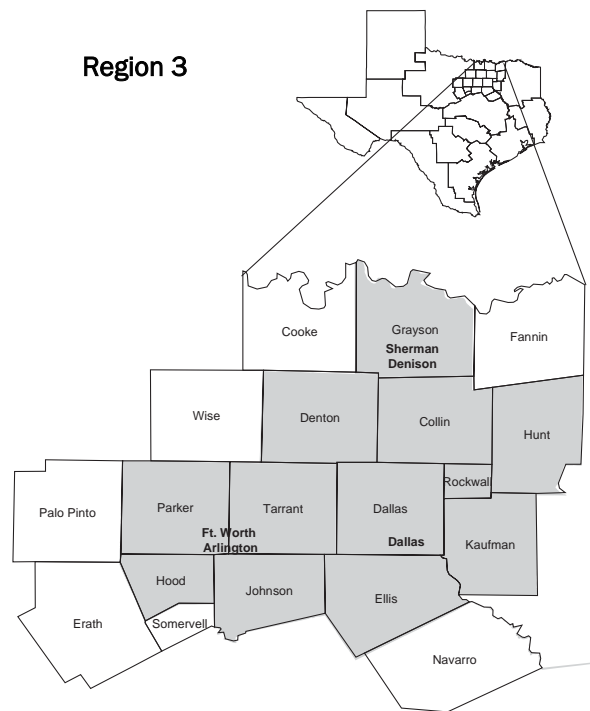
Housing and Homeless Needs Assessment

Categories of Persons Affected

Region 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. Population estimates for 2002 report 5,739,731 people in the region.¹³ That is a 4.6 percent change from Census 2000 figures, higher than the state increase of 3.2 percent.

The region's employment is expected to grow by 1.7 percent per year through 2005, slightly higher than the state's projected annual growth rate. The growth in Region 3 will be slower than it has been in the past; this may cause some challenges for the region while adjusting to this slower pace of economic growth. The annual increase of gross regional product over the past 30 years has been a remarkable 4.7 percent. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Future growth will be concentrated in some areas that are well-suited to the region, computer services and health care.¹⁴



There are 2,004,826 occupied housing units in the region: 60.9 percent are owner-occupied and 39.1 percent are occupied by renters, according to 2000 Census data. Region 3 has the second highest rate of renter-occupied housing.

Almost three-quarters of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 3 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Communication and education issues are basically very minor in Region 3. Overall, TDHCA has done a very good job of notifying potential applicants of funding and training opportunities and has disseminated appropriate information in a timely manner. A separation of rural and urban programs is strongly recommended. Special needs populations appear to be adequately served under the various programs and funding streams currently available. Some program regulations should be reviewed to better serve this population. Funding distribution issues can be summarized by the fact that there is simply never enough money to adequately address all the needs in a state this large.

¹³ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

¹⁴ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 10.9 percent, representing 588,688 people. More than 38 percent of the 206,011 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 24 percent of the households are low income and the rest are moderate income and above.

In Region 3, 10,144 renter households lack kitchen and/or plumbing facilities, which is 23.6 percent of the state's total. Approximately 29 percent earn less than 30 percent of the area median income, almost 21 percent of the households earn between 31 and 50 percent, and 22 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 114,914 overcrowded renter households, almost 23 percent are extremely low income, 22.4 percent are very low income, another 26.5 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 3 has 26.8 percent of the state's owner households with extreme housing cost burden, or 216,038 households. Slightly more than 23 percent of the owner households with extreme cost burden are extremely low income households. Nineteen percent are very low income, 26 percent are low income, and the rest are moderate income and above.

There are 6,044 owner households in the region that lack kitchen and/or plumbing facilities; almost 23 percent of these households are extremely low income. More than 14 percent of the households lacking kitchen and/or plumbing are very low income and 20 percent are low income. The remaining households are moderate income and above. Region 3 has 20.3 percent of the state's overcrowded owner households. Of the 57,504 overcrowded households, 10 percent are extremely low income. Sixteen percent are very low income, 29 percent are low income, and the remaining households are moderate income and above.

The areas with the highest percentage of households that can afford the median-priced home are Collin County, Denton County, Irving, and Sherman-Denison, all over 61 percent. Dallas has the lowest percentage at 57 percent.¹⁵

¹⁵ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Housing and Homeless Needs Assessment

Categories of Persons Affected

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance.

Community Services Need

Region 3 has 19.1 percent of the state's poverty households; 32,129 households are elderly (16.6 percent of the state's total) and 165,495 households are headed by individuals under 65 years of age (19.7 percent of the state's total).

Twenty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 2,140,641 housing units in the region and 93.7 percent are occupied; this is the highest occupancy rate among all of the regions. Of the total housing stock, 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes and boats.

The Department has assisted approximately 67,890 multifamily and 6,570 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 53,835 units; all but 54 have been multifamily. The housing finance corporations have assisted 13,221 multifamily units and 4,676 single family households in the region.

Region 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, 4.9 percent of the state’s population lives in Region 4, or 1,015,648 people. As indicated by population estimates through 2002, the region has experienced 1.6 percent growth; this is lower than the state increase of 3.2 percent.¹⁶ Region 4 has the highest percentage of rural population in the state at 77.5 percent.

Similar to population trends, employment in the region over the next 5 years will increase at a slightly lower rate compared to the state. Region 4 is projected to grow at 1.3 percent each year and the state will grow by 1.6 percent. The region’s share of the state’s employment and gross regional product has declined between 1970 and 2000, partially due to extremely high growth rates in other regions. The industry with the highest growth rate over the past 20 years is the business services industry. This is a result of a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. Regional economic specialties include oil and gas and forest-related industries; both of these areas have experienced declining employment.¹⁷



There are 380,468 occupied housing units in the region; 73.8 percent are owner occupied and 26.2 percent are occupied by renters, according to 2000 Census data. Region 4 has the highest rate of owner-occupied housing among the Uniform State Service Regions.

Approximately 73 percent of the respondents to the most recent Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

¹⁶ Texas State Data Center and Office of the State Demographer, “Texas Population Estimates Program.”

¹⁷ Texas Comptroller of Public Accounts, “Texas Regional Outlook.”

Housing and Homeless Needs Assessment

Categories of Persons Affected

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 15.7 percent, representing 152,036 people. Forty six percent of the 27,100 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33.7 percent of the households with extreme housing cost burden. Approximately 16 percent of the households are low income and the remainder are moderate income and above.

In the region, 2,108 renter households lack kitchen and/or plumbing facilities; this is 5 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, 20 percent of the households earn between 31 and 50 percent, and 17 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn over 80 percent of the area median income. Of the 8,851 overcrowded renter households, 22 percent are extremely low income, 19 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

Single Family Housing Need

Region 4 has 6.1 percent of the state's owner households with extreme housing cost burden, or 49,419 households. Thirty-one percent of the owner households with extreme cost burden are extremely low income households. Twenty-three percent are very low income, 23 percent are low income, and the rest are moderate income and above.

There are 2,742 owner households in the region that lack kitchen and/or plumbing facilities; about 28 percent of these households are extremely low income. Sixteen percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 4 has 3.6 percent of the state's overcrowded owner households. Of the 10,259 overcrowded households, 12 percent are extremely low income. Fourteen percent are very low income, 24 percent are low income, and the remaining households are moderate income and above. In the urban area of Longview-Marshall, approximately 65 percent of the households can afford the median-priced home. For Tyler the figure is 58 percent.¹⁸

¹⁸ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance. The renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance.

Community Services Need

Region 4 has 5.7 percent of the state's poverty households; 15,592 households are elderly (8.1 percent of the state's total) and 43,499 households are headed by individuals under 65 years of age (5.2 percent of the state's total).

Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 434,792 housing units in the region and 87.5 percent are occupied. Of the total housing stock, 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs.

The Department has assisted approximately 7,050 multifamily and 1,371 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 9,826 multifamily units in Region 4. The housing finance corporations in the region have created 706 multifamily units and assisted 689 single family households.

Housing and Homeless Needs Assessment

Categories of Persons Affected

Region 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, 740,952 people live in the region. Most of the population lives in rural areas, over 70 percent. Population estimates through 2002 show a 0.8 percent growth rate for the area, compared to the 3.2 percent growth for the state as a whole.¹⁹

Over the next few years to 2005, the employment in the area is expected to grow at the same rate it did for the period of 1995 to 2000, 1.5 percent. The region's share of the state's employment, population, and gross regional product has declined between 1970 and 2000. The industry with the highest growth rate over the past 20 years is the business services industry. This reflects a growing trend towards outsourcing and an increasing number of specially trained contract workers. The healthcare industry is the sector with the second highest growth rate, same as national trends. The regional economic specialties include the oil and gas industries and the forest-related industries, both of these areas have experienced declining employment numbers.²⁰



There are 275,122 occupied housing units in the region, 73.4 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 80 percent of the respondents to the most recent Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

The Regional Advisory Committee meeting attendees agreed that there has been no progress made in addressing the housing crisis since the RAC last year. If anything, the region's needs are greater and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the RAC, very little will be accomplished. The group felt that there is not the social awareness, nor the political will, to address the housing issue.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

¹⁹ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

²⁰ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is approximately 17.1 percent, higher than the state rate of 15.4 percent. More than 50 percent of the 21,116 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 14 percent of the households are low income and remainder are moderate income and above.

In the region, 1,460 renter households lack kitchen and/or plumbing facilities; this is 3.4 percent of the state's total. Approximately 38 percent earn less than 30 percent of the area median income, more than 20 percent of the households earn between 31 and 50 percent, and 19 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 6,868 overcrowded renter households, 29 percent are extremely low income, 18 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 5 has 4.1 percent of the state's owner households with extreme housing cost burden, or 32,849 households. Slightly more than 36 percent of the owner households with extreme cost burden are extremely low income households. Twenty-three percent are very low income, 21.4 percent are low income, and the rest are moderate income and above.

There are 1,876 owner households in the region that lack kitchen and/or plumbing facilities; almost 30 percent of these households are extremely low income. Approximately 13 percent of the households lacking kitchen and/or plumbing are very low income; 20 percent are low income. The remaining households are moderate income and above. Region 5 has 3 percent of the state's overcrowded owner households. Of the 8,491 overcrowded households, 11 percent are extremely low income. Approximately 11 percent are very low income, 23 percent are low income, and the remaining households are moderate income and above.

In the Port Arthur area, 68 percent of the households can afford the median-priced home. For Lufkin the figure is 66 percent.²¹

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance.

²¹ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Housing and Homeless Needs Assessment

Categories of Persons Affected

Community Services Need

Region 5 has 4.6 percent of the state's poverty households; 11,148 households are elderly (5.8 percent of the state's total) and 36,076 households are headed by individuals under 65 years of age (4.3 percent of the state's total).

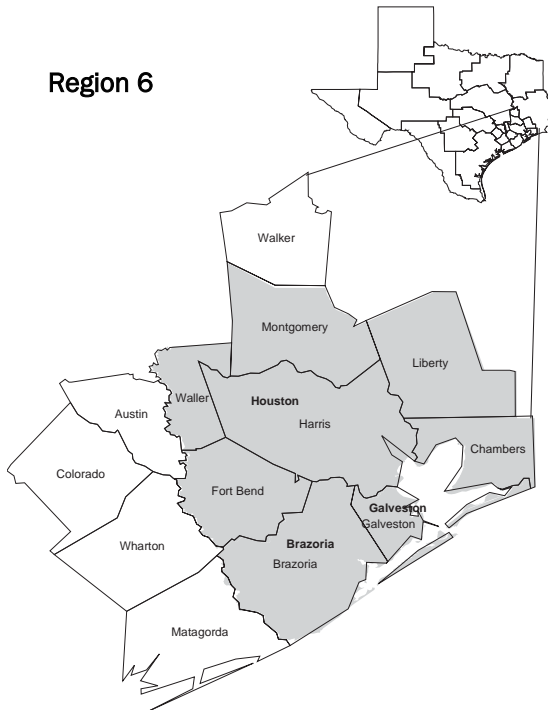
Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 325,047 housing units in the region and 84.7 percent are occupied. Of the total housing stock, 69.3 percent are one unit, 11 percent are over two units, and 18.6 percent are mobile homes. Boats and RVs make up the rest of the housing stock.

The Department has assisted approximately 5,260 multifamily and 1,050 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 10,897 units, most have been multifamily units. The housing finance corporations in the region have assisted 860 multifamily units and 214 single family households.

Region 6



Region 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the US Census, 4,854,454 people live in the region. Over 66 percent of the population lives in urban areas. Population estimates through January 2002 show a 3.3 percent increase, about the same as the state as a whole.²²

Employment in the region is projected to grow at 1.6 percent, the same annual growth rate as the state. Region 6 was one of the fastest growing areas in the state over the past 30 years. There have been three distinct economic eras in the region's history. From 1970 to 1982, employment grew at a 5.7 percent annual rate. From 1982 to 1988, there was no change in the rate, and from 1988 to 2000, the region has seen a 2.8 percent growth rate. These eras reflect the region's history with the oil and gas industry and the real estate business. The industry with the highest

employment growth since 1980 is services to business. The healthcare industry is the sector with the second highest growth rate, reflecting national trends. The main regional economic specialty is oil and gas.²³

There are 1,702,792 occupied housing units in the region, 60.9 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 77 percent of the respondents to the most recent Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 6 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Some of the successes of communication include a local clearinghouse of housing related information, and the TDHCA website. The meeting attendees agreed that TDHCA could improve the use of local media outlets. "Special needs" as a category is not adequately nor consistently defined. TDHCA has improved its funding distribution to rural areas, although there is room for improvement. It was noted that there are not funds for educational programs.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

²² Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

²³ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Housing and Homeless Needs Assessment

Categories of Persons Affected

following information comes from the 2000 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 13.8 percent. Approximately 43 percent of the 168,355 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 33 percent of the households with extreme housing cost burden. Approximately 19 percent of the households are low income and the remainder percent are moderate income and above.

In the region, 9,614 renter households lack kitchen and/or plumbing facilities; this is 22 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, almost 20 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 117,586 overcrowded renter households, 25 percent are extremely low income, approximately 24 percent are very low income, another 25.6 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

Single Family Housing Need

Region 6 has 21 percent of the state's owner households with extreme housing cost burden, or 173,411 households. Approximately 26 percent of the owner households with extreme cost burden are extremely low income households. Twenty percent are very low income, 24.2 percent are low income, and the rest are moderate income and above.

There are 6,691 owner households in the region that lack kitchen and/or plumbing facilities; almost 25 percent of these households are extremely low income. Almost 15 percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 6 has 23.3 percent of the state's overcrowded owner households. Of the 66,212 overcrowded households, 11 percent are extremely low income. Sixteen percent are very low income, 27.6 percent are low income, and the remaining households are moderate income and above.

In the Houston area, approximately 56 percent of the households can afford the median-priced home. For Fort Bend and Montgomery County the figure is 68 and 65 percent, respectively.²⁴

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance.

²⁴ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Community Services Need

Region 6 has 20.5 percent of the state's poverty households; 32,192 households are elderly (16.7 percent of the state's total) and 179,586 households are headed by individuals under 65 years of age (21.4 percent of the state's total).

Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 1,853,854 housing units in the region and 91.9 percent are occupied. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, RVs, and boats.

The Department has assisted approximately 54,680 multifamily and 5,300 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 28,052 units, most have been multifamily units. The housing finance corporations in the region have assisted 31,530 multifamily units and 1,561 single family households.

Housing and Homeless Needs Assessment

Categories of Persons Affected

Region 7

The urban area of Austin-San Marcos is at the center of Region 7. According to the US Census, 1,346,833 people live in the region. Over 68 percent of the population lives in urban areas. Population estimates through January 2002 show a 6.1 percent increase, the highest growth in the state.²⁵

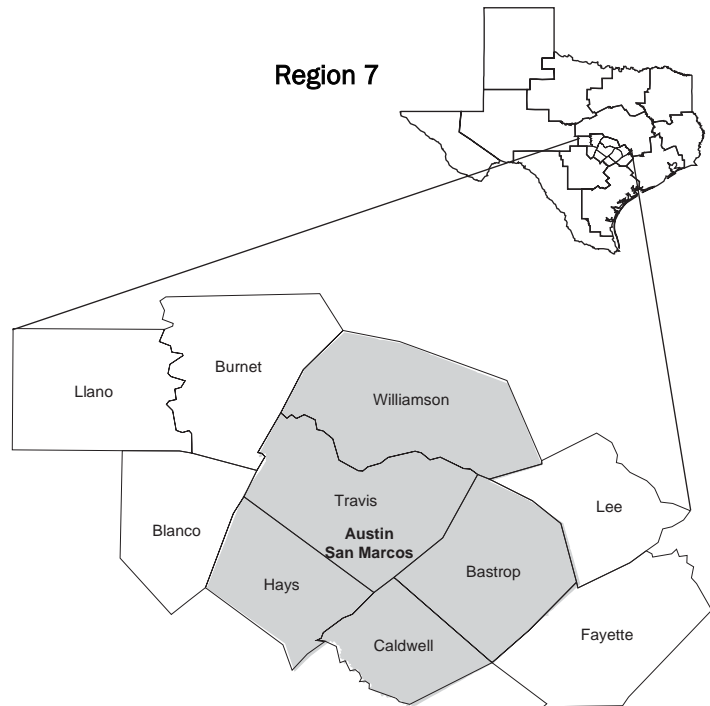
Employment in the region is projected to grow at 1.2 percent between 2000 and 2005. The rate will pick up during the latter part of the period. Region 7 was the fastest growing area in the state over the past 30 years; the region's share of the state's growth has increased as well. The areas with the highest employment growth since 1980 are services to business and high tech, communications, aviation, and electronics.

The high tech growth that occurred during the late 1980s and 1990s is due to Region 7 companies such as Dell, IBM, Motorola, Samsung, MCC, and AMD. The region has experienced a recent economic decline in the high tech areas and will require time to rebound.²⁶

There are 510,555 occupied housing units in the region, 60 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 7 discussed three issues: the definition of affordable housing; the trends and issues for the region; and which programs are working towards the goal of increasing the supply of affordable housing. Meeting attendees identified two segments of population in need of affordable housing: the working poor and very low income households. These two segments require unique solutions. Affordable housing is a regional problem that lacks regional attention. As the region's population continues to increase and wages remain stable, there will be a lack of affordable homes for workers near their jobs. The group identified specific programs that work well, including the City of Austin's Neighborhood Planning Program, Section 8 housing voucher program, and the Texas Jump Start financial literacy program.



²⁵ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

²⁶ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 11.1 percent. Approximately 41 percent of the 68,118 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent about 32 percent of the households with extreme housing cost burden. Twenty-three percent of the households are low income and the remainder are moderate income and above.

In the region, 2,869 renter households lack kitchen and/or plumbing facilities; this is 6.7 percent of the state's total. Approximately 41 percent earn less than 30 percent of the area median income, almost 20 percent of the households earn between 31 and 50 percent, and another 20 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 22,581 overcrowded renter households, 24 percent are extremely low income, 23 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 7 has seven percent of the state's owner households with extreme housing cost burden, or 56,638 households. Slightly more than 20 percent of the owner households with extreme cost burden are extremely low income households. Almost 18 percent are very low income, 28.7 percent are low income, and the rest are moderate income and above.

There are 2,013 owner households in the region that lack kitchen and/or plumbing facilities; almost 26 percent of these households are extremely low income. More than 14 percent of the households lacking kitchen and/or plumbing are very low income and 21 percent are low income. The remaining households are moderate income and above. Region 7 has 4.3 percent of the state's overcrowded owner households. Of the 12,315 overcrowded households, 8.4 percent are extremely low income. Almost 17 percent are very low income, 28.4 percent are low income, and the remaining households are moderate income and above.

In the Austin area, approximately 64 percent of the households can afford the median-priced home.²⁷ The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

²⁷ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Housing and Homeless Needs Assessment

Categories of Persons Affected

Community Services Need

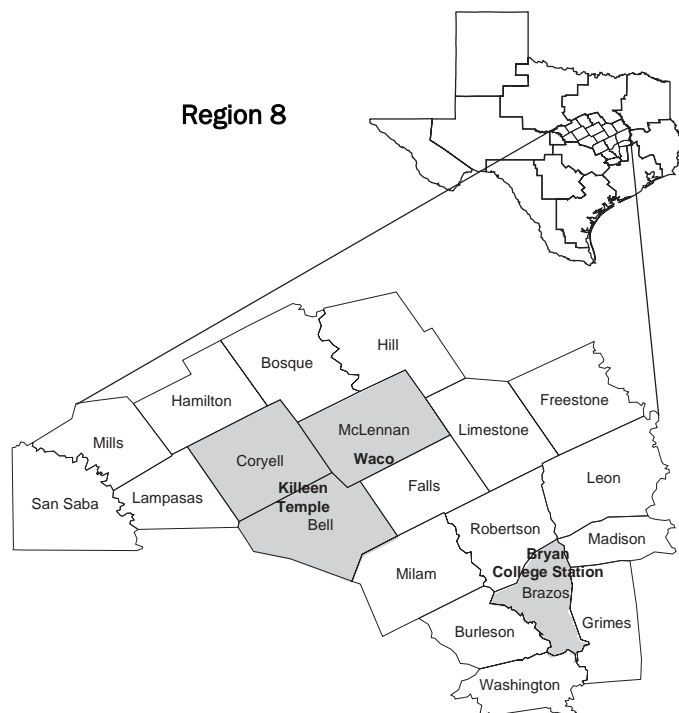
Region 7 has 5.1 percent of the state's poverty households; 6,601 households are elderly (3.5 percent of the state's total) and 46,549 households are headed by individuals under 65 years of age (5.5 percent of the state's total).

Twenty-nine percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 7 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 545,761 housing units in the region and 93.5 percent are occupied. Of the total housing stock, 62 percent are one unit, 30 percent are over two units, and the rest are mobile homes, boats.

The Department has assisted approximately 18,125 multifamily and 4,450 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 10,454 units; all but 30 units have been multifamily. The housing finance corporations have produced 6,334 multifamily units; and assisted 1,082 single family households.



Region 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the US Census, 963,139 people live in the region. Over 55 percent of the population lives in urban areas. Population estimates through January 2002 show a 2.2 percent increase.²⁸

Employment in the region is projected to grow at 1.3 percent between 2000 and 2005. The region, one of the fastest growing areas in the state in the past, will not continue to experience such high rates of growth. The areas with the highest employment growth since 1980 are services to business, tourism, and personal services. The growth in tourism and personal services

is a reflection of the wealth effect of growing per-capita personal income. The industries that are projected to add the most jobs through 2005 include state and local government, eating and drinking places, and health services.²⁹

There are 344,575 occupied housing units in the region, 61 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 8 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. The group discussed the definition of affordable housing versus subsidized housing and the need for elected officials to possess a complete understanding of the affordable housing programs available. The meeting attendees identified a need for homeless shelters to address the problem of persons living in abandoned or condemned housing in the region. There is a need for solid demographic information on the special needs populations in the area. With regard to the current funding distribution, the group identified a need for rental and owner housing in rural areas. The application process for housing funds is complex and daunting. There is a problem with overcrowded housing and a need for housing infill programs. The group identified a desire for additional homebuyer education counseling and improved communication regarding funding opportunities.

²⁸ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

²⁹ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Housing and Homeless Needs Assessment

Categories of Persons Affected

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

The poverty rate according to the 2000 Census is 16.7 percent. Approximately 47 percent of the 42,797 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent almost 30 percent of the households with extreme housing cost burden. Approximately 19 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,831 renter households lack kitchen and/or plumbing facilities; this is 4.3 percent of the state's total. Approximately 33 percent earn less than 30 percent of the area median income, more than 19 percent of the households earn between 31 and 50 percent, and 19.4 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 12,409 overcrowded renter households, 23 percent are extremely low income, 18 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

Single Family Housing Need

Region 8 has 4.5 percent of the state's owner households with extreme housing cost burden, or 36,129 households. Twenty-seven percent of the owner households with extreme cost burden are extremely low income households. Twenty-one percent are very low income, 25 percent are low income, and the rest are moderate income and above.

There are 1,798 owner households in the region that lack kitchen and/or plumbing facilities; 26.5 percent of these households are extremely low income. Just over 19 percent of the households lacking kitchen and/or plumbing are very low income and 18.4 percent are low income. The remaining households are moderate income and above. Region 8 has 3.1 percent of the state's overcrowded owner households. Of the 8,900 overcrowded households, 8.3 percent are extremely low income. Almost 12 percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the Bryan-College Station area only approximately 41 percent of the households can afford the median-priced home. For Killeen-Fort Hood, 75 percent can afford the median-priced home.³⁰

³⁰ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance.

Community Services Need

Region 8 has 5.6 percent of the state's poverty households; 10,531 households are elderly (5.4 percent of the state's total) and 47,640 households are headed by individuals under 65 years of age (5.7 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 387,627 housing units in the region and 88.9 percent are occupied. Of the total housing stock, 67 percent are one unit, 20 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 8,630 multifamily and 1,873 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,769 units; all but 280 units have been multifamily. The housing finance corporations in Region 8 have assisted 104 multifamily households and 848 single family households.

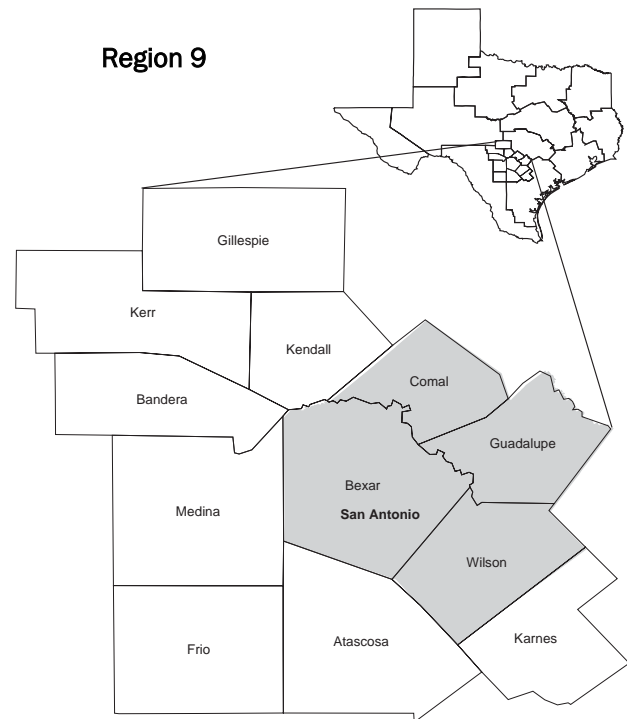
Housing and Homeless Needs Assessment

Categories of Persons Affected

Region 9

San Antonio is the main metropolitan area in Region 9. According to the US Census, 1,807,868 people live in the region, 73 percent in urban areas. Population estimates through January 2002 show a 2.7 percent increase.³¹

Employment in the region is projected to grow at the same rate as the state, 1.6 percent annual increase between 2000 and 2005. The region experienced high growth rates in the 1990s, while the growth will continue; it will not be as dramatic as before. The region's growth has remained strong over the past few decades partially because the region is not dependent on the oil and gas industries. The areas with the highest employment growth since 1980 are services to business, high tech, communications, tourism, and personal services. The growth in the high tech, communications, aviation, and electronics industry reflects the siting of Southwestern Bell in the region. The industries that are projected to add the most jobs through 2005 include retail, local government, construction, and eating and drinking places.³²



There are 636,796 occupied housing units in the region, 65 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 9 identified problems, successes, and recommendations related to the suggested topics related to affordable housing: communication, special needs, funding distribution, and education. The group concluded that although more funding would close the gap between the need for affordable housing and the supply, funding alone is not the answer. The process needs to be improved for both private and public entities. The group expressed a desire to receive feedback from TDHCA on the points and issues raised in the RAC meetings.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

³¹ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

³² Texas Comptroller of Public Accounts, "Texas Regional Outlook."

following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 267,118 people that live in poverty in the region, a poverty rate of 15.2 percent. Approximately 39 percent of the 62,012 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 31.4 percent of the households with extreme housing cost burden. Approximately 23 percent of the households are low income and the remainder are moderate income and above.

In the region, 3,284 renter households lack kitchen and/or plumbing facilities; this is 7.6 percent of the state's total. Approximately 35 percent earn less than 30 percent of the area median income, more than 14 percent of the households earn between 31 and 50 percent, and 23 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 28,877 overcrowded renter households, 25 percent are extremely low income, 21 percent are very low income, another 25.5 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a slight preference for new housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

Single Family Housing Need

Region 9 has 8.9 percent of the state's owner households with extreme housing cost burden, or 71,630 households. Slightly more than 24 percent of the owner households with extreme cost burden are extremely low income households. Twenty percent are very low income; 24 percent are low income; and the rest are moderate income and above.

There are 3,270 owner households in the region that lack kitchen and/or plumbing facilities; approximately 22 percent of these households are extremely low income. Just over 20 percent of the households lacking kitchen and/or plumbing are very low income and 19 percent are low income. The remaining households are moderate income and above. Region 9 has 9 percent of the state's overcrowded owner households. Of the 25,439 overcrowded households, 10 percent are extremely low income. Sixteen percent are very low income, 26 percent are low income, and the remaining households are moderate income and above.

In the San Antonio area approximately 63 percent of the households can afford the median-priced home.³³

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development.

³³ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Housing and Homeless Needs Assessment

Categories of Persons Affected

Community Services Need

Region 9 has 8.5 percent of the state's poverty households; 17,887 households are elderly (9.34 percent of the state's total) and 70,207 households are headed by individuals under 65 years of age (8.4 percent of the state's total).

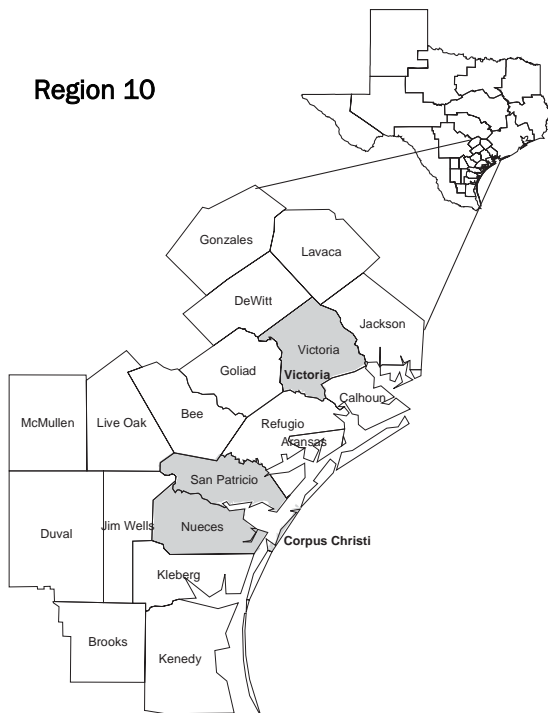
Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 689,862 housing units in the region and 92.3 percent are occupied. Of the total housing stock, 69 percent are one unit, 22 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 13,390 multifamily and 1,362 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 24,967 units; all but 95 units have been multifamily. The housing finance corporations in the region have produced 6,966 multifamily units and assisted 490 single family households.

Region 10



Region 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. Half of the total population of 732,917 people lives in urban areas. Population estimates through January 2002 show a 0.8 percent increase.³⁴

Employment in the region between 2000 and 2005 is projected continue to grow at the same rate as the past 30 years, 1.7 percent annual increase. Since 1970, the region has experienced less growth than the state in terms of employment, population, and gross regional product. The areas with the highest employment growth since 1980 are health care, reflecting national trends, and services to business, as a result of the outsourcing trend in business. The regional specialties include the oil and gas industries and health care. The industries that are projected to add the most employment between 2000 and

2005 are health services, construction, and retail trade.³⁵

There are 256,428 occupied housing units in the region, 66.8 percent are owner occupied and the rest are occupied by renters according to 2000 Census data.

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 10 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. The group recommended improved communication in the form of an email distribution list and a consumer website with housing resources. Communicating with unincorporated communities and colonias require additional effort. Persons with disabilities face difficulties in locating affordable housing; the group suggested funding set asides for specific programs. The region is unique in its high poverty rate, number of non-English speakers, and high unemployment rate and therefore there is a greater need for rental housing rather than homeownership opportunities. There is a need for a common definition of affordable housing.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

³⁴ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

³⁵ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Housing and Homeless Needs Assessment

Categories of Persons Affected

following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 132,214 people that live in poverty in the region, a rate of 18.7 percent. Approximately 40 percent of the 23,006 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 32 percent of the households with extreme housing cost burden. Approximately 21 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,497 renter households lack kitchen and/or plumbing facilities; this is 3.4 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, less than 16 percent of the households earn between 31 and 50 percent, and 24 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 10,429 overcrowded renter households, almost 30 percent are extremely low income, 20 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show no significant preference between new housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Single Family Housing Need

Region 10 has 3.5 percent of the state's owner households with extreme housing cost burden, or 28,552 households. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Twenty-two percent are very low income, 21.6 percent are low income, and the rest are moderate income and above.

There are 1,783 owner households in the region that lack kitchen and/or plumbing facilities; 33 percent of these households are extremely low income. Almost 23 percent of the households lacking kitchen and/or plumbing are very low income and 18 percent are low income. The remaining households are moderate income and above. Region 10 has 3.9 percent of the state's overcrowded owner households. Of the 10,929 overcrowded households, 11 percent are extremely low income. A little more than 14 percent are very low income, 22 percent are low income, and the remaining households are moderate income and above.

In the Corpus Christi area approximately 56 percent of the households can afford the median-priced home; for Victoria the figure is 68 percent.³⁶

The Community Needs Survey respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance.

³⁶ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Community Services Need

Region 10 has 4.4 percent of the state's poverty households; 10,783 households are elderly (5.6 percent of the state's total) and 34,422 households are headed by individuals under 65 years of age (4.1 percent of the state's total).

Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

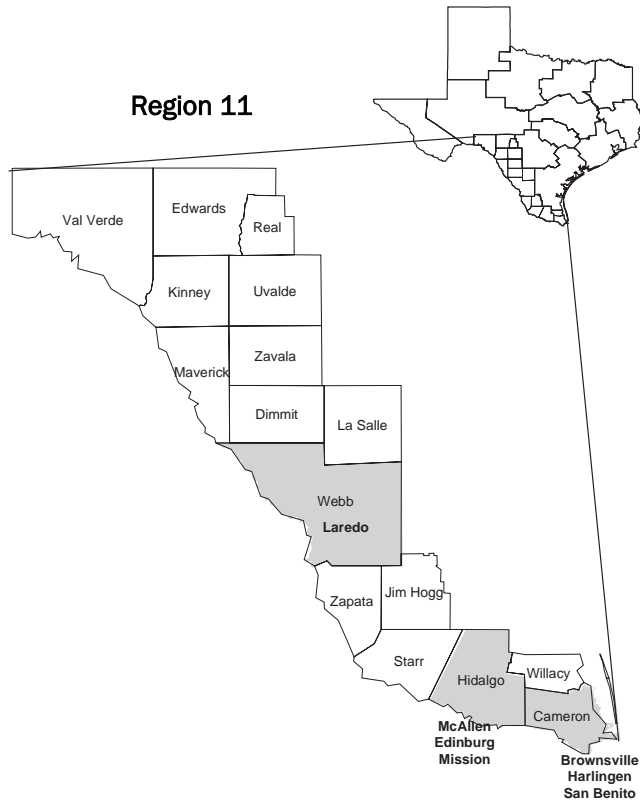
Housing Supply

According to the most recent US Census, there are 298,494 housing units in the region and 86 percent are occupied. Of the total housing stock, 71 percent are one unit, 18 percent are over two units, 10 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 4,421 multifamily and 1,708 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 8,452 units; all have been multifamily. The housing finance corporations have assisted 750 multifamily units and 1,446 single family households.

Housing and Homeless Needs Assessment

Categories of Persons Affected



Region 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. Almost 59 percent of the population lives in urban areas. Population estimates through January 2002 show a 4.4 percent increase, from 1,343,330 to 1,402,662.³⁷

Region 11 is projected to be the fastest growing region in the state, a 2.8 percent annual growth rate. This growth will continue the trend experienced in the region since 1970. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, as a result of the outsourcing trend in business. The regional specialties include transportation, apparel, and health services. The region's proximity to Mexico leads to the

specialization of the transportation functions related to international trade. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, health services, and construction.³⁸

There are 378,275 occupied housing units in the region: 71 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 11 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. The group suggested that more meetings and public hearings would improve communication in the region. The existing special needs programs could be enhanced by more coordination among the service providers. Meeting attendees agreed with the process of evaluating a region's need when distributing funds. Homebuyer education should be mandatory prior to the purchase of a home.

³⁷ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

³⁸ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 455,366 people that live in poverty in the region; this is the highest poverty rate in the state. Approximately 53.5 percent of the 25,023 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 29 percent of the households with extreme housing cost burden. Approximately 13 percent of the households are low income and the remainder are moderate income and above.

In the region, 4,751 renter households lack kitchen and/or plumbing facilities; this is 11 percent of the state's total. Approximately 52 percent earn less than 30 percent of the area median income, just over 23 percent of the households earn between 31 and 50 percent, and 13.4 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 31,457 overcrowded renter households, 37 percent are extremely low income, 23 percent are very low income, another 20 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 11 has 5.4 percent of the state's owner households with extreme housing cost burden, or 43,599 households. Slightly less than 36 percent of the owner households with extreme cost burden are extremely low income households. About 25 percent are very low income, 20.6 percent are low income, and the rest are moderate income and above.

There are 8,043 owner households in the region that lack kitchen and/or plumbing facilities; approximately 38 percent of these households are extremely low income. More than 25 percent of the households lacking kitchen and/or plumbing are very low income and 20 percent are low income. The remaining households are moderate income and above. Region 11 has 17.2 percent of the state's overcrowded owner households. Of the 48,736 overcrowded households, 17 percent are extremely low income. Almost 20 percent are very low income, 25 percent are low income, and the remaining households are moderate income and above.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance.

Housing and Homeless Needs Assessment

Categories of Persons Affected

Community Services Need

Region 11 has 11.3 percent of the state's poverty households; 23,614 households are elderly (12.2 percent of the state's total) and 93,382 households are headed by individuals under 65 years of age (11.1 percent of the state's total).

Forty-three percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

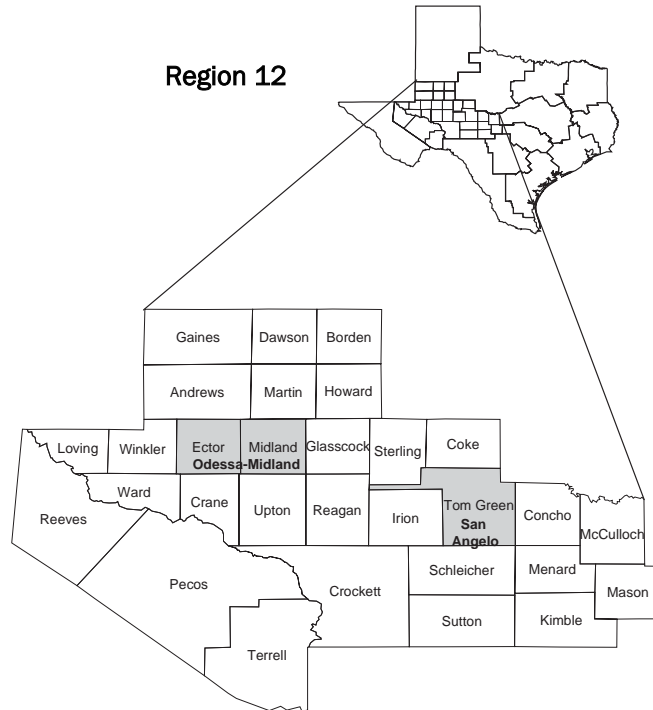
According to the most recent US Census, there are 457,406 housing units in the region and 82.7 percent are occupied. Of the total housing stock, 66 percent are one unit, 14 percent are over two units, 18 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 7,348 multifamily and 6,059 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 22,049 units; all but 83 have been multifamily. The housing finance corporations have assisted 703 single family households in the region.

Region 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. Census 2000 population for the region is 524,884 and 56 percent live in urban areas. Population estimates through 2002 show a slight decline of 0.3 percent.³⁹

Employment in Region 12 is expected to grow at an annual rate of 1.7 percent for the period between 2000 and 2005. This is higher than the 1.1 percent growth experienced between 1995 and 2000. Compared with the rest of the state since 1970, the region's share of employment, population, and gross regional product has declined. The areas with the highest employment growth since 1980 are health care, reflecting national trends and regional population growth, and services to business, and local government. The area's economic specialties include industries related to the oil and gas business. The industries that are projected to add the most employment between 2000 and 2005 are retail trade, local government, oil and gas services, and wholesale trade.⁴⁰



There are 189,582 occupied housing units in the region, 70 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 12 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. There is a need for improved communication between federal, state, and local agencies. Meeting attendees identified a need for programs directed towards people with disabilities and the elderly population in the region. Additional credit counseling and homebuyer education programs are needed.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

³⁹ Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

⁴⁰ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

Housing and Homeless Needs Assessment

Categories of Persons Affected

following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 85,063 people that live in poverty in the region. Approximately 48 percent of the 14,243 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 34 percent of the households with extreme housing cost burden. Approximately 15 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,103 renter households lack kitchen and/or plumbing facilities; this is 2.6 percent of the state's total. Approximately 32 percent earn less than 30 percent of the area median income, almost 23 percent of the households earn between 31 and 50 percent, and 18.5 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 5,372 overcrowded renter households, 26 percent are extremely low income, 18 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 12 has 2.6 percent of the state's owner households with extreme housing cost burden, or 20,719 households. Slightly more than 30 percent of the owner households with extreme cost burden are extremely low income households. Almost 25 percent are very low income, 23 percent are low income, and the rest are moderate income and above.

There are 1,138 owner households in the region that lack kitchen and/or plumbing facilities; approximately 23 percent of these households are extremely low income. Almost 20 percent of the households lacking kitchen and/or plumbing are very low income and 23 percent are low income. The remaining households are moderate income and above. Region 12 has 2.6 percent of the state's overcrowded owner households. Of the 7,320 overcrowded households, 10 percent are extremely low income. Just over 16 percent are very low income, 31 percent are low income, and the remaining households are moderate income and above.

In the Odessa-Midland area, 73 percent of households can afford the median-priced home. In San Angelo, 64 percent can afford the median-priced home.⁴¹

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance.

⁴¹ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Community Services Need

Region 12 has 3 percent of the state's poverty households; 6,744 households are elderly (3.5 percent of the state's total) and 24,271 households are headed by individuals under 65 years of age (2.9 percent of the state's total).

Eighteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 221,968 housing units in the region and 85.4 percent are occupied. Of the total housing stock, 72 percent are one unit, 16 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,500 multifamily and 1,155 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 5,465 units; all have been multifamily. Housing finance corporations have assisted 24 multifamily units and 93 single family households in the region.



Region 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. The population for the region according to the 2000 US Census is 704,318. Slightly less than 89 percent live in urban areas; this is the highest urban percentage in the state. Population estimates through 2002 show an increase of 1.8 percent to 717,261.⁴²

Employment in Region 13 is expected to grow at an annual rate of 1.6 percent for the period between 2000 and 2005. The region experienced high levels of growth in the period between 1970 and 2000, an annual growth rate in gross regional product of 3.5 percent. The region's share of the state's economy has grown as well. The areas with the highest employment

growth since 1980 are services to business, health care, and tourism and entertainment. The industries that are projected to add the most employment between 2000 and 2005 are local government, retail trade, and eating and drinking places.⁴³

There are 219,261 occupied housing units in the region, 64 percent are owner occupied and the rest are rentals, according to 2000 Census data.

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. The following section on regional need indicators provides additional detail on the different types of housing need.

Regional Advisory Committee meeting attendees from Region 13 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. Meeting attendees expressed frustration with revised procedures related to the funding application process. There is a need for new programs that address the fact that many people in the region do not qualify for conventional home loans. The meeting attendees request that additional weight be given to the poverty rate when determining the allocation of funding. Predatory lending education is needed.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the

⁴² Texas State Data Center and Office of the State Demographer, "Texas Population Estimates Program."

⁴³ Texas Comptroller of Public Accounts, "Texas Regional Outlook."

following information comes from the 1990 CHAS database, except where noted. See tables with regional data in the Regional Plans Summary following the regional plans.

Multifamily Housing Need

According to the 2000 Census, there are 165,122 people that live in poverty in the region; representing the second highest poverty rate in the state at 23.9 percent. Approximately 40 percent of the 22,151 renter households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 32 percent of the households with extreme housing cost burden. Approximately 20 percent of the households are low income and the remainder are moderate income and above.

In the region, 1,679 renter households lack kitchen and/or plumbing facilities; this is 3.9 percent of the state's total. Approximately 28 percent earn less than 30 percent of the area median income, just over 32 percent of the households earn between 31 and 50 percent, and 18 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 15,170 overcrowded renter households, 28 percent are extremely low income, 25 percent are very low income, another 24 percent are low income, and the rest of the overcrowded households are moderate income and above.

Results from the Community Needs Survey show a preference for new housing development over the renovation of existing housing and rental payment assistance.

Single Family Housing Need

Region 13 has 3.3 percent of the state's owner households with extreme housing cost burden, or 26,451 households. Slightly less than 24 percent of the owner households with extreme cost burden are extremely low income households. About 22 percent are very low income, 27.5 percent are low income, and the rest are moderate income and above.

There are 1,879 owner households in the region that lack kitchen and/or plumbing facilities; approximately 19.5 percent of these households are extremely low income. Less than 22 percent of the households lacking kitchen and/or plumbing are very low income and 28 percent are low income. The remaining households are moderate income and above. Region 13 has 4.9 percent of the state's overcrowded owner households. Of the 13,918 overcrowded households, 9 percent are extremely low income. Almost 15 percent are very low income, 23.4 percent are low income, and the remaining households are moderate income and above.

In the El Paso area, 60 percent of households can afford the median-priced home.⁴⁴

In terms of owner-occupied housing assistance, Community Needs Survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance.

⁴⁴ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index."

Housing and Homeless Needs Assessment

Categories of Persons Affected

Community Services Need

Region 13 has 4.6 percent of the state's poverty households; 9,083 households are elderly (4.7 percent of the state's total) and 38,561 households are headed by individuals under 65 years of age (4.6 percent of the state's total).

Forty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

Housing Supply

According to the most recent US Census, there are 236,572 housing units in the region and 92.7 percent are occupied. Of the total housing stock, 68 percent are one unit, 23 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The Department has assisted approximately 3,740 multifamily and 2,100 single family households in the region. According to the Texas Housing Association, the public housing authorities in the area have assisted 12,290 units; all but 50 have been multifamily. Housing finance corporations have produced 378 multifamily units and assisted 288 single family households in the region.

HOMELESS NEEDS

This section describes the nature and extent of homelessness, including the needs of the homeless population.

HOMELESS POPULATIONS

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term “homeless.” The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term “homeless” or “homeless individual” includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
 - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
 - an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.⁴⁵ Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. However, estimates of homeless populations vary widely; the migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are “point in time” estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

Homeless Subpopulations

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.⁴⁶

⁴⁵ Texas Interagency Council for the Homeless, “Key Facts,” <http://www.tich.state.tx.us/facts.htm> (accessed August 5, 2004).

⁴⁶ National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002) <http://www.nationalhomeless.org/causes.html> (accessed August 5, 2004).

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2003 US Conference of Mayors survey of 25 American cities found that homeless families comprised 40 percent of the homeless population.⁴⁷ Approximately 90 percent of homeless families are homeless due to a crisis.⁴⁸ Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.⁴⁹ Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the specific challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

Homeless Minorities

A 2003 US Conference of Mayors survey of 25 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.⁵⁰ However, the ethnic makeup of the homeless population will vary by geographic area.

Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The NCH reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.⁵¹ Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships and homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.⁵²

Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not

⁴⁷ National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, May 2004) <http://www.nationalhomeless.org/who.html> (accessed August 20, 2004).

⁴⁸ Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/pdf/files/RP2_FindWayHome_Sept03.pdf (accessed August 21, 2004).

⁴⁹ Texas Homeless Network, "Finding the Way Home."

⁵⁰ National Coalition for the Homeless, *Who is Homeless?*

⁵¹ National Coalition for the Homeless, *Who is Homeless?*

⁵² National Coalition for the Homeless, *Who is Homeless?*

have a predictable means of shelter in 1999.⁵³ The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 percent are age 65 and over. Proportionately, this makes the elderly the poorest of all Texans and leaves them with a higher risk of becoming homeless.

Homeless Veterans

According to the Department of Veteran's Affairs⁵⁴ approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.⁵⁵ Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

Homeless Persons with HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.⁵⁶ People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

Homeless Persons with Chronic Substance Abuse

The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.⁵⁷ The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, reports that, of adult clients admitted to TCADA-funded programs in 2003, 12 percent were homeless.⁵⁸ Homeless persons with substance abuse problems may require supportive services.

Homeless Needs

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing

⁵³ Texas Interagency Council for the Homeless, "Key Facts" (2000) <http://www.sunset.state.tx.us/sunset/homelessdecisions.htm> (accessed August 20, 2004).

⁵⁴ US Department of Veterans Affairs, "Overview of Homelessness," (May 2004) <http://www1.va.gov/homeless/page.cfm?pg=1> (accessed August 20, 2004).

⁵⁵ Texas Homeless Network, "Finding the Way Home."

⁵⁶ Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, April 1999) <http://www.nationalhomeless.org/hivaids.html> (accessed August 21, 2004).

⁵⁷ National Coalition for the Homeless, *Who is Homeless?*

⁵⁸ Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," <http://www.tcada.state.tx.us/research/statistics/statetotals.shtml> (accessed August 21, 2004).

Housing and Homeless Needs Assessment

Homeless Needs

is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. Demonstrating the need for homeless shelter and services, for the 2004 ESGP application cycle, the Department received 129 applications and was able to fund only 72.

Many of the organizations that applied to TDHCA for funding serve all homeless individuals or target families with children specifically. The Texas Department of Human Services' Family Violence Program funds family violence centers located throughout the state that provide services to victims of family violence. Services for victims include 24-hour hotline guidance, information and referral services, legal services, counseling, transportation services, assistance in obtaining medical care and job training, and selected family violence centers provide temporary shelter services. Many of those receiving services through this program may be women with children.

For information on Homeless Populations, contact:

- National Resource Center on Homelessness and Mental Illness: 1-800-444-7415
- Texas Homeless Network: (512) 482-8270, 1-800-531-0828
- University of Texas, Texas Homeless Education Center: 1-800-446-3142.

Homeless and Special Needs Population

<i>Homeless Population</i>	<i>Estimated Need⁵⁹</i>	<i>Current Inventory: Beds⁶⁰</i>	<i>Relative Priority</i>
Families	80,000	889	H
Chronic Substance Abusers	60,000	35	H
Seriously Mentally Ill	65,000		H
Persons with HIV/AIDS	18,000	55	H
Victims of Domestic Violence	N/A	2,062	H
Youth	24,000	436	H
Rural	32,000		H
General Homeless		4,759	H
Total Homeless	200,000		

⁵⁹ The estimated need numbers are based on information contained in the Homeless Needs section. Please note that since these numbers are estimates from several different sources, numbers may not total.

⁶⁰ The current inventory numbers are based on information provided to the Department by Emergency Shelter Grant Program applicants in 2004. This is not a comprehensive list of services in the State of Texas.

OTHER SPECIAL NEEDS POPULATIONS

This section describes the needs of other special needs populations including the elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS, victims of domestic violence, colonia residents, and migrant farmworkers.

ELDERLY POPULATION

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging, now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.⁶¹ TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.⁶²

Nationwide, in 2002, the median income for individual elderly males was \$19,436, individual females was \$11,406, and families headed by individuals 65 and over was \$33,802.⁶³ According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.⁶⁴

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.⁶⁵ Of all elderly households, 80 percent own their own homes.⁶⁶ However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.⁶⁷ Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of \$1,814,420,111, and

⁶¹ Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x,

<http://www.tdoa.state.tx.us/Publications/ResearchReports/NewDemographicProfile4-03.pdf> (accessed August 5, 2004).

⁶² Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.

⁶³ US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 10, <http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf> (accessed August 5, 2004).

⁶⁴ US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, <http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf> (accessed August 5, 2004).

⁶⁵ Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, <http://www.tdoa.state.tx.us/Publications/ResearchReports/SOS-2003.pdf> (accessed August 5, 2004).

⁶⁶ US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.

⁶⁷ US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.

150,696 Community Care Services clients were at an annual cost of \$1,332,477,707.⁶⁸ Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

Frail Elderly Persons

Frail elderly persons are defined as elderly persons who are unable to perform at least three activities of daily living. Activities of daily living include eating, dressing, bathing. According to the 2000 Census, 400,099 persons aged 65 to 74 (out of 1,131,163) have a disability as defined by the US Census, and 479,879 persons over the age of 75 (out of 835,109 total) have a disability as defined by the US Census. This population will require medical and social services; varying degrees of assistance are needed to maintain self-sufficiency and delay the need for nursing home care.

For more information on elderly issues, contact:

- Texas Department of Aging and Disability Services: (512) 438-3011

PERSONS WITH DISABILITIES

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

A person shall be considered to have a disability if such a 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,
- is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a “going outside the home disability,” and 1,651,821 have an employment disability.

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 Census estimates that 553,934 disabled individuals over 5 years of age live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive supplemental security income (SSI) or social security disability insurance (SSDI) benefits as their principal source of income. According to *Priced Out* in 2002, an SSI recipient would have to pay an average of 98.3 percent [or \$536] of his or her \$545 monthly payment to rent a one-bedroom apartment in Texas.⁶⁹ According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than \$164.

⁶⁸ Texas Department of Human Services, *2003 Annual Report*, 103.

⁶⁹ Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, <http://www.c-c-d.org/PO2002.pdf> (accessed August 6, 2003).

Housing and Homeless Needs Assessment

Other Special Needs

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the American with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote “adaptive design” or “universal access” housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an “adaptable” unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

For more information on People with Disabilities, contact:

- American Disabled for Attendant Programs Today (ADAPT): (512) 442-0252
- Texas Department of Assistive and Rehabilitative Services: (512) 377-0500
- Texas Department of Aging and Disability Services: (512) 438-3011
- Texas Department of State Health Services: 1-888-963-7111
- Texas Home of Your Own Coalition: (512) 472-9195, 1-800-988-4696

PERSONS WITH ALCOHOL AND DRUG ADDICTION

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have both alcohol and drug-related problems.⁷⁰ Of the 46,474 total admissions to TCADA-funded treatment programs during 2003, admitted individuals were most likely to be single males with an average age of 35, an average 12th grade education, and an average annual income of \$6,041.⁷¹ The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

According to the 2000 Texas Survey of Substance Use Among Adults, a survey of alcohol and drug usage among over 10,000 adults, it was found that urban and suburban residents were more likely to have

⁷⁰ Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, <http://www.tcada.state.tx.us/research/AdultHousehold.pdf> (accessed August 3, 2004).

⁷¹ Texas Commission on Alcohol and Drug Abuse, “Texas Statewide Totals,” <http://www.tcada.state.tx.us/research/statistics/statetotals.shtml> (accessed August 3, 2004).

substance-abuse problems than were individuals in rural areas.⁷² Furthermore, respondents who had moved one or more times within the preceding five years were more likely to abuse alcohol or drugs than those who had not relocated.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

For more information on alcohol and drug addiction, contact:

- Texas Department of State Health Services Substance Abuse Services: 1-800-832-9623.

PERSONS WITH HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of State Health Services (DSHS), as of December 2003, there were 48,368 reported persons living with HIV/AIDS in Texas.⁷³ The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

The HOPWA program covers the entire state through 25 HIV CARE Consortia. In addition to the HOPWA program, the HIV CARE Consortia coordinate the state and federal funds for HIV health and social services administered by DSHS, including the Ryan White CARE Act-Title II, and State Services grants. The Surveillance Branch within the Texas Department of State Health Services' Bureau of HIV and STD Prevention collects morbidity reports on HIV and AIDS. AIDS reporting extends back to 1980 and is considered to be relatively complete. In Texas, the reporting of pediatric HIV cases began in 1994 and adult HIV infections began in 1999 and are consequently less complete due to the shorter time data have been collected.

⁷² Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, 20.

⁷³ Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2003 Annual Report* (Austin, TX: Texas Department of Health, December 2003), 1, <http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20034.pdf> (accessed August 5, 2004).

Housing and Homeless Needs Assessment

Other Special Needs

- From 1980 through December 2003, 63,600 AIDS cases have been reported. A total of 19,244 HIV infections have been reported since named reporting of HIV began (in 1994 for pediatric infections and 1999 for adult infections). The combined total of HIV/AIDS cases was 82,844.
- As of December 2003, there were 48,368 living HIV/AIDS cases reported in Texas. The age at diagnosis most frequently occurred among those age 30 through 39 (43 percent).
- Women represent a greater proportion of living HIV/AIDS cases: 21 percent compared to 16 percent of cumulative cases.
- Cases of women living with HIV/AIDS are comprised of 59 percent African Americans, 18 percent Hispanics, and 23 percent Whites.
- About 80 percent of all living HIV/AIDS cases were residents in the five major metropolitan statistical areas (MSAs) in Texas (Census 2000 MSA definition).

Distribution of Living HIV/AIDS Cases by Major Metropolitan Area

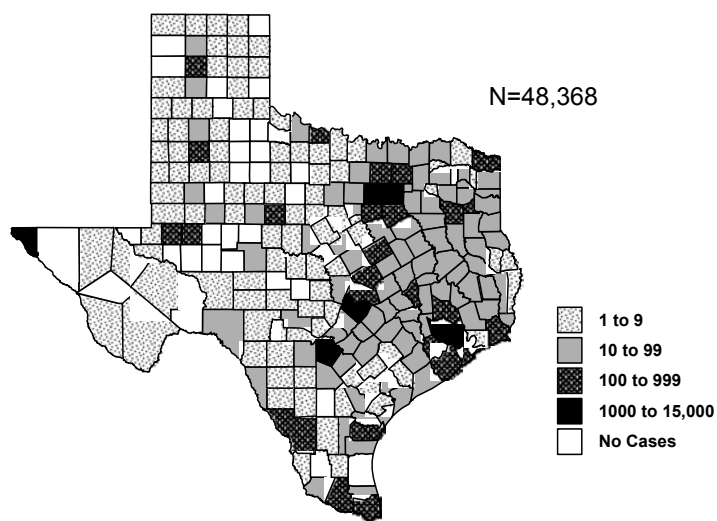
Metropolitan Statistical Area	(City) County	Living HIV/AIDS Cases	Cumulative HIV/AIDS Cases
Austin-Round Rock	(Austin) Travis	2,819	5,067
	Other MSA Counties	315	525
Dallas-Fort Worth-Arlington	(Dallas) Dallas	10,519	17,744
	(Fort Worth) Tarrant	2,932	4,842
	Other MSA Counties	1,294	1,905
El Paso	El Paso	1,124	1,724
Houston-Baytown-Sugar Land	(Houston) Harris	14,858	27,492
	Other MSA Counties	1,377	2,508
San Antonio	(San Antonio) Bexar	3,155	5,456
	Other MSA Counties	165	255

Distribution of Living HIV/AIDS Cases by Public Health Region

Region	Living HIV/AIDS Cases	Percent of Total
1	722	1.5
2	395	0.8
3	14,983	31.0
4	1,113	2.3
5	957	2.0
6	16,338	33.8
7	4,103	8.5
8	3,559	7.4
9	379	0.8
10	1,130	2.3
11	1,804	3.7
TDCJ*	2,883	6.0

*Texas Department of Criminal Justice

Texas Living HIV/AIDS Cases
Reported to Texas Department of Health HIV/STD Surveillance
As of 12/31/2003



Bureau of HIV/STD Prevention
Epidemiology Division

For more information on HIV/AIDS contact:

- Texas AIDS/STD InfoLine: 1-800-299-2437
- HUD Office of HIV/AIDS Housing: (202) 708-1934
- Texas Department of State Health Services, Bureau of HIV/STD Prevention: (512) 490-2505

VICTIMS OF DOMESTIC VIOLENCE

According to the Texas Family Code, as quoted by the Texas Council on Family Violence (TCFV), “family violence” may be defined as an act intended as a threat or to result in bodily harm by a member of a household towards another household member; abuse by a household member towards a child household member; or dating violence.⁷⁴ In 2003, there were 185,299 reported family violence incidents in Texas.⁷⁵ Furthermore, according to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In fiscal year 2003, the Family Violence Program provided emergency shelter to 29,733 adults and children and nonresidential services to 49,153 adults and children.⁷⁶

The Texas Health and Human Services Commission Family Violence Program funds over 70 shelters for domestic violence victims that offer various services including temporary emergency shelter, hotline services, information and referral, counseling, assistance in obtaining medical care and employment, and transportation services. Some shelters have transitional living centers, which allow victims to stay for an extended period and offer additional services.

Because those entering shelters are generally unemployed, victims must secure employment and alternative housing within shelter time limits. This task is often complicated by a lack of resources for start-up costs, transportation, and affordable childcare options. These victims may be eligible for public housing and Temporary Assistance to Needy Families (TANF) assistance, but waiting lists and application reviews for such programs can be long and provide limited payments. If women are unable to secure housing within their 30-day stay, domestic violence shelters may assist in finding space in homeless shelters. Unfortunately, space and time are also limited in these shelters. The numerous obstacles faced by domestic violence victims often make it difficult to escape abusive situations and achieve self-sufficiency.

For more information on domestic violence contact:

- National Domestic Violence Hotline: 1-800-799-7233
- Texas Council on Family Violence: (512) 794-1133

⁷⁴ Texas Council on Family Violence, “Know the facts,” http://www.tcfv.org/know_the_facts.htm (accessed August 3, 2004).

⁷⁵ Texas Council on Family Violence, “Abuse in Texas,” http://www.tcfv.org/abuse_in_texas.htm (accessed August 3, 2004).

⁷⁶ Texas Department of Human Services, *2003 Annual Report* (Austin, TX: Texas Department of Human Services), 31, <http://www.dhs.state.tx.us/publications/AnnualReport/2003/AR2003.pdf> (accessed August 3, 2004).

COLONIAS

According to Section 2306.581 of the Texas Government Code:

“Colonia” means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that

- has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
- has the physical and economic characteristics of a colonia, as determined by the department.

It is estimated that the average median household income is between \$7,000 and \$11,000 for the 1,450 colonias that accommodate over 350,000 residents.⁷⁷ Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.⁷⁸

According to 2000 Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.⁷⁹ Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

For more information on colonias, contact Susana J. Garza, Office of Colonia Initiatives, at (512) 475-1592.

MIGRANT FARMWORKERS

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.⁸⁰ The US Department of Health and Human Services

⁷⁷ Texas A&M University, Center for Housing and Urban Development, “Colonias in Texas,” <http://chud.tamu.edu/files/txcoln.html> (accessed August 3, 2004).

⁷⁸ Ninfa Moncada, “A Colonias Primer” (A briefing presented to the US Department of Housing and Urban Development, 2001), <http://www.nationalmortgagenews.com/nmn/plus93.htm> (accessed August 3, 2004).

⁷⁹ Moncada, “A Colonias Primer.”

⁸⁰ US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services

estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.⁸¹ Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.⁸² The median annual income for individual workers was less than \$7,500 and migrant families earned less than \$10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.⁸³ In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

For more information on migrant farmworkers, contact:

- Housing Assistance Council: (202) 842-8600
- National Center for Farmworker Health: (512) 312-2700, 1-800-531-5120
- Texas USDA Rural Development State Office: (254) 742-9700

(Vashon Island, WA: Larson Assistance Services, September 2000), 2, <http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf> (accessed August 5, 2004).

⁸¹ US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study*, 13–18.

⁸²US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers*, by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 5, 2004).

⁸³ Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, <http://www.ncfh.org/docs/08%20-%20housing.pdf> (accessed August 5 2004).

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.⁸⁴

Lead in housing can come from a variety of sources, including, but not limited to, the following:

- Lead dust from moving parts of windows and doors that are painted with lead-based paint
- Lead dust and paint chips containing lead are produced when lead-based paint is scraped, rubbed, hit, exposed to weather, or when wind, aging, damage, and/or moisture causes paint to peel
- Lead-based paint on wood trim, walls, cabinets in kitchens and bathrooms, fences, lamp posts, etc.
- Soil contaminated from lead-based paint and leaded gasoline
- Drinking water where old lead pipes or lead solder was used

Lead contamination can occur by eating paint chips or soil that contains lead, by putting hands or other objects covered with lead dust in the mouth, or inhaling lead dust. In adults, lead inhalation or ingestion can cause fertility problems, muscle and joint pain, nerve damage, memory or concentration problems, and increase blood pressure.⁸⁵ In children, which are especially vulnerable to lead poisoning because their brains and nervous systems are still developing, even low levels of lead can cause learning disabilities, attention deficit disorders, stunted growth, behavior problems, and kidney damage.⁸⁶ In cases of high exposure, lead poisoning can also cause death.

In response to the problems attributed to lead-based paint hazards, the US Congress passed the Title X Lead-Based Paint Hazard Reduction Act of 1992. Title X mandated that HUD issue “The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing” (1995) to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. This act also requires the disclosure of lead hazards at the lease or sale of housing built before 1978.

While TDHCA monitors its properties for compliance with these regulations, at the state level, the Texas Department of State Health Services (DSHS) has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). These rules cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design.

⁸⁴ National Safety Council, “Lead Poisoning Happens more than you Think,” (2004) <<http://www.nsc.org/issues/lead/>> (accessed August 22, 2004).

⁸⁵ National Safety Council, “Adult Lead Poisoning,” (2004) <<http://www.nsc.org/issues/lead/adultlead.htm>> (accessed August 22, 2004).

⁸⁶ National Safety Council, “Lead Poisoning,” (2004) <<http://www.nsc.org/library/facts/lead.htm>> (accessed August 22, 2004).

HOUSING MARKET ANALYSIS

§ 91.310 Housing market analysis.

- (a) General characteristics. Based on data available to the State, the plan must describe the significant characteristics of the State's housing markets (including such aspects as the supply, demand, and condition and cost of housing).
- (b) Homeless facilities. The plan must include a brief inventory of facilities and services that meet the needs for emergency shelter and transitional housing needs of homeless persons within the State.
- (c) Special need facilities and services. The plan must describe, to the extent information is available, the facilities and services that assist persons who are not homeless but who require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.
- (d) Barriers to affordable housing. The plan must explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the State are affected by its policies, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

GENERAL CHARACTERISTICS

This section inventories the state's available housing based on its age and condition, unit size, affordability, and occupancy.

Housing unit affordability measures compare housing cost to local area median income. Affordable units are defined, for purposes of this Consolidated Plan, as units for which a family—at one of three specified points on the low income scale (30, 50, and 80 percent)—pays no more than 30 percent of their income for rent or no more than 2.5 times their annual income to purchase.

Note that estimates of affordable housing supply by income category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units which are considered affordable to them.

AGE OF HOUSING STOCK

The age of the housing stock provides an indication of its relative condition. Older units are more likely to require repairs, are more costly to repair and renovate, may not contain desired amenities, and are more likely to contain lead paint hazards than more recently constructed units. Lead paint hazards vary for each individual unit, but units built before 1960 present a significant risk for occupants with young children. The allowable lead content of paint declined after 1960 and was completely eliminated by 1978.

As shown in figure 2.1, 21.5 percent of all units in the state were built before 1960, with a slightly higher percentage of owner-occupied units than renter-occupied units in this category. Thirty-five percent of all housing units in Texas were built between 1960 and 1979, while 43.5 percent were built between 1980 and 2000. Graph 2.1 shows the distribution of occupied units by year built.

Figure 2.1: Distribution of Occupied Units by Year Built, 2000

# of Units	Before 1960	1960-1979	1980-2000	Total
Renter-occupied	505,271	1,045,967	1,111,869	2,663,107
Owner-occupied	1,078,263	1,528,527	2,093,255	4,700,045
Total-occupied	1,583,534	2,574,494	3,205,124	7,363,152
% of Units	Before 1960	1960-1979	1980-2000	
Renter-occupied	19.0%	39.3%	41.8%	
Owner-occupied	22.9%	32.5%	44.5%	
Total-occupied	21.5%	35.0%	43.5%	

Graph 2.1: Distribution of Occupied Units by Year Built, 2000

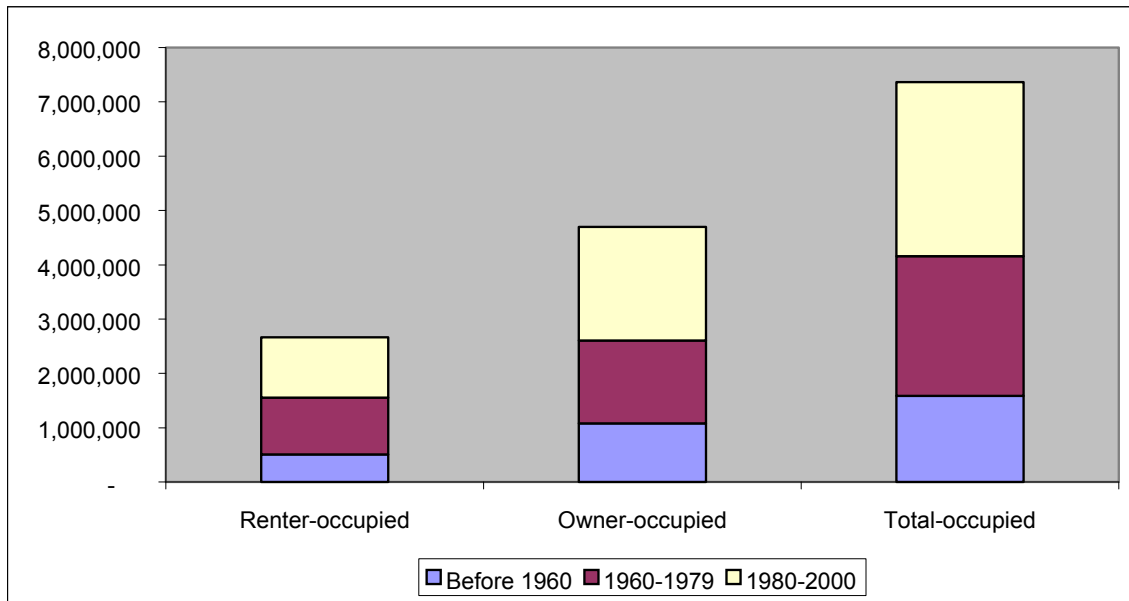


Figure 2.2: Building Permits Issued in Texas 2000–2003

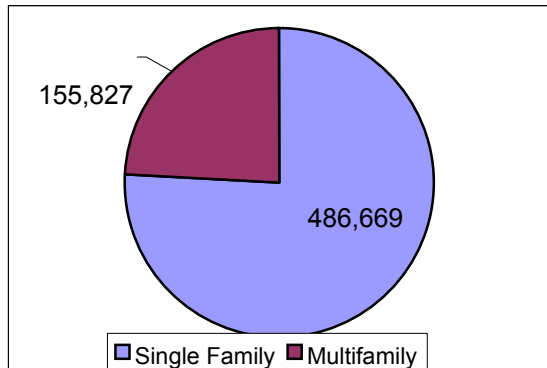


Figure 2.2 provides the number of single and multifamily building permits issued between 2000 and 2003.⁸⁷ At least 600,000 new units were added to Texas’s housing stock during this time period. Of the total, 24 percent of the permits were multifamily occupied and 76 percent were single family dwellings.

Figure 2.3 shows the distribution of units by year built and affordability category. These figures demonstrate that most affordable housing units are older units and therefore have the potential for more housing

problems. While 21.5 percent of all housing units were built before 1960, the percentages are greater for low income units: 28 percent of all units affordable to households at 50 percent or less of HAMFI. The numbers also show that, of the units constructed in the last decade, only a small portion is affordable to low income households. Only 30 percent of all housing units built between 1980 and 2000 are affordable to households at 50 percent or less of HAMFI, and only 28 percent of rental units built between 1980 and 2000 are affordable to this income group.

⁸⁷ Real Estate Center at Texas A&M University

Figure 2.3: Distribution of Units by Year Built and Affordability Category, 2000

	Before 1960			1960-1979			1980-2000			Total Occupied Units		
	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%
Renter	314,271	158,310	32,690	487,010	484,307	74,650	310,862	602,888	198,119	1,112,143	1,245,505	305,459
Owner	703,569	203,166	171,528	737,354	490,380	300,793	658,805	639,468	794,982	2,099,728	1,333,014	1,267,303
Total	204,218	361,476	204,218	1,224,364	974,687	375,443	969,667	1,242,356	993,101	3,211,871	2,578,519	1,572,762

SIZE DISTRIBUTION OF HOUSING UNITS

Figures 2.4 and 2.4a demonstrate that there is a disproportionate amount of three or more bedroom units in Texas. Figure 2.4b shows that owner units have a much higher number of 3+ bedroom units than renter units, so despite the fact that large units outnumber large families, there is still an unmet demand for affordable three-bedroom multifamily units. Because larger units tend to be more expensive than smaller units, the disproportionate number of large units leaves the existing housing stock even more inaccessible to low income families.

Figure 2.4: Distribution of Units by Size, 2000

No. of Units	0-1 Bedroom	2 Bedroom	3+ Bedroom	Total
Renter	1,122,177	954,327	586,603	2,663,107
Owner	253,498	900,662	3,545,885	4,700,045
Total	1,375,152	1,854,989	4,132,488	7,363,152

Figure 2.4a: Distribution of Units by Size, 2000

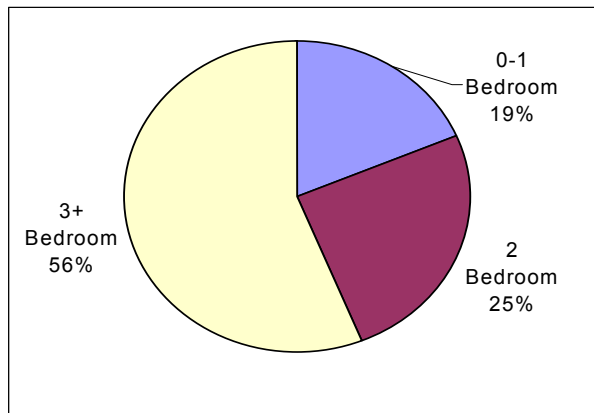
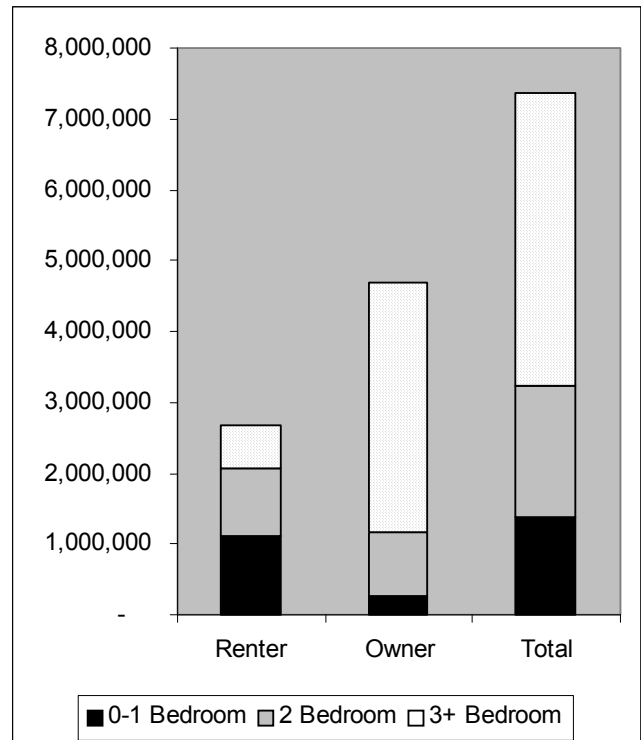


Figure 2.4b: Distribution of Units by Size, 2000



HOUSING AFFORDABILITY

Figure 2.5 shows the distribution of housing units throughout Texas by affordability category. As previously mentioned, it should be noted that estimates of affordable housing supply by income category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units which are considered affordable to them.

Recent studies indicate that housing affordability remains a significant problem for many low income families. A study by the National Low Income Housing Coalition indicates that 44 percent of renters in Texas are unable to afford Fair Market Rent for a two bedroom unit.⁸⁸ The same study indicates that an individual working at minimum wage (\$5.15/hr) would have to work 104 hours a week to afford a two bedroom apartment at Fair Market Rent. Based on the affordability measure of 2.5 times a household's annual income, it becomes apparent that buying a home is made difficult, if not impossible, for extremely low, very low and low income families (with annual incomes of \$15,900, \$26,500, and \$42,400 respectively) when the 2003 median Texas home sales price is \$127,900.⁸⁹

As illustrated in Figure 2.5, about 44 percent of the total housing stock is affordable to households with incomes at 0-50 percent of HAMFI. An additional 35 percent of the housing stock is affordable to households with incomes at 51-80 percent of HAMFI. This means that a total of 79 percent of the housing stock in Texas, or 89 percent of the rental stock and 73 percent of the owner stock, is affordable at 80 percent of HAMFI.

As will be shown later, this seeming availability of affordable housing does not translate into an affordable housing surplus. For a variety of reasons, affordable housing is not available to many low income families. Major reasons include housing size mismatches, the unequal geographic distribution of affordable housing units, and limitations on the supply of affordable housing because of occupation by higher income groups.

The information presented in figure 2.5 must be considered together with information portrayed in the next section, housing mismatch. As the section on housing mismatch will illustrate, the majority of affordable housing is often occupied by persons in higher income levels.

⁸⁸ National Low Income Housing Coalition, *Out of Reach*, 2003, <http://www.nlihc.org/oor2003/data.php?getstate=on&state%5B%5D=TX> (Accessed on August 26, 2004).

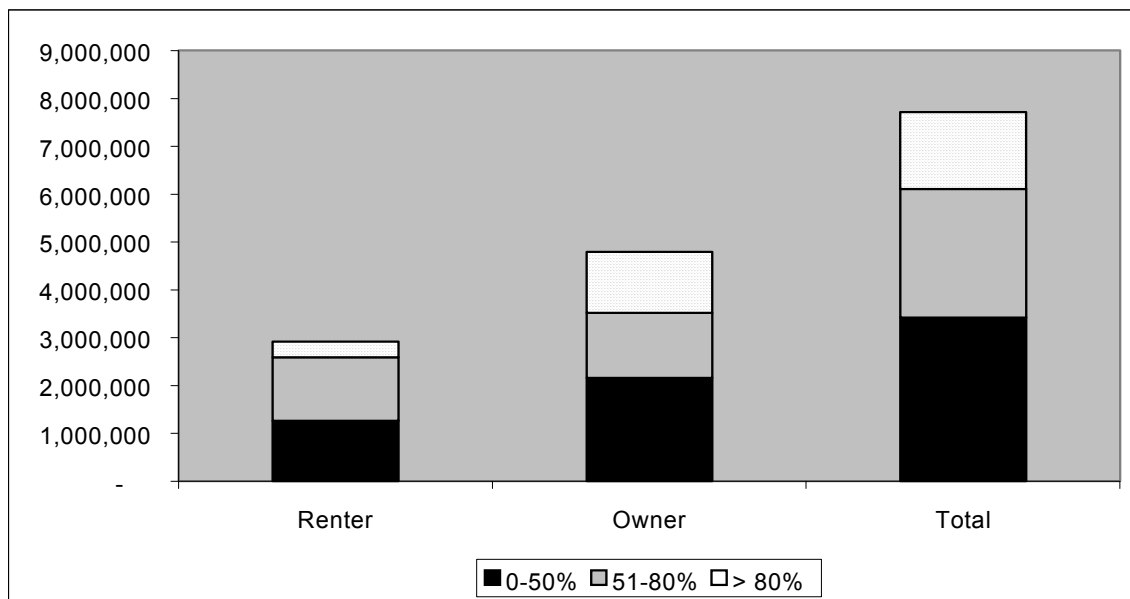
⁸⁹ Real Estate Center at Texas A&M University, *Texas Residential MLS Activity Median Price*

Figure 2.5: Distribution of Housing Units by Affordability Category, 2000

No. of Units	0-50%	51-80%	> 80%	Total
Renter	1,260,318	1,327,506	328,891	2,916,715
Owner	2,158,084	1,355,740	1,279,595	4,793,419
Total	3,418,402	2,683,246	1,621,592	7,723,240

Pct. of Units	0-50%	51-80%	> 80%
Renter	43.2%	45.5%	11.3%
Owner	45.0%	28.3%	26.7%
Total	44.3%	34.7%	21.0%

Figure 2.5: Distribution of Housing Units by Affordability Category, 2000 - Texas



HOUSING MISMATCH

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. For each income category, it has been assumed that households are matched to units in their affordability range. In actuality, however, higher income households often reside in units that could be affordable to the lowest income households. For example, households that have incomes greater than 80 percent of the median income greatly outnumber the housing units in this specific affordability category. Households in this category can afford units in any of the defined affordability categories. Non-low income households often limit the supply of affordable housing units available to low income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing surplus are undoubtedly overstated.

Figures 2.6a and 2.6b describe the housing market interaction of various income groups and housing costs. These figures show the income classifications of the occupants of housing units. These figures also illustrate the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. These figures illustrate housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Figure 2.6a
Occupied Affordable Housing Units by Income Group of Occupant, 2000
by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

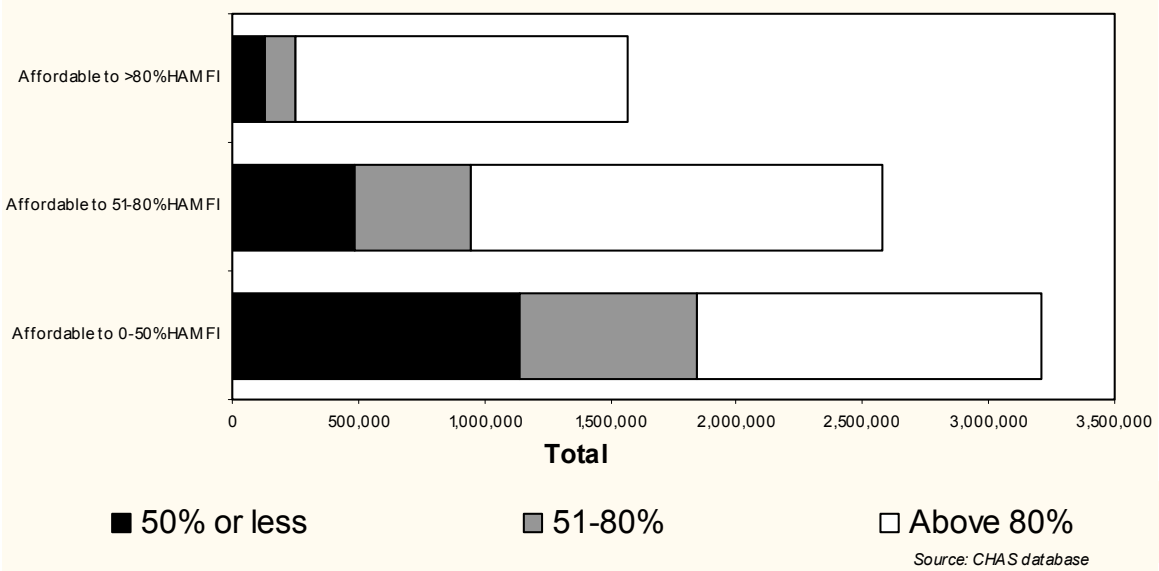
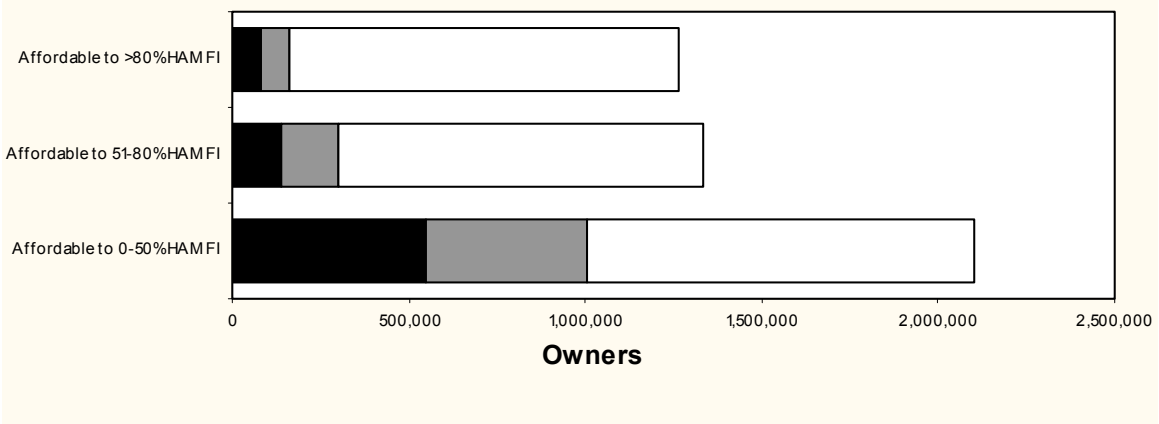
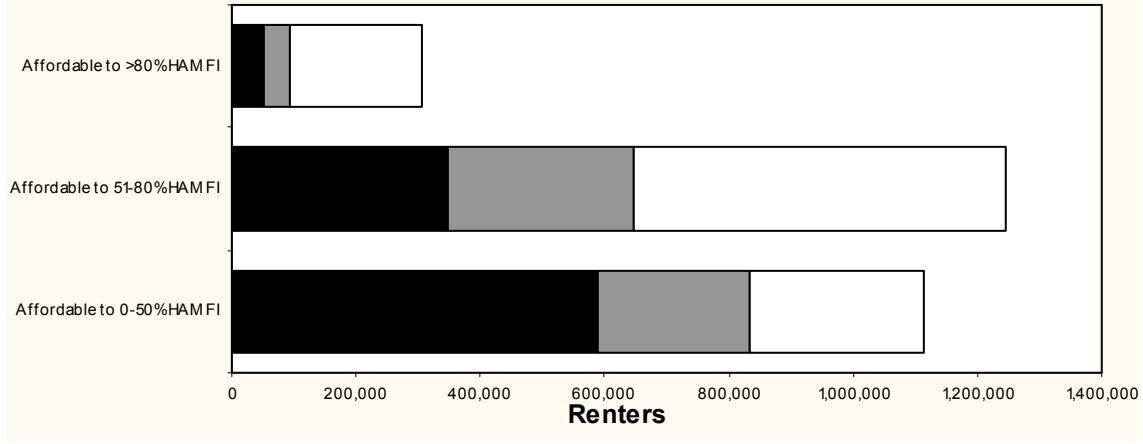
Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: CHAS database

Figure 2.6b
Distribution of Housing Units by Affordability Category, 2000



HOMELESS FACILITIES

The following programs provide services that meet the emergency shelter needs of homeless persons.

TEXAS DEPARTMENT OF HUMAN SERVICES

The mission of the Texas Department of Human Services (DHS) is to provide financial, health, and human services that promote the greatest possible independence and personal responsibility for Texas residents. Effective September 1, 2004, DHS community care and nursing home programs became part of the newly created Texas Department of Aging and Disability Services; all other services became part of the Health and Human Services Commission.

Texas Department of Human Services
PO BOX 149030
Austin, TX 78714-9030
(512) 438-3011
1-888-834-7406
<http://www.dhs.state.tx.us/>

Texas Department of Aging and
Disability Services
701 West 51st Street
Austin, TX 78751
(512) 438-3011.
<http://www.dads.state.tx.us/>

Texas Health and Human Services
Commission
4900 North Lamar Blvd., 7th Floor
Austin, TX 78751-2316
1-877-787-8999
<http://www.hhsc.state.tx.us/>

Family Violence Program

The Texas Department of Human Services funds family violence centers located throughout the state that provide services to victims of family violence. Services for victims include 24-hour hotline guidance, information and referral services, legal services, counseling, transportation services, assistance in obtaining medical care and job training, and selected family violence centers provide temporary shelter services. To be eligible for services, a client must be physically, emotionally, or sexually abused by a partner, former partner, or another family or household member.

For more information on family violence services, call the National Domestic Violence Hotline at 1-800-799-7233.

TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

The Texas Department of Mental Health and Mental Retardation (TDMHMR) is mandated to serve those individuals with mental illness and mental retardation in the greatest need of services. Effective September 1, 2004, TDMHMR mental health community services and state hospital programs became part of the newly created Texas Department of State Health Services and TDMHMR mental retardation and state school programs became part of the newly created Texas Department of Aging and Disability Services.

Texas Department of Mental
Health and Mental Retardation
909 West 45th Street
Austin, TX 78751
(512) 454-3761
1-800-252-8154
<http://www.mhmr.state.tx.us/>

Texas Department of State Health
Services
1100 West 49th Street
Austin, TX 78756-3199
(512) 458-7111
1-888-963-7111
<http://www.dshs.state.tx.us/>

Texas Department of Aging and
Disability Services
701 West 51st Street
Austin, TX 78751
(512) 438-3011.
<http://www.dads.state.tx.us/>

Projects for Assistance in Transition from Homelessness

The Projects for Assistance in Transition from Homelessness (PATH) Program funds local organizations that provide services to homeless individuals who have a mental illness. Services include outreach, screening, assessment and treatment, habilitation and rehabilitation, case management, health referrals, job training, educational activities, and housing services.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TDHCA administers the Emergency Shelter Grants Program, which funds homeless facilities.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) funds entities that provide shelter and related services for homeless persons. For purposes of this plan, statewide information on homeless service providers has been collected from the ESGP applications that were submitted for funding in 2004. This is not a comprehensive listing of service providers. Because some local governments receive ESGP funding directly from the US Department of Housing and Urban Development, organizations that apply for these local ESGP funds are not included.

REGION 1				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Amarillo, City of	Potter, Randall	All homeless/ At Risk individuals	N/A	Vocational assessment, ALERT packet, ID expenses, GED expenses, bus tickets, assistance with child care expenses.
Caprock Community Action Association	Potter, Randall	All homeless individuals	N/A	Provide funding to local nonprofit homeless shelters.
Driskell Halfway House, Inc.	Briscoe, Castro, Floyd, Hall, Hale, Swisher	All Homeless	16	Shelter, meals, transportation, job referrals, alcohol and drug counseling.
Panhandle Crisis Center, Inc.	Ochiltree, Hansford, Lipscomb	Domestic Violence Victims	10	Shelter for abused women, counseling, clothing, and a 24-hour hotline.
Safe Place, Inc.	Dallam, Hartley, Moore, Sherman	Domestic Violence Victims	32	Shelter for abused women, 24-hour hotline, group counseling, job referrals and placement assistance.
Tralee Crisis Center	Gray, Hutchinson, Roberts, Wheeler, Collingsworth, Hemphill, Donley and Carson	Domestic Violence Victims	30	Prevention of homelessness, transitional housing, and information and referral.
South Plains Community Action Association	Bailey, Cochran, Garza, Lamb, Lynn, Terry, Yoakum, Hockley	All homeless and at risk of homelessness	N/A	Homelessness prevention and housing assistance.
Women's Protective Services	Potter, Randall	All Homeless	35	Emergency shelter, transitional housing, self-sufficiency skills, counseling, job placement, transportation and mental health care.
Women's Protective Services of Lubbock, Inc.	Bailey, Cochran, Crosby, Dickens, Garza, Hockley, King, Lamb, Lubbock, Lynn, Terry, Yoakum	Domestic Violence Victims	206	Shelter, 24-hour hotline, prenatal and parenting classes, legal advocacy, referrals and case management.

Housing Market Analysis

Homeless Facilities

REGION 2				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Abilene Hope Haven, Inc.	Taylor	Homeless families	32	Transitional housing, job placement assistance, self improvement training, drug and alcohol counseling, education, support groups, day care, transportation, medical care, and legal referrals.
Central Texas Opportunities, Inc.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	All Homeless and At-Risk of Homelessness	NA	Referral services and rent/utility assistance.
First Step of Wichita Falls	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Willbarger, Young	Domestic Violence Victims	35	Emergency Shelter, crisis intervention, counseling, advocacy, transportation, food, clothing, and referrals.
Pecan Valley Regional Domestic Violence Shelter	Brown, Colman, Comanche	Domestic Violence Victims	16	Crisis intervention, legal assistance, 24-hour hotline, and emergency care.
Salvation Army - Abilene	Taylor	All Homeless	92	Shelter, clothing, food, drug and alcohol rehabilitation program.

REGION 3				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
AIDS Resources of Rural Texas	Rural areas around Tarrant County	Individuals with AIDS	N/A	Case management and support services.
Arlington Life Shelter	Tarrant	All homeless	87	Shelter services.
Bridge Youth & Family Services	Tarrant, Parker, Johnson, Palo Pinto, Hill, Jack, Young, Hood, Somervell	Youth	16	Shelter, medical screening, case management, individual and group counseling.
Brighter Tomorrows	Dallas, Tarrant	Domestic Violence Victims	90	Shelter, food, transportation, clothes, and transitional housing.
City of Arlington	Tarrant	All homeless	79	Shelter, casework, counseling, support groups, life skills training, financial and budgeting assistance, and job preparation assistance.
City of Denton	Denton	All Homeless	N/A	Self-Sufficiency housing counseling, transportation, food, and assistance with rent and utilities.
City of Fort Worth	Tarrant	All Homeless	N/A	Employment and educational needs and childcare for program participants.
Collin Intervention to Youth, Inc.	Collin	Youth	15	Shelter, food, clothing, healthcare, transportation, case management, and counseling.
Collin County Care Center/Samaritan Inn	Collin	All homeless	85	Shelter, meals and clothing and a self-sufficiency program.
Dallas Jewish Coalition, Inc. (Vogel Alcove)	Tarrant	Homeless children ages six weeks to 5 years	N/A	Licensed child care for homeless children.

REGION 3 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Family Gateway	Dallas	Homeless families with children	150	Shelter, health care, child care, job placement assistance, life skills classes, children's programs, legal clinic, referrals, and transitional housing.
Grayson County Juvenile Alternatives, Inc.	Grayson, Cooke, Fannin, Wise, Denton, Hunt, Montague, Lamar	Homeless youth ages of 10 - 17	12	Shelter, food, clothing, counseling, life skills, parenting, and support groups.
Grayson County Shelter, Inc.	Grayson	All homeless individuals	40	Shelter, meals, personal care, employment, transitional services, and referrals.
His Guiding Light Ministries	Collin, Dallas, Rockwall, Denton	Youth	N/A	Transitional housing, childcare, life skills training, money management courses, child and adult mentoring, vocational assessment and training and job placement assistance.
Hope Inc.	Palo Pinto, Parker, Hood, Erath	Homeless Women with children	25	Shelter, rental assistance, utility payments, utility deposits, job referrals, referrals for social services, counseling, and medical care.
Hope's Door	Collin, Dallas	Domestic Violence Victims	19	Shelter, 24-hour hotline, referrals and legal advocacy.
Housing Crisis Center	Dallas	Homeless/At-Risk Individuals	237	Legal advocacy, utility assistance, information and referral, shelter, counseling, job placement, support groups, transitional housing, education, and nutrition.
Human Services Network, Inc.	Dallas	Domestic Violence Victims	N/A	Mental health counseling, case management, street outreach, and HIV/AIDS risk reduction education.
Legal Services of Northeast Texas	Collin, Ellis, Grayson, Kaufman	Homeless and At-Risk of Homelessness	N/A	Legal advocacy.
LifeNet Community Behavioral Healthcare	Dallas, Tarrant	Homeless Mentally Ill	N/A	Supportive housing, employment and vocational services, case management, substance abuse counseling, and transportation.
Mission Granbury, Inc.	Hood	Homeless and At-Risk of Homelessness	N/A	Emergency assistance and community referral.
New Beginning Center	Dallas, Rockwall, Collin	Homeless Women with children	24	24 hour crisis intervention, utility and rental assistance, shelter, casework & supportive services, community education, and child care.
Operation Relief Center, Inc.	Dallas	All Homeless	N/A	Food and clothing distribution, literacy, computer, and budgeting classes, rental and utility assistance.
Promise House	North Central Texas	Domestic Violence Victims	20	Shelter, food, clothes, transportation, and therapy services.

Housing Market Analysis

Homeless Facilities

REGION 3 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Salvation Army – Dallas	Dallas, Denton, Collin	All Homeless	N/A	Shelter, food, and clothing.
Salvation Army - Denton	Denton	Homeless/At-Risk Individuals	460	Shelter, rent/mortgage assistance, utility assistance, and personal care.
Salvation Army – Fort Worth	Tarrant	All Homeless	117	Shelter, case management, clothing voucher, and assistance with medical prescriptions.
Tarrant County ACCESS for the Homeless	Tarrant	All Homeless	N/A	Transitional housing, case management, transportation, employment, substance abuse and mental health services.
Tarrant County Hospital District	Tarrant	All Homeless	N/A	Clinic services.
Tarrant County Samaritan Housing, Inc.	Tarrant	AIDS Victims	N/A	32 Single Room Occupancy transitional shelter units, and case management services
The Family Place	Dallas	Domestic Violence Victims	63	Shelter, counseling, emergency relief, housing, education, child care, supportive living, transitional housing, and a hotline.
Turtle Creek Manor	Dallas, Denton, Rockwall, Tarrant, Collin	Mentally Ill	32	Transitional housing referrals, case management, and outreach.
Vision Counseling and Educational Services	Dallas	Homeless Families	15	Housing, drug offender education classes, anger management group counseling.
Women in Need	Hunt, Rockwall	Domestic Violence Victims	18	Shelter, 24 hour crisis line, information and referral, counseling, legal advocacy, child care, personal care, and homelessness prevention assistance.
Women’s Shelter	Tarrant	Domestic Violence Victims	72	Shelter for abused women, counseling and case management.
YMCA of Metropolitan Dallas	Dallas	Homeless youth ages 16 to 21	20	Emergency residential services, outreach family counseling, crisis counseling, and education.
YWCA of Fort Worth and Tarrant County	Tarrant	Homeless women with children	46	Transitional housing, supportive services, counseling, life skills, child-care and education.

REGION 4				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Charitable Consortium, Inc. (DBA Sanctuary House)	Anderson, Freestone, Houston Cherokee and surrounding counties	All Homeless	N/A	Emergency Shelter, medical clinic, prescription program, literacy and computer classes, supportive services
Cherokee County Crisis Center	Cherokee and surrounding counties	Domestic Violence Victims	42	24-hour crisis hotline, counseling, shelter, food, and children’s programs.
Domestic Violence Prevention, Inc.	Bowie, Cass	Domestic Violence Victims	18	Emergency shelter, counseling, transitional living assistance, rural outreach services, and legal advocacy.
East Texas Crisis Center	Smith, Wood, Rains, Van Zandt, Henderson	All homeless individuals	48	Transitional housing, deposits/first month’s rent, day care, and transportation.

REGION 4 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Kilgore Community Crisis Center	Gregg, Rusk, Panola	Domestic Violence Victims	23	Operation, maintenance, enhancement of existing shelter, emergency medical funds, cleaning jobs, survivor skills training, transportation, rent/utility deposits, and first month's rent.
Models of the Maker	Lamar, Delta, Fannin, Red River, Franklin	All Homeless	20	Emergency shelter, employment and financial counseling, medical care, child care and transportation.
Randy Sams Outreach Shelter	Bowie	All Homeless	110	Mental health, medical and dental care, life and job skills counseling, job training and placement, and transportation.
Sabine Valley Center	Gregg, Harrison, Panola, Marion, Rusk, Upshur	Homeless Mentally Ill	N/A	Crisis intervention and psychological rehabilitation services.
Salvation Army - Tyler	Tyler, Smith	Homeless/At-Risk Individuals	74	Integrated system providing a continuum of care, rent, mortgage, utilities assistance, security deposits/ first month's rents, emergency lodging, support services, and counseling.
Shelter Agencies for Families in East Texas, Inc.	Camp, Franklin, Morris, Titus, Wood	Domestic Violence Victims	30	Shelter, 24-hour hotline, counseling, advocacy, job and housing assistance, referrals for medical and legal advocacy.
Special Health Resources for Texas, Inc.	Gregg	AIDS Victims	N/A	Medical care, case management, transportation, food vouchers, medication and insurance assistance, housing and utility assistance.

REGION 5				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Catholic Charities of the Diocese of Beaumont	Jefferson	All Homeless	N/A	Hot Meals for all homeless.
Family Services of Southeast Texas	Hardin, Jasper, Jefferson, Newton, Orange, Tyler	Domestic Violence Victims	70	Counseling, casework, legal advocacy, hotline, and community education.
The HOW Center	Hardin, Jasper, Jefferson, Orange, Tyler	Mentally Ill	30	Shelter and support services.
Port Cities Rescue Mission	Jefferson	Homeless individuals with substance abuse issues	35	Shelter, work program, drug and alcohol recovery program.
Salvation Army - Beaumont	Jefferson	Domestic Violence Victims	75	Shelter, computer training, anger management counseling, and job search assistance.
Women's Shelter of East Texas	Angelina, Houston, Nacogdoches, Polk, Sabine, San Augustine, San Jacinto, Trinity	All Homeless	40	Hotline, counseling, support groups, advocacy, shelter, children's program, outreach, and victim's assistance.

Housing Market Analysis

Homeless Facilities

REGION 6				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Antioch Project Reach, Inc.	Harris	All Homeless	N/A	Information and referral, case management and support services.
Bay Area Homeless Services	Chambers, Liberty, Harris	All Homeless	30	Shelter, food, transportation, and clothes.
Bay Area Turning Point, Inc.		Domestic Violence Victims		Shelter, food, transportation, clothes, and emergency accompaniment services.
Bay Area Women's Center	Harris	Domestic Violence Victims	26	28 day safe shelter, community education, counseling, crisis intervention, 24-hour hotline, legal advocacy, transportation, information and referral, and personal care.
Bridge Over Troubled Waters, Inc. The	Harris	Domestic Violence Victims	65	Shelter, food, transportation, clothes, and employment services.
Catholic Charities of the Diocese of Galveston-Houston	Harris, Galveston, Fort Bend	All Homeless	77	Food pantry, case management, financial assistance, and information and referrals.
Children' Center Youth Services Shelter	Galveston	Homeless Abused or neglected children	35	Emergency shelter and family support services.
Covenant House Texas	Harris	Youth	74	Shelter, food, transportation, clothes, and employment services.
DePelchin Children's Center	Harris	Youth	N/A	Family life education, transitional living, foster care, adoption, and in-home mental health services.
Focusing Families	Waller, Austin, Washington, Grimes	Domestic Violence Victims	8	Shelter, transportation, crisis intervention, counseling, advocacy and case management.
Fort Bend County Women's Center, Inc.	Fort Bend, Harris	Domestic Violence Victims	65	Shelter and a sexual assault program.
Harris County Hospital District		All Homeless	N/A	Case Management, information and referrals. housing placement, job counseling, and follow-up.
Houston Area Women's Shelter	Harris	Domestic Violence Victims	41	Emergency shelter, transitional housing, counseling, legal advocacy, information and referral, vocational counseling, medical assistance, group counseling, parenting education, childcare, a rape crisis program, women's center hotline, community education, personal care, and transportation.
Montgomery County Homeless Coalition	Montgomery, Liberty, Walker	All Homeless	60	Shelter, personal care needs, clothing, prescriptions, therapy, support and life skills groups, transportation, and case management.
Montgomery County Interfaith Hospitality Network	Harris	Other	14	Temporary shelter for children, meals and support services.
Montgomery County Women's Center	Montgomery, Harris, Liberty	Domestic Violence Victims	34	Crisis intervention, counseling, hotline, alcohol and drug abuse intervention, advocacy; food, medication, and community education

REGION 6 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Northwest Assistance Ministries	Harris	All Homeless	N/A	Rent/mortgage and utility assistance, prescriptions, transportation, meals on wheels, immunizations, counseling, crisis hotline, and computer training.
Sarah's House	Harris	All Homeless	N/A	Shelter, emergency and transitional housing, education, counseling, job readiness training and employment, and medical services.
Service of the Emergency Aid Resource Center for the Homeless (S.E.A.R.C.H)	Harris	All homeless	N/A	Transitional housing, child care, job training, job placement, counseling, transportation, basic services, minor medical care, and information and referral.
Star of Hope Mission	Harris	All Homeless	296	Emergency services, temporary housing, program services, a substance abuse recovery program, career skills, and a transitional living program.
Walker County Family Violence Council	Walker, Polk, Trinity, San Jacinto	Domestic Violence Victims	28	Shelter, 24-hour hotline, counseling, education services, and transportation.
Wesley Community Center	Harris	All Homeless	N/A	Counseling, day care, information and referral, personal care, rent/mortgage assistance, senior center, and youth programs.
Westside Homeless Partnership	Harris	At-Risk Homeless	N/A	Transitional housing, rent and utility subsidies and other types of assistance for persons in transitional housing program.
Women's Resource and Crisis Center of Galveston County Inc.	Galveston	Domestic Violence Victims		24 hour hotline, shelter, legal advocacy, food, referrals, transportation, counseling, group therapy, and outreach.
Women's Home	Harris, Fort Bend, Montgomery, Galveston	Domestic Violence Victims	28	Shelter, 24-hour hotline, counseling, referrals, education services, and transportation.

REGION 7				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Advocacy Outreach	Bastrop	Homeless/At-Risk Individuals	N/A	Adult education, information and referrals, and medications.
Bastrop County Women's Shelter, d.b.a. Family Crisis Center	Bastrop, Fayette, Lee	Domestic Violence Victims	19	Emergency shelter, 24 hour hot-line, crisis intervention, support services, personal advocacy, crisis and group counseling, and substance abuse programs.
Capitol Area Homeless Alliance	Travis	All Homeless	100	Day Resource Center provides showers, laundry, lockers for homeless individuals. Financial assistance with rent. Job readiness and computer training, life-skill classes, and case management.

Housing Market Analysis

Homeless Facilities

REGION 7 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Caritas of Austin	Travis	At-Risk Homeless	N/A	Provides for emergency assistance with rent, utilities, food, hot meals. Integration program for refugees and transitional housing for chronically homeless.
Casa Marianella	Travis	All Homeless	20	Emergency shelter, clothing, ESL classes, medical and legal referrals.
Foundation for the Homeless	Travis	All Homeless	N/A	Meals, showers, bus tickets, clothing, case management and financial assistance for identification documents.
Greater San Marcos Youth Council	Hays	Youth	16	Shelter for abused children. Provides individual and group counseling, medical and dental care.
Hays County Women's Center d.b.a. Hays-Caldwell Women's Center	Hays, Caldwell	Domestic Violence Victims	34	Shelter, peer counseling, legal advocacy, information and referral, employment, child care, medical care, and a 24-hour hotline.
Highland Lakes Family Crisis Center	Burnet	Domestic Violence Victims	37	Shelter, food, transportation, clothes, employment services, and advocacy services.
Travis County Domestic Violence and Sexual Assault Survival Center, d.b.a. Safe Place	Travis	Domestic Violence Victims	122	Shelter for battered women.
Williamson-Burnet County Opportunities, Inc.	Williamson	At-Risk Homeless	25	Head start, emergency assistance, nutrition, affordable housing, weatherization, transportation, child care, shelter for battered women and their children.
Youth & Family Alliance, d.b.a. Lifeworks	Travis	Homeless youth from 10 - 21 years	26	Crisis intervention, information and referral, counseling, outreach, shelter, transitional living, activities, independent living skills, education, job placement, case management, and HIV education.

REGION 8				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
City of Bryan - Twin Cities Mission	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington	All homeless	160	Shelter, food, clothing, emergency medical care, counseling, clothing, transportation, and education.
Compassion Ministries of Waco, Inc.	McLennan	All Homeless	60	Transitional Housing.
Cross Culture Experiences	McLennan	All Homeless	57	Shelter, youth development, job training, alcohol and drug treatment, utility assistance, counseling, assistance with health related problems, and continuing education.
Faith Mission & Help Center	Austin, Burleson, Fayette, Grimes, Hamilton, Lee, Waller, Washington	Homeless and At-Risk	N/A	Emergency assistance such as food, clothes, medical assistance, and employment assistance.
Families in Crisis, Inc.	Bell, Coryell, Hamilton	Domestic Violence Victims	56	Emergency shelter, emergency financial assistance, substance abuse education, counseling, and transportation.

REGION 9				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Catholic Charities, Archdiocese of San Antonio	Bexar	All Homeless	9	Emergency shelter, assistance with rent, utilities, and rent deposits, food, clothing, bus passes, financial guidance, referral services, assistance for expectant mothers, life-skills training, and counseling.
Children's Shelter of San Antonio	Bexar	Youth	52	Emergency shelter, self-sufficiency assistance for parents (information, counseling, transportation), and child care.
Comal County Emergency Children's Shelter	Comal	Youth	36	Shelter services for abused children.
Comal County Family Violence Shelter	Comal	All Homeless	72	Shelter, client assistance, therapy, psychological services;
Comal County Juvenile Residential Supervision and Treatment Center	Comal, Kendall, Guadalupe, Hays	Youth	52	Two youth shelters (13 beds each), food, healthcare (dental), rent, utilities subsidies, deposit, first month rent assistance, and home repairs/maintenance.
Connections Individual and Family Services, Inc.	Comal, San Patricio	Youth	34	Shelter for youth. Medical care, counseling and substance abuse.
Family Violence Prevention Services, Inc.	Atascosa, Bandera, Bexar, Blanco, Caldwell, Comal, Dimmitt, Frio, Gillespie, Guadalupe, Hays, Kerr, Medina, Uvalde, Williamson, Wilson	Domestic Violence Victims	120	Emergency shelter for victims of abuse. Juvenile violence intervention services and batterer's intervention services.
Hope Action Care	Bexar, Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	AIDS Victims	55	Community Outreach & HIV/STD health education, testing, and risk prevention.
Respite Care of San Antonio	Bexar	Low-income/homeless/families with disabled children	913	In-home care, host-family care, family day/night out, and shelter for disabled children.
San Antonio Metropolitan Ministry	Bexar	All homeless individuals, priority given to families with children	573	Emergency and transitional shelter and support services, facilities maintenance, child development services, possible employment of homeless persons.
Seton Home	Bexar	Homeless Parenting Teens	24 beds and cribs	Emergency and transitional housing, support services including health and nutrition, educational support, and life skills.
Salvation Army - San Antonio	Bexar	All homeless individuals	819	Shelter, food, transportation, clothes, employment services, and support services.
St. Mary's University	Bexar	All Homeless	N/A	Representation of the homeless or at-risk of homeless in court proceedings including eviction and repossession cases.
Travis Park United Methodist Church	Bexar	All Homeless	N/A	Meals, clothing, mental health services, counseling, recovery groups, vision and medical clinic, job placement and work program for the homeless.

Housing Market Analysis

Homeless Facilities

REGION 10				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Coastal Bend Alcohol & Drug Rehabilitation, d.b.a. Charlie's Place	Nueces	Homeless and At-Risk of Homelessness	20	Counseling, case management in halfway house setting for those recovering from substance abuse.
Corpus Christi Hope House, Inc.	Nueces	Domestic Violence Victims	14	Shelter for homeless youth and women.
Corpus Christi Metro Ministries	Nueces, Bee, San Patricio, Jim Wells, Kleberg	Domestic Violence Victims	34	Food, clothing, sanitary facilities, shelter, counseling and access to other services.
Dress for Success South Texas	Nueces, San Patricio, Aransas, Refugio, Bee, Live Oak, McMullen, Jim Wells, Brooks, Kenedy, Kleberg	All Homeless	N/A	Clothing for women entering the workforce.
Family Violence & Sexual Assault Prevention Center of South Texas	Aransas, Brooks, Duval, San Patricio, Bee, Kenedy, Kleberg, Jim Wells, Live Oak, McMullen, Nueces, Refugio	Domestic Violence Victims	N/A	Shelter, food, medical assistance, utilities, rental housing deposits, and first month's rent assistance.
Mary McLeod Bethune Day Nursery, Inc.	Nueces, Bee, Jim Wells, Kleberg, San Patricio	Youth	N/A	Childcare services for homeless children.
Mid-Coast Family Services	Victoria	All Homeless	26	Emergency shelter, legal advocacy and drug treatment.
Salvation Army – Corpus Christi	Nueces	All Homeless	140	Emergency shelter for men, meals, counseling, and transitional housing.
Women's Shelter of South Texas	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	Domestic Violence Victims	65	Shelter for abused women.

REGION 11				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Advocacy Resources Center for Housing	Hidalgo	At-Risk of Homelessness	N/A	Housing advocacy, legal support and dispute resolution.
Amistad Family Violence & Rape Crisis Center	Val Verde, Kinney, Edwards	Domestic Violence Victims	26	Shelter for abused women, food, transportation, clothes, and support services.
Casa de Misericordia	Webb, Zapata	Domestic Violence Victims	27	Shelter, food, transportation, clothes, employment services, counseling, and case management.
City of Brownsville	Cameron	All Homeless	120	Shelter, assistance with deposits, first month's rent, educational programs for adults, transportation voucher, parenting classes, therapy for individuals and family.
Family Crisis Center, Inc.	Cameron, Willacy	Domestic Violence Victims	18	Shelter for battered women, crisis counseling, legal & personal advocacy, assistance with rent, utilities, and deposits.
Loaves and Fishes of the Rio Grande Valley	Cameron, Hidalgo	Homeless/At-Risk Individuals	N/A	Job counseling, resume preparation, networking training, employment placement, referral, transportation, job interview tips including clothes, and grooming.
Wintergarden Women's Shelter, Inc.	Dimmitt, LaSalle, Maverick	Domestic Violence Victims	20	Shelter for battered women.

REGION 11 (continued)				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Women Together Foundation	Hidalgo	Domestic Violence Victims	60	Shelter, food, transportation, clothes, counseling and support services.

REGION 12				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Institute of Cognitive Development	Coke, Concho, Crockett, Irion, Kimble, Mason, McCulloch, Tom Green, Menard, Reagan, Sterling, Sutton, Schleicher	Domestic Violence Victims	78	Safe, secure housing for homeless, renovation/upgrade of facilities, possible employment as House Managers/Advocates.
Midland Fair Havens, Inc.	Midland	All Homeless	25	Transitional shelter for women.
Safe Place of the Permian Basin	Andrews, Crane, Dawson, Ector, Gaines, Glasscock, Howard, Loving, Martin, Midland, Reeves, Upton, Ward, Winkler	Domestic Violence Victims	64	Shelter, transportation assistance, counseling, advocacy, food, first month's rent, and utility deposits.
San Angelo AIDS Foundation	Coke, Concho, Crockett, Kimble, Mason, McCulloch, Reagan, Schleicher, Sterling, Sutton, Tom Green	AIDS Victims	N/A	Medical supervision, substance abuse counseling and emergency utility assistance for persons with HIV/AIDS.

REGION 13				
SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Center Against Family Violence, Inc.	El Paso, Hudspeth, Culberson	Domestic Violence Victims	84	Living skills, legal advocacy, counseling, transitional living, education, employment referral, ESL classes and rent and utility deposits.
Child Crisis Center of El Paso	El Paso	Abused children ages newborn through 12 years	23	Shelter, food, clothing, activities, medical attention, schooling, counseling, referral, parenting educatio & support groups.
El Paso Community Action Program, Project BRAVO, Inc.	El Paso	All Homeless and At-Risk	N/A	Homelessness prevention services .
Esperanza de Vida	El Paso	Youth	25	Transitional shelter, education, referrals, life skills, counseling, substance abuse education and treatment, and case management.
La Familia del Paso	El Paso	Mentally Ill and all Homeless	17 units	Transitional housing for mentally ill. Food clothing, transportation and utility assistance.
La Posada Home, Inc.	El Paso	All Homeless	50	Shelter for women and their children.
Opportunity Center for the Homeless	El Paso	Mentally Ill	120	Daytime resource center and transitional housing.
Project Vida	El Paso	All Homeless	6 units	Transitional housing, clinic, WIC, advocacy, and other support services.
Sin Fronteras Organizing Project	El Paso	All Homeless	120	Temporary shelter, medical and mental health services, work referral, and education assistance.
YWCA El Paso del Norte Region	El Paso	Domestic Violence Victims	20	Shelter for women, counseling, and job development.

SPECIAL NEED FACILITIES AND SERVICES

The following state agencies provide facilities and/or services that assist persons who require supportive housing.

TEXAS DEPARTMENT OF HUMAN SERVICES

The mission of the Texas Department of Human Services (DHS) is to provide financial, health, and human services that promote the greatest possible independence and personal responsibility for Texas residents. DHS administers various programs that encourage self-sufficiency, sustain families and individuals in times of need, and promote choice, safety, and independence for the elderly, people with disabilities, and families. Effective September 1, 2004, DHS community care and nursing home programs became part of the newly created Texas Department of Aging and Disability Services; all other services became part of the Health and Human Services Commission.

Texas Department of Human Services
PO BOX 149030
Austin, TX 78714-9030
(512) 438-3011
1-888-834-7406
<http://www.dhs.state.tx.us/>

Texas Department of Aging and
Disability Services
701 West 51st Street
Austin, TX 78751
(512) 438-3011.
<http://www.dads.state.tx.us/>

Texas Health and Human Services
Commission
4900 North Lamar Blvd., 7th Floor
Austin, TX 78751-2316
1-877-787-8999
<http://www.hhsc.state.tx.us/>

Community Care for the Aged and Disabled

Community Care programs provide in-home and community-based services to the elderly and people with disabilities and allow them to remain in their own homes and communities. Certain services are available to functionally-impaired children who have an established need and most programs have income limits and other requirements.

Local Texas Department of Human Services offices determines eligibility for these programs. For more information or to locate your local DHS office, call 1-888-834-7406.

Adult Foster Care

This program provides a 24-hour living arrangement with supervision in an adult foster home and is for people who are unable to continue living independently in their own homes because of physical, mental, or emotional limitations.

Community Based Alternatives

This program provides home- and community-based services to people who are elderly and to adults with disabilities as a cost-effective alternative to living in a nursing home. Services may include adaptive aids and medical supplies, adult foster care, assisted living services, emergency response services, minor home modifications, personal assistance services, physical therapy, and meal services.

Community Living Assistance and Support Services

Community Living Assistance and Support Services (CLASS) provides home- and community-based services to disabled people as a cost-effective alternative to placement in an intermediate care facility.

Services may include adaptive aids and medical supplies, case management, minor home modifications, personal assistance services, physical therapy, and respite care.

Consolidated Waiver Program

This pilot program, available in Bexar County only, was created to determine if a single program can serve individuals who are eligible for at least one of Medicaid's home and community-based waiver programs. The program will provide various services including adult foster care, home-delivered meals, personal assistance services, respite care, therapy, and 24-hour residential habitation.

Consumer Managed Personal Assistance Service

This program contracts with licensed agencies to provide personal assistance services to mentally competent clients with physical disabilities who are willing to supervise their attendant or have someone who can supervise the attendant.

Day Activity and Health Services

Services are provided in contract facility centers and include supervision, nutrition services, nursing services, transportation, and recreational and educational services. Services are typically limited to 5 days a week.

Deaf-Blind with Multiple Disabilities

This program helps individuals who are deaf-blind and have at least one other disability live as independently as possible. It provides community-based services as an alternative to institutional placement and may include assisted living, nursing services, case management, and respite care.

Emergency Response Services

This program provides 24-hour electronic monitoring for functionally impaired adults who live alone or who are socially isolated.

Family Care Services

Services are provided by contract agencies to individuals in their own homes and include personal care, household tasks, meal preparation, escort, and shopping assistance.

Home-Delivered Meals

This program provides a nutritious noontime meal delivered to clients in their homes at least five days per week.

Hospice Program

This program provides medical, social, and support services to terminally ill patients when treatment is no longer available.

In-Home and Family Support Program

This program provides direct grant benefits to adults and children with disabilities to purchase services to let them live in the community. Benefits may be used for the purchase of lease of special equipment, architectural home modifications, counseling and training programs, attendant care, and/or medical, surgical, therapeutic, diagnostic, and other health services.

Medically Dependent Children

This program provides a variety of services to support families caring for children who are medically dependent and to keep the children in their communities.

Primary Home Care

This is an in-home, non-technical medical service for eligible recipients whose health problems cause them to be functionally limited in activities of daily living. Services are provided by contract agencies, must be ordered by a physician and supervised by a registered nurse, and include essential housekeeping and personal care.

Program of All-Inclusive Care for the Elderly

The Program of All-inclusive Care for the Elderly (PACE) program provides community-based acute and long-term care services. A multidisciplinary medical team completes an initial and semiannual assessment of each participant with a documented plan of treatment and most services are provided at a licensed day activity center.

Residential Care

This program provides services to eligible adults who require 24-hour access to care, but who do not require daily nursing intervention. Services include, but are not limited to, personal care, home management, escort, 24-hour supervision, social and recreational activities, transportation, food, and room and board. This program is not available in all areas.

Respite Care

This program provides short-term services for people who are elderly or have disabilities who require care and/or supervision, while allowing their caregivers temporary relief.

Special Services to Persons with Disabilities

This program provides community care services in a variety of settings and offers counseling, personal care, and help in developing skills needed for independent living. This program is available in limited areas.

Family Violence Program

The Texas Department of Human Services funds family violence centers located throughout the state that provide services to victims of family violence. Services for victims include 24-hour hotline guidance, information and referral services, legal services, counseling, transportation services, assistance in obtaining medical care and job training, and selected family violence centers provide temporary shelter services. To be eligible for services, a client must be physically, emotionally, or sexually abused by a partner, former partner, or another family or household member.

For more information on family violence services, call the National Domestic Violence Hotline at 1-800-799-7233.

TEXAS DEPARTMENT ON AGING

The Texas Department on Aging (TDoA) is the State's lead agency responsible for serving Texans 60 years of age and older. TDoA administers various services through local area agencies on aging (AAAs) that include in-home assistance, transportation services, care coordination, legal assistance, health maintenance, and meal services. Effective September 1, 2004, TDoA aging programs became part of the newly created Texas Department of Aging and Disability Services.

Texas Department on Aging
PO Box 12786
Austin, TX 78711
(512) 424-6840
1-800-252-9240
<http://www.tdoa.state.tx.us>

Texas Department of Aging and Disability Services
701 West 51st Street
Austin, TX 78751
(512) 438-3011.
<http://www.dads.state.tx.us/>

Services Offered Through Area Agencies on Aging

Twenty-eight local area agencies on aging (AAAs) offer various services for senior citizens statewide. Services may include nutrition services, which includes home-delivered and congregate meals; in-home assistance, which includes housekeeping and visitation; transportation services; information, referral, and assistance; benefits counseling; legal assistance; health services; and other assistance such as adult day care, emergency response system services, home repair and modification, and escort services. Many AAAs also maintain senior centers as a place for social interaction, recreation, and service delivery.

TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

The Texas Department of Mental Health and Mental Retardation (TDMHMR) is mandated to serve those individuals with mental illness and mental retardation in the greatest need of services. TDMHMR governs a number of community MHMR centers across the state that provide services that range from 24-hour care in both short- and long-term residential settings to community-based services and support designed to help individuals live successfully in their community. Effective September 1, 2004, TDMHMR mental health community services and state hospital programs became part of the newly created Texas Department of State Health Services and TDMHMR mental retardation and state school programs became part of the newly created Texas Department of Aging and Disability Services.

Texas Department of Mental Health and Mental Retardation
909 West 45th Street
Austin, TX 78751
(512) 454-3761
1-800-252-8154
<http://www.mhmr.state.tx.us/>

Texas Department of State Health Services
1100 West 49th Street
Austin, TX 78756-3199
(512) 458-7111
1-888-963-7111
<http://www.dshs.state.tx.us/>

Texas Department of Aging and Disability Services
701 West 51st Street
Austin, TX 78751
(512) 438-3011.
<http://www.dads.state.tx.us/>

Supported Housing

TDMHMR contracts with local mental health centers to actively promote regular integrated housing options for people with mental illness in the community. Supported Housing providers assist the individual with locating, obtaining, maintaining, and retaining regular integrated housing and provide

funds for rental assistance on a temporary basis to facilitate the acquisition and maintenance of that housing, if needed.

Projects for Assistance in Transition from Homelessness

The Projects for Assistance in Transition from Homelessness (PATH) Program funds local organizations that provide services to homeless individuals who have a mental illness. Services include outreach, screening, assessment and treatment, habilitation and rehabilitation, case management, health referrals, job training, educational activities, and housing services.

Home and Community-Based Services

The Home and Community-Based Services (HCS) Program provides services to persons with mental retardation living in their family's home, their own home, or other small community setting. The program is funded through Medicaid waivers, and covers services including case management, adaptive aids, minor home modifications, counseling and therapy, residential assistance, day habitation, and employment.

Assertive Community Treatment

Assertive Community Treatment (ACT) uses an integrated services approach to combine treatment, clinical and rehabilitation services, and supportive services to persons with severe mental illness. ACT providers manage the client's treatment, which includes rehabilitative services, psychiatric services, nursing services, medication management, substance abuse treatment, housing support, and vocational services. ACT providers also work with families to provide education and support. Services are need-based and provided in the client's environment 80 percent of the time.

In-Home and Family Support Program

Funded in conjunction with the Texas Department of Human Service's In-Home and Family Support Program that serves people with physical disabilities, this program offered through TDMHMR provides services to individuals with mental disabilities. Services include the purchase or lease of special equipment, home modifications, health services, counseling, home care, transportation, respite care, and temporary housing assistance.

Services Provided Through Community MHMR Centers

TDMHMR funds local community mental health and mental retardation centers to provide various services to people with mental illness. Services include respite care, habilitation, employment services, therapy, medications, home modifications, transportation, and residential services.

TEXAS DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

The Texas Department of Assistive and Rehabilitative Services (DARS) was created in March 2004 with the consolidation of the Texas Rehabilitative Commission, Texas Commission for the Blind, Texas Commission for the Deaf and Hard of Hearing, and the Interagency Council on Early Childhood Intervention.

Texas Department of Assistive and Rehabilitative Services

4800 North Lamar Blvd., 3rd Floor

Austin, TX 78756

Phone: (512) 377-0500

<http://www.dars.state.tx.us/>

Comprehensive Rehabilitative Services

Comprehensive Rehabilitative Services provides services to help individuals with traumatic spinal cord or brain injuries re-enter the community and live as independently as possible. Services include occupational, physical, speech, and cognitive therapies; medical care; and other services provided on an inpatient basis at a rehabilitation hospital and may be continued as outpatient services.

Independent Living Services and Centers

Independent Living Services and Centers provide various services including counseling and guidance, training, education, rehabilitative aids, vehicle modifications, assistive devices, transportation, maintenance, and other services necessary to achieve independent living objectives.

Independent Living Rehabilitation Program

The Independent Living Rehabilitation Program provides in-home assistance to help clients who have a visual impairment live independently. Services are offered that help individuals manage their daily lives, including eye examinations, information and referral, independent skills training, counseling, and socialization.

TEXAS COMMISSION ON ALCOHOL AND DRUG ABUSE

The Texas Commission on Alcohol and Drug Abuse (TCADA) ensures that Texans have access to efficient and effective substance abuse services. Prevention, intervention, and treatment services are provided through local community organizations. Effective September 1, 2004, TCADA became part of the newly created Texas Department of State Health Services, Substance Abuse Services Division.

Texas Commission on Alcohol and Drug Abuse

9001 North IH 35, Suite 105

Austin, TX 78708

1-800-832-9623

<http://www.tcada.state.tx.us/>

Texas Department of State Health Services

1100 West 49th Street

Austin, TX 78756-3199

(512) 458-7111

1-888-963-7111

<http://www.dshs.state.tx.us/>

Adult Outpatient Treatment

Outpatient programs provide access to full a continuum of care, but are designed for clients who do not require structured residential treatment to maintain sobriety. Individualized treatment includes a comprehensive assessment, educational and process groups, and individual counseling.

TEXAS DEPARTMENT OF STATE HEALTH SERVICES

The Texas Department of State Health Services (DSHS) partners with the people and communities of Texas to promote, protect, and improve health. Effective September 1, 2004, the Texas Department of Health became part of the newly created Texas Department of State Health Services.

Texas Department of State Health Services

1100 West 49th Street

Austin, TX 78756

(512) 458-7111

1-888-963-7111

<http://www.dshs.state.tx.us/>

County Indigent Health Care Program

The County Indigent Health Care Program defines the responsibilities of counties, hospital districts, and public hospitals in providing health care to eligible indigent residents. Health providers must offer basic healthcare services including immunizations, inpatient and outpatient hospital services, rural health clinics, and nursing facility services. Providers may choose to offer medical supplies and equipment, home and community health care, therapy, and other services.

Hansen's Disease Program

The Hansen's Disease (HD) Program strives to improve the understanding and control of Hansen's Disease and encourages prompt diagnosis and treatment. Program responsibilities include the early and proper treatment of cases, prevention of disabilities due to HD, assistance with transportation expenses to clients do not miss HD treatments.

Hemophilia Assistance Program

The Hemophilia Assistance Program provides blood, blood derivatives, and pharmaceutical products to eligible program recipients diagnosed with hemophilia.

BARRIERS TO AFFORDABLE HOUSING

Please refer to the “Barriers to Affordable Housing” portion of the Strategic Plan section.

STRATEGIC PLAN

§ 91.315 Strategic plan.

(a) General. For the categories described in paragraphs (b), (c), (d), and (e), the consolidated plan must do the following:

(1) Indicate the general priorities for allocating investment geographically within the State and among priority needs;

(2) Describe the basis for assigning the priority (including the relative priority, where required) given to each category of priority needs;

(3) Identify any obstacles to meeting underserved needs;

(4) Summarize the priorities and specific objectives, describing how the proposed distribution of funds will address identified needs;

(5) For each specific objective, identify the proposed accomplishments the State hopes to achieve in quantitative terms over a specific time period (i.e., one, two, three or more years), or in other measurable terms as identified and defined by the State.

(b) Affordable housing. With respect to affordable housing, the consolidated plan must do the following:

(1) The description of the basis for assigning relative priority to each category of priority need shall state how the analysis of the housing market and the severity of housing problems and needs of extremely low-income, low-income, and moderate-income renters and owners identified in accordance with § 91.305 provided the basis for assigning the relative priority given to each priority need category in the priority housing needs table prescribed by HUD. Family and income types may be grouped together for discussion where the analysis would apply to more than one of them;

(2) The statement of specific objectives must indicate how the characteristics of the housing market will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units; and

(3) The description of proposed accomplishments shall specify the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined in § 92.252 of this chapter for rental housing and § 92.254 of this chapter for homeownership over a specific time period.

(c) Homelessness. With respect to homelessness, the consolidated plan must include the priority homeless needs table prescribed by HUD and must describe the State's strategy for the following:

(1) Helping low-income families avoid becoming homeless;

(2) Reaching out to homeless persons and assessing their individual needs;

(3) Addressing the emergency shelter and transitional housing needs of homeless persons; and

(4) Helping homeless persons make the transition to permanent housing and independent living.

(d) Other special needs. With respect to supportive needs of the non-homeless, the consolidated plan must describe the priority housing and supportive service needs of persons who are not homeless but require supportive housing (i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents).

(e) Nonhousing community development plan. If the State seeks assistance under the Community Development Block Grant program, the consolidated plan must describe the State's priority nonhousing community development needs that affect more than one unit of general local government and involve activities typically funded by the State under the CDBG program. These priority needs must be described by CDBG eligibility category, reflecting the needs of persons or families for each type of activity. This community development component of the plan must state the State's specific long-term and short-term community development objectives (including economic development activities that create jobs), which must be developed in accordance with the statutory goals described in § 91.1 and the primary objective of the CDBG program to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low-income and moderate-income persons.

Strategic Plan

Legislation

(f) Barriers to affordable housing. The consolidated plan must describe the State's strategy to remove or ameliorate negative effects of its policies that serve as barriers to affordable housing, as identified in accordance with § 91.310.

(g) Lead-based paint hazards. The consolidated plan must outline the actions proposed or being taken to evaluate and reduce lead-based paint hazards, and describe how the lead-based paint hazard reduction will be integrated into housing policies and programs.

(h) Anti-poverty strategy. The consolidated plan must describe the State's goals, programs, and policies for reducing the number of poverty level families and how the State's goals, programs, and policies for producing and preserving affordable housing, set forth in the housing component of the consolidated plan, will be coordinated with other programs and services for which the State is responsible and the extent to which they will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the State has control.

(i) Institutional structure. The consolidated plan must explain the institutional structure, including private industry, nonprofit organizations, and public institutions, through which the State will carry out its housing and community development plan, assessing the strengths and gaps in that delivery system. The plan must describe what the State will do to overcome gaps in the institutional structure for carrying out its strategy for addressing its priority needs.

(j) Coordination. The consolidated plan must describe the State's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. With respect to the public entities involved, the plan must describe the means of cooperation and coordination among the State and any units of general local government in the implementation of its consolidated plan.

(k) Low-income housing tax credit use. The consolidated plan must describe the strategy to coordinate the Low-income Housing Tax Credit with the development of housing that is affordable to low-income and moderate-income families.

(l) Public housing resident initiatives. For a State that has a State housing agency administering public housing funds, the consolidated plan must describe the State's activities to encourage public housing residents to become more involved in management and participate in homeownership.

AFFORDABLE HOUSING STRATEGIC PLAN

PRIORITY NEEDS

TDHCA's enabling legislation states that the purpose of the Department is to

- assist local governments in providing essential public services for their residents and overcoming financial, social, and environmental problems;
- provide for the housing needs of individuals and families of low and very low income and the families of moderate income;
- contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;
- assist the Governor and the Legislature in coordinating federal and state programs affecting local government and inform state officials and the public of the needs of local government; serve as lead agency for addressing at the state level the problem of homelessness in the state and coordinating interagency efforts to address homelessness and any problem associated with homelessness, including hunger; and
- serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

While the Department's charge is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services—low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through Rider 3, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Rider 3 directs TDHCA to apply \$30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households.

The single family and multifamily housing finance divisions include the following programs:

- HOME Program
- Housing Trust Fund
- Housing Tax Credit Program
- Single Family Bond Finance
- Multifamily Bond Finance

It is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

OVERALL PRIORITY

According to Texas statute, the Department is to provide for the housing needs of individuals and families of extremely low, very low, low, and moderate income. Priority is given to the most vulnerable households, those in the lowest income strata, particularly those with a severe cost burden (greater than 50 percent of income spent on housing) or living in substandard housing conditions.

In an effort to assess the priority need level for the population, the following definitions were applied:

- **High Priority (H)**: Activities to address this need will be funded by the State during the five-year period.
- **Medium Priority (M)**: If funds are available, activities to address this need may be funded by the State during the five-year period.
- **Low Priority (L)**: The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
- **No Such Need (N)**: The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.⁹⁰

The table below outlines the priority needs level within the categories addressed in the housing needs assessment. As the table indicates, the Department has placed a high priority on serving all household types with income levels between 0-80 percent of AMFI.

⁹⁰ US Department of Housing and Urban Development, [Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs](#).

Housing Priority Needs Summary Table

Priority Housing Needs			Priority Need Level		
Households (HH)			H=High, M=Medium, L= Low, N=No Such Need		
			0-30%	31-50%	51-80%
Renter	Elderly HH	Cost Burden > 30%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	Small Related HH	Cost Burden > 30%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	Large Related HH	Cost Burden > 30%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	All Other HH	Cost Burden > 30%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
Owner	Cost Burden > 30%	H	H	H	
	Cost Burden > 50%	H	H	H	
	Substandard	H	H	H	
	Overcrowded	H	H	H	

Prioritization Explanation

Seventy-six percent of renter households with incomes at 0-30 percent of the median and 76 percent of renter households with incomes at 31-50 percent of the median, have one or more housing problems (cost burden, overcrowding, or substandard housing).

Seventy-two percent of owner households with incomes at 0-30 percent of the median and 54 percent of owner households with incomes at 31-50 percent of the median have one or more housing problems. Combining these two income groups, owner households with incomes at 0-50 percent of the median account for 42 percent of all owner households with a housing problem and for 73 percent of owner households with a severe cost burden. Thirty-nine percent of owner households with incomes at 51-80 percent of the median have one or more housing problems. The 0-80 percent of the median income category is given the highest priority of funding in the Priority Needs Summary Table.

The data presented in the Housing and Homeless Needs Assessment Section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30

Strategic Plan

Affordable Housing

percent and 31-50 percent of median income). The incidences of housing problems for these two groups is significantly higher than that of the other low income group, households with incomes at 51-80 percent of median income, although significant need exists within this group. Households at 0-80 percent of median income have therefore been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Agency Focus

Rural/Non-Participating Jurisdictions

TDHCA strives to serve lower income individuals and households that reside in areas that do not have access to direct funding or capital (e.g., rural or non-participating jurisdictions). This focus is considered in the development of programs and in the distribution of the associated funds. In the event that funding cannot be limited to rural/non-PJ areas because of rule or financial feasibility reasons, scoring criteria or set asides are added to the applications or program rules to encourage the participation of these areas.

Populations Most in Need

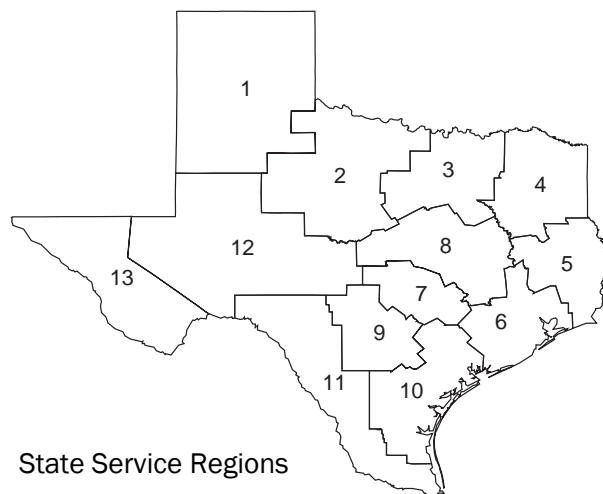
TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. Below is a listing of those populations:

- 1) Extremely low income individuals and households (0-30 percent AMFI)
- 2) Low income special needs populations including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence, and public housing residents
- 3) Residents of the colonias
- 4) The homeless.

Geographic Priorities

HOME Program

TDHCA uses a Regional Allocation Formula (RAF) to distribute its HOME Investment Partnerships Program (HOME). The 13 regions used under the RAF are shown in the figure to the right, State Service Regions. The RAF also determines how funding is allocated to rural and urban/exurban areas within each region. The RAF's funding distributions are based on objective measures of each region's affordable housing need and available resources to address this need. The RAF is legislatively required by Section 2306.111(d) of the Government Code.



The first step in the RAF is to determine how the program funding would be distributed based solely on measures of regional need provided by US Census data. With the exception of the poverty numbers, the most relevant Census data is for households at or below 80 percent of the Area Median Family Income (AMFI). The following factors are used in the RAF to measure affordable housing need:

- **Poverty:** Number of persons in the region who live in poverty.
 - **Extreme Cost Burden:** Units with a monthly gross rent to monthly household income ratio that exceeds 30 percent.
 - **Overcrowded Units:** Units with more than one person per room.
 - **Units with Incomplete Kitchen or Plumbing:** Units that do not have all of the following: a sink with piped water; a range or cook top and oven; refrigerator, hot and cold piped water, a flush toilet, and a bathtub or shower.
- 1) Each factor is assigned a weight based on its perceived value as a measure of affordable housing need (poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent). In general, the weights reflect the relative number of persons or households affected by the housing problem.
 - 2) Each measure's weight is multiplied by total amount of funding available under the RAF to determine the measure's funding amount.
 - 3) For each measure, the region's number of affected persons or households is divided by the state total to determine the percentage of the state's need that is present in the region.
 - 4) Each region's percentage of state need is multiplied by the measure's funding amount.
 - 5) Finally, the funding distributed by the measures is summed for each region to determine the region's total allocation. The resulting regional funding distribution provides an overall measure of each region's affordable housing need.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other funding sources that address affordable housing need. To address any inherent regional funding inequities, the RAF analyzes the regional distribution of state and federal sources that provide housing assistance to households that are similar to those served by the program.

Other Considerations in Developing the Formula

The allocation formula was developed under the premise that it would not serve as a static measure of need. Rather, the formula should be updated to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. Specifically the following issues were considered:

- As information from other data sources becomes available, the formula should be revised to reflect this more recent data. The poverty statistics will be updated on an ongoing basis as they become available.
- As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings.
- The affected programs have specific federal and state legislative requirements that govern how the funding may be distributed. In some instances, these rules may require that specific portions of funding shall be excluded from the allocation formula. It was also determined that dividing relatively small amounts of funding which are dedicated for specific uses on a regional basis would result in allocation amounts so small as to preclude their effective use by an applicant. Such issues will be carefully documented in each program's operating rules.

OBSTACLES TO MEETING UNDERSERVED NEEDS

The most readily apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock and a shortage of funding sources to assist in the development and maintenance of the housing stock. Every housing program administered by TDHCA in recent years received far more applications than could be funded from available resources. This is evidence that there is interest on the part of both the nonprofit and for-profit sector to produce the housing that is needed.

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder to reach areas of the state, might explain the hesitancy of smaller communities to attempt to address affordable housing issues. As the Department focus is on non-participating jurisdictions/smaller rural areas, this is of particular concern to TDHCA.

Another factor that goes hand in hand with lack of experience in developing affordable housing is the lack of knowledge of available resources to address a community's needs. There are both public and private resources available throughout the State that can be layered and leveraged to help stretch local funding. Unfortunately, many communities are not aware of these options or do not know how to successfully obtain them. This lack of knowledge, and in some cases communication, proves to be a barrier to the potential development of affordable housing.

Aside from the shortages of funding and available housing stock, another barrier to the implementation of multifamily development in particular can come in the form of local objection to low income housing. Resistance by residents to new development in their neighborhoods is increasing in many communities across Texas. It is difficult to dispel the common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values. Even mixed-income properties, such as those funded by Housing Tax Credits, can experience significant opposition.

To address these issues, a workgroup consisting of TDHCA staff, developers, neighborhood groups, local governments/officials, and housing advocates was convened to review policies and procedures regarding public input. In the short term, the group focused on rulemaking related specifically to the tax credit and bond programs, as well as public input considered by the Board in relation to a proposed housing development. In the long term, the group will discuss and work through larger policy questions.

In 2003, the 78th Texas Legislature created a funding mechanism for the Department to have the resources to establish an affordable housing research and information program in which the Department shall contract for

- periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
- research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
- independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing;

- public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

TDHCA is confident that through education and outreach, the Department can help mitigate opposition to affordable housing.

GOALS AND OBJECTIVES

Performance Measurement

The Affordable Housing, Homeless, and Special Needs Goals and Objectives reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals and accomplishments are outlined in the Department's *Legislative Appropriations Request for Fiscal Years 2006 and 2007*, which was submitted in August 2004. The goals are also based upon Riders attached to the Department's Appropriations. The Department feels that the goals and objectives for the various TDHCA programs should be consistent with all of its required reporting documents.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a mission- and goal-driven results-oriented system combining strategic planning and performance budgeting. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan; they are used by decision makers in allocating resources; they are intended to focus the Department's efforts on achieving goals and objectives; and they are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

Good performance measures should provide information that is meaningful and useful to decision makers. They should flow from the mission, goals, objectives, and strategies, with an emphasis on serving the customers. A good system plays an integral part of daily operations and is well supported by executive management.

An effective management system should satisfy the following criteria:

- **Results-Oriented:** focuses primarily on outcomes and outputs
- **Selective:** concentrates on the most important indicators of performance
- **Useful:** provides information of value to the agency and decision-makers
- **Accessible:** provides periodic information about results
- **Reliable:** provides accurate, consistent information over time.⁹¹

TDHCA is in the process of requesting changes to the budget structure and performance measurement system for 2006-2007. The suggested goals and changes reflected here include

- the categorization of housing strategies by multifamily and single family activities,
- the consolidation of monitoring and oversight duties within the Portfolio Management and Compliance Division,

⁹¹ State of Texas Legislative Budget Board, *Guide to Performance Measure Management: 2000 Edition*.

Strategic Plan

Affordable Housing

- the addition of a technical assistance strategy to reflect the information clearinghouse responsibilities of the Department.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

All applicants for funding are eligible and are encouraged to apply for and leverage funds from multiple agency programs. There will be a considerable amount of leveraging of HUD funds with those from other federal and State sources. The following affordable housing goals and objectives present TDHCA's holistic approach to addressing the state's affordable housing needs. While the HOME Program funds may be used in conjunction with other TDHCA programs, there is no way to determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

Affordable Housing Goals & Objectives

Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below.

GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT AND AFFORDABLE HOUSING FOR VERY LOW, LOW AND MODERATE INCOME PERSONS AND FAMILIES

Objective: Make loans, grants and incentives available to fund eligible housing activities and preserve/create single family and multifamily units for very low, low, and moderate income households.

1.1 Proposed Accomplishment: Provide mortgage financing and homebuyer assistance through the single family Mortgage Revenue Bond Program.

Specific Accomplishment: *Number of single family units assisted through the First Time Homebuyer Program.*

Specific Output	2005	2006	2007	2008	2009
	1,770	1,700	1,700	1,700	1,700

1.2 Proposed Accomplishment: Provide funding through the HOME Program for affordable single family housing.

Specific Accomplishment: *Number of units assisted with single family HOME funds.*

Specific Output	2005	2006	2007	2008	2009
	2,134	1,834	1,834	1,834	1,834

1.3 Proposed Accomplishment: Provide funding through the HTF program for affordable single family housing.

Specific Accomplishment: Number of single family units assisted through the Housing Trust Fund.

Specific Output	2005	2006	2007	2008	2009
	95	95	95	95	95

1.4 Proposed Accomplishment: Provide tenant-based rental assistance through Section 8 certificates.

Specific Accomplishment: Number of units assisted through tenant-based rental assistance.

Specific Output	2005	2006	2007	2008	2009
	2,200	2,100	2,100	2,100	2,100

1.5 Proposed Accomplishment: Provide federal tax credits to develop rental housing.

Specific Accomplishment: Number of multifamily units financed through the Housing Tax Credit Program and mortgage revenue bond funds.

Specific Output	2005	2006	2007	2008	2009
	17,600	18,832	20,151	20,151	20,151

1.6 Proposed Accomplishment: Provide funding through the HOME Program for affordable multifamily housing.

Specific Accomplishment: Number of multifamily units assisted through the HOME Program.

Specific Output	2005	2006	2007	2008	2009
	638	741	647	647	647

1.7 Proposed Accomplishment: Provide funding through the multifamily Mortgage Revenue Bond program for affordable multifamily housing.

Specific Accomplishment: Number of multifamily units assisted through the MRB program.

Specific Output	2005	2006	2007	2008	2009
	2,094	2,194	2,298	2,298	2,298

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

2.1 Proposed Accomplishment: Provide information and technical assistance to the public through the Division of Policy and Public Affairs.

Specific Accomplishment: Number of information and technical assistance requests completed.

Specific Output	2005	2006	2007	2008	2009
	5,400	5,400	5,400	5,400	5,400

2.2 Proposed Accomplishment: To provide technical assistance to colonias through field offices.

Strategic Plan

Affordable Housing

Specific Accomplishment: Number of on-site technical assistance visits conducted annually from the field offices.

Specific Output	2005	2006	2007	2008	2009
	747	575	575	575	575

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 Proposed Accomplishment: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

(A) Specific Accomplishment: Number of persons assisted through homeless and poverty related funds.

Specific Output	2005	2006	2007	2008	2009
	440,000	400,000	400,000	400,000	400,000

(B) Specific Accomplishment: Number of persons assisted that achieve incomes above poverty level.

Specific Output	2005	2006	2007	2008	2009
	1,314	2,000	2,000	2,000	2,000

(C) Specific Accomplishment: Number of shelters assisted.

Specific Output	2005	2006	2007	2008	2009
	70	65	65	65	65

3.2 Proposed Accomplishment: Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

(A) Specific Accomplishment: Number of households assisted through the Comprehensive Energy Assistance Program.

Specific Output	2005	2006	2007	2008	2009
	69,736	62,682	62,682	62,682	62,682

(B) Specific Accomplishment: Number of dwelling units weatherized by the Department.

Specific Output	2005	2006	2007	2008	2009
	3,734	3,317	3,220	3,220	3,220

GOAL 4:	TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.
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4.1 Proposed Accomplishment: The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

(A) Specific Accomplishment: *Number of monitoring reviews.*

Specific Output	2005	2006	2007	2008	2009
	4,521	4,700	4,554	4,554	4,554

(B) Specific Accomplishment: *Total number of units administered.*

Specific Output	2005	2006	2007	2008	2009
	217,195	227,195	237,195	237,195	237,195

4.2 Proposed Accomplishment: The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

(A) Specific Accomplishment: *Number of monitoring reviews conducted.*

Specific Output	2005	2006	2007	2008	2009
	11,635	10,725	9,220	9,220	9,220

(B) Specific Accomplishment: *Number of contracts administered.*

Specific Output	2005	2006	2007	2008	2009
	480	400	350	350	350

GOAL 5:	TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.
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5.1 Proposed Accomplishments: The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Specific Accomplishment: *Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.*

Specific Output	2005	2006	2007	2008	2009
	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000

GOAL 6:	TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.
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6.1 Proposed Accomplishments: The housing finance divisions shall adopt an annual goal to apply no less than 30 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

Strategic Plan

Affordable Housing

Specific Accomplishment: Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

Specific Output	2005	2006	2007	2008	2009
	20%	20%	20%	20%	20%

Performance Measures Definitions

Output 01-01-01-01: Number of single family units assisted with mortgage revenue bond funds.

Definition: A key measure that tracks the projected number of units assisted with single family mortgage revenue bond funds.

Purpose: To track the total number of single family units assisted with mortgage revenue bond funds.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected units assisted through the single family bond funds. Performance is measured when loans are funded.

Output 01-01-02-01: Number of units assisted with single family HOME funds.

Definition: A measure that tracks the projected number of units assisted through HOME funds in the single family finance division.

Purpose: To track the amount of units assisted through HOME funds.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected units assisted through HOME funds. Performance is measured when contracts are awarded.

Output 01-01-03-01: Number of single family units assisted through the Housing Trust Fund.

Definition: A measure that tracks the projected number of units assisted through the HTF in the single family finance division.

Purpose: To track the amount of units assisted through HTF funds.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected units assisted through HTF funds. Performance is measured when loans are funded.

Output 01-01-04-01: Number of units assisted through tenant-based rental assistance.

Definition: A key measure that tracks the projected number of units assisted through tenant-based rental assistance.

Purpose: To track the amount of units assisted through tenant-based rental assistance.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be a count of projected units assisted through tenant-based rental assistance, both Section 8 and HOME TBRA programs. Performance is measured when contracts are awarded.

Output 01-01-05-01: Number of low income multifamily units financed through the Housing Tax Credit Program and mortgage revenue bond funds.

Definition: A key measure that tracks the projected number of low income units financed through the multifamily division utilizing Housing Tax Credits and mortgage revenue bond funds.

Purpose: To track the total amount of low income multifamily units assisted utilizing Housing Tax Credits and mortgage revenue bond funds.

Data Source: The number of units is tracked by the division for each separate program. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be an unduplicated count of projected low income units assisted through the Housing Tax Credit Program and the mortgage revenue bond program in the multifamily division. Performance is measured when contracts are awarded.

Output 01-01-06-01: Number of multifamily units assisted through the HOME Program.

Definition: A key measure that tracks the projected number of units assisted through the multifamily division utilizing HOME funds.

Purpose: To track the total amount of multifamily units assisted utilizing HOME funds.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be an unduplicated count of projected units assisted through the HOME Program in the multifamily division. Performance is measured when contracts are awarded.

Output 01-01-07-01: Number of multifamily units assisted through the Housing Trust Fund.

Definition: A key measure that tracks the projected number of units assisted through the multifamily division utilizing the HTF program

Purpose: To track the total amount of multifamily units assisted utilizing the HTF program.

Data Source: The number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number will be an unduplicated count of projected units assisted through the HTF program in the multifamily division. Performance is measured when contracts are awarded.

Output 02-01-01-01: Number of information and technical assistance requests completed.

Definition: A key measure tracking the number of information and technical assistance requests completed by the Division of Policy and Public Affairs.

Purpose: To track the consumer information and technical assistance requests received.

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of requests received is a total of the requests entered into the division database.

Output 02-02-02-01: Number of on-site technical assistance visits conducted by field offices.

Definition: The number of technical assistance visits is based on actual on-site technical assistance visits conducted by the field offices' staff. Technical assistance visits includes: meeting with local governments (cities & counties) staff and nonprofits providing agency information on programs and services; follow-up on contract compliance measures with Colonia Self-Help Centers; and general interview sessions with

individuals to provide referral services to other office and agencies available to address issues of concern.

Purpose: The purpose of the measure is to identify the level technical assistance provided to Colonia residents as required by Senate Bill 1509. This measure is important because it identifies the effectiveness of the program and compliance with legislative mandates.

Data Source: Actual on-site visits are reported by staff.

Methodology: Performance reported is actual number.

Output 03-01-01-01: Number of persons assisted through homeless and poverty-related funds.

Definition: Community Services subrecipients submit monthly performance reports that include the number of persons assisted through homeless and poverty related programs. Subrecipients track the data on a daily basis, incorporate it in a monthly performance report, and electronically submit the information to the Department. The monthly performance report information is entered on in the Department database and maintained by the Department.

Purpose: The purpose of the measure is to identify the number of persons at or below 125 percent of poverty assisted by all Community Services programs.

Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.

Methodology: Performance reported is actual number.

Output 03-01-01-02: Number of persons assisted that achieve incomes above poverty level.

Definition: Measure relates to the number of persons assisted that achieve incomes above 125 percent of poverty level for a minimum of 90 days. Subrecipients are required to track the number of persons assisted that achieve incomes above the poverty level as a result of efforts by the subrecipients. Subrecipients report this information in their monthly performance report. The data is entered on the Department database and maintained by the Department. The number reported reflects actual persons assisted.

Purpose: The purpose of the measure is to identify the number of persons the program has helped to achieve incomes above the poverty level.

Data Source: The number of persons achieving incomes above poverty level (125 percent of poverty) is reported in the subrecipients' monthly performance reports.

Methodology: Performance reported is actual number.

Output 03-01-01-03: Number of emergency shelters assisted.

Definition: Measure relates to the number of shelters assisted through ESGP funds. The Department counts each project funded through ESGP contractors as a shelter assisted. The Department tracks this information from contract records. Assistance to a shelter is reported only once a year during the quarter the contract is initiated.

Purpose: The purpose of the measure is to identify the effectiveness of the program and the number of shelters the program is able to fund.

Data Source: The Department tracks information from contract records.

Methodology: Performance reported is actual number.

Output 03-02-01-01: Number of households receiving energy assistance.

Definition: The number of households assisted through the Comprehensive Energy Assistance Program (CEAP) represents the number of unduplicated households receiving services under the four program components, consisting of co-pay, elderly/disabled Energy Crisis Program, and the heating and cooling systems components. Each of these program components provides stand-alone services. A household may be assisted by more than one component depending on needs.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

Purpose: The LIHEAP program provides direct financial assistance for energy needs of low income persons through CEAP. The measure is important because it identifies the effectiveness of the CEAP program through the number of households receiving CEAP.

Methodology: Cumulative calculation.

Output 03-02-01-02: Number of dwelling units weatherized by the department.

Definition: The number of dwelling units weatherized is based on Monthly Progress Expenditure/Monthly Fund Request Reports submitted to the Department by the weatherization subrecipients. Performance data from these reports is entered in an automated system and maintained by the Department. The performance number reported represents the actual number of dwelling units weatherized.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system. Performance figures represent an unduplicated number of weatherization units from the Department's DOE and LIHEAP Weatherization programs.

Purpose: The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low income persons. The measure is important because it identifies the effectiveness of the program through the number of homes receiving weatherization services.

Methodology: Cumulative calculation.

Output 04-01-01-01: Number of monitoring reviews.

Definition Measure represents the number of both onsite and desk reviews conducted under rental monitoring programs.

Data Source The data is gathered by program from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

Explanatory 04-01-01-02: Total number of units administered.

Definition: Total number of housing units in the multifamily and single family rental developments monitored by the Department. The total number includes both restricted and unrestricted units. Units under construction as well as units available for lease are included in the total.

Data Source: Unit totals are maintained by individual data bases.

Methodology : Figure represents actual number of units constructed or rehabilitated.

Purpose: The measure provides information of the total rental units monitored by the Department.

Output 04-01-02-01: Number of monitoring reviews conducted.

Definition Measure represents the number of on-site reviews, desk reviews, and single audit reviews conducted as part of contract administration in Portfolio Management and Compliance.

Strategic Plan

Affordable Housing

Data Source The data is gathered from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program requirements.

Explanatory 04-01-02-01: Number of contracts administered.

Definition: The total number of contracts administered by Portfolio Management and Compliance. This number represents the portfolio of contract responsibility, whether or not a contract is processed and/or monitored through desk or on-site reviews, or other contract administration activities depending on program requirements. Measure includes contracts for all activities, including single family rehabilitation; tenant-based rental assistance, rental housing development, down payment assistance, and other types of contract activity.

Methodology: Figure represents actual number of contracts administered.

Purpose: The measure provides the total number of active contracts administered.

HOMELESSNESS STRATEGIC PLAN

PRIORITY NEEDS

Homeless persons are considered a priority group for housing-related funding (see “priority housing needs” above). The priorities also target households at 80 percent or less of median income, particularly those with a severe cost burden or living in substandard housing conditions. Much of this population group can be considered ‘at-risk’ of homelessness.

**Homeless
Priority Needs Summary Table**

Priority Homeless Needs	Priority Need Level		
	H=High, M=Medium, L=Low, N=No Such Need		
	Families	Individuals	Persons w/ Special Needs
Assessment/Outreach	H	H	H
Emergency Shelter	H	H	H
Transitional Housing	H	H	H
Permanent Supportive Housing	H	H	H
Permanent Housing	H	H	H

The Priority Needs Summary Table uses the following definitions:

- **High Priority (H):** Activities to address this need will be funded by the State during the five-year period.
- **Medium Priority (M):** If funds are available, activities to address this need may be funded by the State during the five-year period.
- **Low Priority (L):** The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities’ applications for federal assistance.
- **No Such Need (N):** The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.⁹²

Geographic Priorities

ESGP funds are reserved according to the percentage of poverty population identified in each of 13 TDHCA service regions (i.e., Region 1, with 3.95 percent of the State’s poverty population, was awarded 3.95 percent of the available funds). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

⁹² US Department of Housing and Urban Development, [Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs](#).

Homelessness Goals & Objectives

Refer to program specific statements in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives outlined below.

GOAL 3: TO IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 Proposed Accomplishment: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

(A) Specific Accomplishment: Number of persons assisted through homeless and poverty related funds.

Specific Output	2005	2006	2007	2008	2009
	440,000	400,000	400,000	400,000	400,000

(B) Specific Accomplishment: Number of persons assisted that achieve incomes above poverty level.

Specific Output	2005	2006	2007	2008	2009
	1,314	1,500	1,500	1,500	1,500

(C) Specific Accomplishment: Number of shelters assisted.

Specific Output	2005	2006	2007	2008	2009
	70	65	65	65	65

3.2 Proposed Accomplishment: Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

(A) Specific Accomplishment: Number of households assisted through the Comprehensive Energy Assistance Program.

Specific Output	2005	2006	2007	2008	2009
	69,736	87,974	87,974	87,974	87,974

(B) Specific Accomplishment: Number of dwelling units weatherized by the Department.

Specific Output	2005	2006	2007	2008	2009
	3,734	3,317	3,220	3,220	3,220

Refer to program specific statements in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed above.

STATE 10-YEAR PLAN TO END CHRONIC HOMELESSNESS

Texas Interagency Council for the Homeless

The Texas Interagency Council (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council occasionally holds public hearings in various parts of the state to gather information useful to its members in administering programs. In addition, the Texas Homeless Network, a nonprofit organization, fulfills many of the council's statutory duties through a contract with TDHCA.

The Council's major functions include

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

TICH has developed a 10-year state action plan to end chronic homelessness in Texas. A team of 10 TICH members attended the Federal Policy Academy on Improving Access to Mainstream Services for People Experiencing Chronic Homelessness in Chicago, Illinois, in May 2003. A result of their participation was that TICH developed a 10-year plan to end chronic homelessness and then conducted six public hearings in March of 2004 to receive testimony on the plan. The public hearings were held at the request of the Office of the Governor and were intended to further the implementation of the state action plan on homelessness. The plan was developed as part of Texas's participation in the federal policy academy to improve access to mainstream services for people who are homeless, including people with serious mental health or substance abuse problems. The federal policy academies are led by the US Department of Health and Human Services, the US Department of Urban Development, and the US Department of Veterans Affairs.

The Three Priorities and the Strategies of the State Action Plan to End Chronic Homelessness are as follows:

Priority One: Increasing the Public and Political Investment

- Strategy 1.1 Improve data
- Strategy 1.2 Increase capacity of local homeless coalitions
- Strategy 1.3 Host public forums for state plan to end chronic homelessness

Priority Two: Prevent Chronic Homelessness

- Strategy 2.1 Identify common risk factors and definitions regarding persons at risk of chronic homelessness
- Strategy 2.2 Develop model discharge coordination plan for persons at-risk of chronic homelessness
- Strategy 2.3 Coordinate discharge-planning efforts

Strategic Plan

Homelessness

- Strategy 2.4 Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons, and their providers that focus on education, awareness, and anti-stigma strategy

Priority Three: Develop, Expand, and Support Evidence-Based Service Interventions

- Strategy 3.1 “Set-aside” resources for ending chronic homelessness
- Strategy 3.2 Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
- Strategy 3.3 Advocate for a uniform eligibility process
- Strategy 3.4 Increase and improve linkages between housing and services

The public hearings were held in Austin, Fort Worth, Houston, Lubbock, El Paso, and Harlingen. Upon conclusion of the public hearings, a summary of the issues expressed was developed. The issues were divided into major categories and included Health, Housing, Discharge Planning, the Definition of Homelessness, Prevention of Homelessness, Homeless Management Information Systems (HMIS) Data, and Eligibility for Services, Veterans Assistance/Treatment Options, Education/Capacity, and Funding.

The team of TICH members that developed the public hearings summary presented the summary to the full council for consideration and integration into the ten-year plan. The summary of issues was discussed before the full council and any points not already addressed were integrated. Notably, there were minor changes as the majority of the issues expressed at the public hearings were addressed in the plan and were being vocalized for the purpose of emphasizing the specific concerns or needs on a regional basis.

TICH presented the Draft State Action Plan to the Texas Department of Housing and Community Affairs' Board of Directors at their June 10, 2004, meeting. The next step will be for the TICH to present the plan to the governor for approval and signature. Information on TICH and the 10-Year Plan to End Chronic Homelessness can be found at <http://www.tich.state.tx.us>.

SPECIAL NEEDS STRATEGIC PLAN

PRIORITY NEEDS

Low income persons with special needs—including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence, residents of colonias, and public housing residents—are considered a priority group for housing-related funding.

Please refer to the Housing and Homeless Needs Assessment Section of this document for more detailed descriptions of the need associated with these special needs groups. As the aforementioned groups are subpopulations of groups covered in the previous topics, please refer to the Affordable Housing and Homeless prioritization list.

Geographic Priorities

Please review Housing Needs Section for geographic priorities.

Other Special Needs Goals & Objectives

GOAL 1: COMMIT FUNDING RESOURCES TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS.

1.1 Proposed Accomplishments: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

Specific Accomplishment: Percent of the HOME project allocation awarded to applicants that target persons with special needs.

Specific Output	2005	2006	2007	2008	2009
	≥20%	≥20%	≥20%	≥20%	≥20%

1.2 Proposed Accomplishments: Dedicate no less than 10 percent of the Housing Trust Fund project allocation for applicants that target persons with special needs.

Specific Accomplishment: Percent of the Housing Trust Fund project allocation awarded to applicants that target persons with special needs.

Specific Output	2005	2006	2007	2008	2009
	≥10%	≥10%	≥10%	≥10%	≥10%

1.3 Proposed Accomplishments: Dedicate no less than five percent of the Multifamily Bond Program units for persons with special needs.

Strategic Plan

Special Needs

Specific Accomplishment: Percent of the Multifamily Bond Program units dedicated to persons with special needs.

Specific Output	2005	2006	2007	2008	2009
	≥5%	≥5%	≥5%	≥5%	≥5%

1.4 Proposed Accomplishments: Provide provided with short-term rent, mortgage, utility payments, or tenant-based rental assistance to persons with AIDS.

Specific Accomplishment: Number of persons with AIDS assisted with short-term rent, mortgage, utility payments, or tenant-based rental assistance.

Specific Output	2005	2006	2007	2008	2009
	2,650*	2,700**	2,750***	2,800****	2,850*****

* 1,360 persons will be provided with short-term rent, mortgage, and utility payments and 1,290 persons will be provided project or tenant-based rental assistance.

** 1,390 persons will be provided with short-term rent, mortgage, and utility payments and 1,310 persons will be provided project or tenant-based rental assistance.

*** 1,420 persons will be provided with short-term rent, mortgage, and utility payments and 1,330 persons will be provided project or tenant-based rental assistance.

**** 1,450 persons will be provided with short-term rent, mortgage, and utility payments and 1,350 persons will be provided project or tenant-based rental assistance.

***** 1,480 persons will be provided with short-term rent, mortgage, and utility payments and 1,370 persons will be provided project or tenant-based rental assistance.

Additional Goals

TDHCA recognizes that there is still much to be done to address the needs of those populations that are most vulnerable and in need of the Department's services—particularly those persons with special needs as outlined above. While HUD has requested that goals and objectives be listed in a format that allows for yearly quantifiable results, the Department feels that it would be negligent not to list its continued policy initiatives with regards to special needs populations. TDHCA recognizes that overarching agency policies will lead to the creation of additional programs specific goals, objectives, and outcome. Below are general policies regarding special needs populations.

GOAL 2: COMPILE INFORMATION AND ACCURATELY ASSESS THE HOUSING NEEDS OF AND THE HOUSING RESOURCES AVAILABLE TO PERSONS WITH SPECIAL NEEDS.
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2.1 Proposed Accomplishments

- A. Assist counties and local governments in assessing local needs for persons with special needs
- B. Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- C. Set up a referral service to provide this information at no cost to the consumer.

- D. Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other providers web sites, TDHCA newsletter, and local informational workshops.

GOAL 3: INCREASE COLLABORATION BETWEEN ORGANIZATIONS THAT PROVIDE SERVICES TO SPECIAL NEEDS POPULATIONS AND ORGANIZATIONS THAT PROVIDE HOUSING.

3.1 Proposed Accomplishments

- A. Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- B. Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- C. Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

GOAL 4: DISCOURAGE THE SEGREGATION OF PERSONS WITH SPECIAL NEEDS FROM THE GENERAL PUBLIC.

4.1 Proposed Accomplishments

- A. Increase the awareness of the availability of conventional housing programs for persons with special needs.
- B. Support the development of housing options and programs, which enable persons with special needs to reside in non-institutional settings.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) STRATEGIC PLAN

This grant application for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2005 *State of Texas Consolidated Plan* for program year 2005 (February 1, 2005, through January 31, 2006). Although this application is part of the Consolidated Plan submitted to 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.

Provided below is DSHS's part of the 2005 *Consolidated Plan* as it relates to persons with HIV/AIDS and their families.

PRIORITY NEEDS

The Human Immunodeficiency Virus (HIV) disease and Acquired Immunodeficiency syndrome (AIDS) is fast becoming a disease of the poor. The proportion of AIDS cases is higher among women, children, and minorities, who are already overrepresented by the poor. The debilitating nature of the HIV disease and the high cost of medical treatment impact 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 medications.

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 9,686 to 14,530 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.

While DSHS distributes approximately \$76.1 million in Ryan White and State Services grants to provide a wide array of health and social services for persons with HIV/AIDS, housing traditionally has received less resource allocation at the local level than the more pressing medical problems of the affected persons. An additional \$50.4 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 HOPWA Program continues to fill the unmet need by providing emergency housing assistance and rental assistance. Since 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 future threat of homelessness for persons with HIV/AIDS in Texas.

Basis for Assigning Priority

Individuals eligible to receive assistance or services under the HOPWA Program are persons with AIDS or related diseases and their families who are low income as defined by HUD. Eligible persons for participation in the program are determined routinely at intake for all HIV/AIDS services clients. They 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.

Geographic Priorities

Housing needs among persons with HIV/AIDS and their families varies throughout the state. To provide equity among all geographic regions, HOPWA funds within Texas are disbursed to State contractors using a formula allocation based on the same one used for distributing the Ryan White Title II Comprehensive AIDS Resources Emergency (CARE) Act funds from the US Department of Health and Human Services.

The general locations for the proposed activities cover the entire state through established HIV Service Delivery Areas (HSDAs). An administrative agency is located in each of 25 HSDAs across the state to administer the HOPWA grant, Ryan White CARE Act/Title II grant, and the State Services grants. The Dallas HSDA is excluded from the state allocation because it is served through direct funding provided from HUD.

HOPWA funds are allocated to project sponsors based on a formula allocation using the following elements:

- 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; and
- The ratio of each HSDA's estimated 1990 poverty rate to the State's 1990 poverty rate.

All counties that are included in the five directly funded eligible MSAs (Austin, Dallas, Fort Worth, Houston, and San Antonio) in Texas are excluded from the formula. The counties removed from the formula to avoid duplication of services are Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall, Hood, Johnson, Parker, Tarrant, Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller, Bexar, Comal, Guadalupe, and Wilson.

OBSTACLES TO MEETING UNDERSERVED NEEDS

The most often received comment to meeting underserved needs relate to the shortage of available low income housing for the increased demand for persons living in poverty; not only for HIV/AIDS infected clients, but for low income persons in general. Other concerns include the inability to use the HOPWA funds to pay deposits, confidentiality, securing permanent and affordable housing to move persons off HOPWA assistance, and a shortage of funds in some regions.

SUMMARY OF PRIORITIES

The priorities of the program are to keep persons with HIV/AIDS from becoming homeless and to provide a better quality of life for them and their families during all stages of the disease. Persons with HIV/AIDS have a full set of needs including medical care, drugs, food, transportation, counseling, case management, and housing. The need for housing continues to increase as AIDS becomes more a disease of the poor.

Specific Objectives

The primary or specific objective for the HOPWA Program in Texas is to provide housing assistance through two programs: Emergency Assistance and Rental Assistance.

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 by the local HIV CARE Consortium, are provided. The project sponsor makes payment directly to the provider with the client paying any balance due. Deposits for rent or utilities are not allowed.

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. Deposits for rent or utilities are not allowed.

DSHS is in the process of developing guidance for sponsors to implement the following additional HOPWA activities:

Project-Based Rental Assistance

Project-based rental assistance will provide the same services as tenant-based rental assistance, except that the project sponsor will contract with the landlord of a particular rental property instead of the tenant choosing their own rental property.

Resource Identification

This activity will provide technical assistance to local service organizations to establish, coordinate, and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).

Operating Costs

This activity will allow HOPWA sponsors to use grant funds for operating costs for housing including maintenance, security, operation, insurance, utilities, furnishings, equipment, supplies, and other incidental costs.

Proposed Accomplishments

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 AIDS or related diseases and their families who are low income as defined by HUD.

The adding of project activities will not increase the number of persons to be served but will allow project sponsors more flexibility in offering services. Each project sponsor will be allowed to utilize up to 7 percent of its allocation for administration of the program. Project sponsors are required to provide case management. Case management and other support services are provided through Ryan White CARE Act funds and State Services funds.

Year 2005 Goal: 1,360 persons will be provided with short-term rent, mortgage, and utility payments and 1,290 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,650)

Year 2006 Goal: 1,390 persons will be provided with short-term rent, mortgage, and utility payments and 1,310 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,700)

Year 2007 Goal: 1,420 persons will be provided with short-term rent, mortgage, and utility payments and 1,330 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,750)

Year 2008 Goal: 1,450 persons will be provided with short-term rent, mortgage, and utility payments and 1,350 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,800)

Year 2009 Goal: 1,480 persons will be provided with short-term rent, mortgage, and utility payments and 1,370 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,850)

NONHOUSING COMMUNITY DEVELOPMENT STRATEGIC PLAN

The Nonhousing Community Development Plan will primarily cover activities funded under the Texas Community Development Program (TCDP), administered by the Office of Rural Community Affairs (ORCA). The Texas Community Development Program administers federal Community Development Block Grant (CDBG) funds authorized by the federal Housing and Community Development Act of 1974, as amended.

PRIORITY NONHOUSING COMMUNITY DEVELOPMENT NEEDS

The primary beneficiaries of the Texas Community Development Program are low and moderate income persons. Very low, low, and moderate income families are defined as those earning less than 80 percent of the area median family income, as defined under the US Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section 102(c)).

Geographic Priorities

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

- Non-Entitlement Population 30 percent
- Number of Persons in Poverty 25 percent
- Percentage of Poverty Persons 25 percent
- Number of Unemployed Persons 10 percent
- Percentage of Unemployed Persons 10 percent

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. Changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Program funding level and changes in eligible population and unemployment characteristics.

The Community Development Supplemental Fund is allocated among the 24 state planning regions through the methodology and formulas used by the US Department of Housing and Urban Development to allocate community development block grant funds to states. Each region receives an allocation based on the higher amount derived from either of the two following formulas:

Formula A includes the following factors and weights:

- Population 25 percent
- Number of persons living in poverty 50 percent
- Number of overcrowded housing units 25 percent

Formula B includes the following factors and weights:

- Population 20 percent
- Number of persons living in poverty 30 percent
- Number of housing units built before 1940 50 percent

The higher amount available for each regional allocation is determined through one of the two formulas. The higher amounts for each region are then added together and the total will exceed the total amount

allocated for the Community Development Supplemental Fund. Each regional allocation is then adjusted downward by the same percentage to equal the total allocation available for the Community Development Supplemental Fund.

**Nonhousing Community Development
Priority Needs Summary Table**

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

The Priority Needs Summary Table uses the following definitions:

- **High Priority (H):** Activities to address this need will be funded by the State during the five-year period.
- **Medium Priority (M):** If funds are available, activities to address this need may be funded by the State during the five-year period.
- **Low Priority (L):** The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
- **No Such Need (N):** The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.⁹³

The HUD guidelines for preparing a State consolidated strategy suggest that the state use the last two or three years of local government applications to assess the demand for community development funds. The tables below illustrate the amount of *unfunded* community development fund application requests for the 2001/2002 and 2003/2004 CDBG program years. Unfunded request amounts are included for water, sewer, engineering, street paving, administration, housing rehabilitation, drainage, removal of architectural barriers, acquisition demolition, community center, senior centers and fire protection. In some cases, the local governments knew before submitting their application which activities would be

⁹³ US Department of Housing and Urban Development, Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs.

Strategic Plan

Nonhousing Community Development

given the highest score by the regional review committees. The possibility of such a significant bias must be considered when using the figures below to gauge the need for a particular activity.

UNFUNDED REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 2001/2002–2003/2004 BY ACTIVITY

	2001/2002	2003/2004	TOTAL	PERCENT OF TOTAL
WATER FACILITIES	\$44,938,992	\$42,150,494	\$87,089,486	0.4163
SEWER FACILITIES	\$40,260,802	\$30,437,485	\$70,698,287	0.3380
ENGINEERING	\$11,646,083	\$10,454,851	\$22,100,934	0.1057
HOUSING REHABILITATION	\$ 3,746,769	\$ 4,499,000	\$ 8,245,769	0.0394
ADMINISTRATION	\$ 6,410,986	\$ 6,492,740	\$12,903,726	0.0617
STREET PAVING	\$ 1,096,593	\$ 735,399	\$ 1,831,992	0.0088
DRAINAGE	\$ 1,088,094	\$ 347,000	\$ 1,435,094	0.0069
PLANNING ACTIVITIES	\$ 541,950	\$ 1,545,756	\$ 2,087,706	0.0100
ACQUISITION	\$ 746,655	\$ 320,035	\$ 1,066,690	0.0051
REMOVAL OF ARCH. BARRIERS	\$0	\$ 245,650	\$ 245,650	0.0012
DEMOLITION	\$0	\$ 42,000	\$ 42,000	0.0002
FIRE PROTECTION	\$ 670,000	\$ 258,536	\$ 928,536	0.0044
SENIOR CENTERS	\$0	\$ 159,578	\$ 159,578	0.0008
PARKS	\$0	\$ 351,519	\$ 351,519	0.0017
TOTALS	\$111,146,924	\$98,040,043	\$209,186,967	1.0000

Summary

There has been \$87,089,486 in unfunded requests for water facilities since 2001, making this the most highly requested activity from the Community Development Fund Program. Requests for sewer facilities are second with a total of \$70,698,287 in unfunded requests since 2001. After water and sewer facilities, there is a significant drop in the amount of unfunded requests for other activities ranging from \$22,100,934 for engineering costs to \$42,000 for demolition/clearance activities. The program has shown an overall decline in unfunded requests since 1995. This decline can be attributed to increasing allocations at the federal level as well as the success of the 1997/1998, 1999/2000, 2001/2002, and 2003/2004 double funding cycles.

OBSTACLES TO MEETING UNDERSERVED NEEDS

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the often nonexistent administrative capacity of the small rural towns and counties the CDBG program serves. Of the 1,015 cities in Texas that are eligible to receive CDBG funds, 901 have a population of less than 7,000, and 424 have a population less than 1,000. Of the 245 eligible counties the program serves, 660 have a population of less than 7,000. Limited by a dwindling tax base and a city staff of one or two persons, small rural areas (who often have the most urgent need for public improvements and the most limited resources) cannot compete effectively against larger cities. The CDBG Program regulatory requirements are staff and time intensive. Rural areas may also have difficulty finding interested contractors who have the financial stability to wait a minimum of

two weeks for payment after the work is complete and the invoice is submitted. Contractors can earn more working in metropolitan areas because of the larger projects.

Despite the fact that they comprise a high percentage of eligible applicants, some regions produce a very small number of county applicants. Of the 246 county applicants eligible for 2003/2004 funds only 112 applied. For the 2001/2002 biennial funding years, 107 counties applied. Some of the lowest rates of county applications were from the following: West Central Texas (of 19 eligible 2003 applicants only 7 applied), South Plains area (of 15 eligible counties only 3 applied in 2003), and the Panhandle area (only 4 of 26 eligible counties applied in 2003).

The sheer physical size and diversity of the State of Texas can present an obstacle to meeting underserved needs. Providing technical assistance and monitoring in the West Texas region, for example, requires long hours of travel between towns and airports making it difficult and time intensive to provide ongoing support. The regional diversity and range of problems encountered throughout the state make it difficult to develop a comprehensive understanding of statewide need.

Public comment in the past has cited a lack of grassroots local citizen participation as another obstacle to meeting underserved community development needs. Lack of citizen participation is not limited to rural areas, but may be more evident due to smaller populations. Local residents do not participate in public hearings for a variety of reasons. They may fear becoming involved with “the government” or may see the funds as a “handout.” Lack of transportation is another significant barrier for many low income individuals who may want to participate in the public hearing process. It has also been mentioned that some of their citizens do not feel comfortable speaking in a public hearing format and find the bureaucratic jargon that surrounds federal programs alienating and difficult to understand.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months.

Community Development Goals & Objectives

Refer to program specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below

GOAL 1: TO BETTER TEXAS COMMUNITIES BY SUPPORTING COMMUNITY AND ECONOMIC DEVELOPMENT.
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1.1 Proposed Accomplishments: Maintain a competitive application process to distribute HUD federal funds that gives priority to basic human need projects (water, sewer, and housing), fund economic development projects that create or retain jobs, and provides ongoing technical assistance, monitoring and contract management to ensure that needs of persons to be served are met.

Strategic Plan

Nonhousing Community Development

(A) Specific Accomplishment: Number of new community and economic development contracts awarded annually.

Specific Output	2005	2006	2007	2008	2009
	325	325	325	325	325

(B) Specific Accomplishment: Number of projected beneficiaries from community and economic development projects—new contracts awarded annually.

Specific Output	2005	2006	2007	2008	2009
	385,000	385,000	385,000	385,000	385,000

(C) Specific Accomplishment: Number of jobs created/retained through economic development contracts awarded.

Specific Output	2005	2006	2007	2008	2009
	1,300	1,300	1,300	1,300	1,300

(D) Specific Accomplishment: Number of on-site technical assistance visits conducted annually.

Specific Output	2005	2006	2007	2008	2009
	570	570	570	570	570

(E) Specific Accomplishment: Number of programmatic monitoring visits conducted annually.

Specific Output	2005	2006	2007	2008	2009
	300	300	300	300	300

GOAL 2:	TO PROVIDE TECHNICAL ASSISTANCE TO COLONIAS THROUGH FIELD OFFICES.
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2.1 Specific Accomplishment: Number of on-site technical assistance visits conducted annually from the field offices.

Specific Output	2005	2006	2007	2008	2009
	400	400	400	400	400

2.2 Specific Accomplishment: Number of colonia residents receiving assistance.

Specific Output	2005	2006	2007	2008	2009
	1,700	1,700	1,700	1,700	1,700

2.3 Specific Accomplishment: Number of entities and/or individuals receiving informational resources.

Specific Output	2005	2006	2007	2008	2009
	1,200	1,200	1,200	1,200	1,200

BARRIERS TO AFFORDABLE HOUSING⁹⁴

The purpose of the Texas Affordable Housing Task Force, created by the Texas Legislature, was to evaluate and identify federal, State, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. The Task Force was comprised of 11 gubernatorial appointees representing the private sector industry, municipalities, code officials, public and community-based housing organizations, and the general public. Specifically, the Task Force was asked to evaluate the following:

1. Zoning provisions
2. Deed restrictions
3. Impact fees and other development fees
4. Permitting processes
5. Restrictions on the use of affordable housing options
6. Building codes
7. Overlapping government authority over housing construction
8. Environmental regulations
9. Practices which impede access to affordable housing and finance opportunities

It was noted by the Task Force that while governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, at times the new regulations have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add \$100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can affect the affordability in some cases. For example, the Real Estate Center at Texas A&M University estimates that a \$1,000 increase in the cost of a median priced home will prevent approximately 27,000 Texas households from qualifying to buy the home. Below is a brief synopsis of observations of the Task Force.

ZONING PROVISIONS

Because municipalities do have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, often times the attitudes of municipalities can be influenced by attitudes of fear and distrust with regards to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources such as schools and roads.

DEED RESTRICTIONS

A variety of deed restrictions may be placed on the development of property by property owners. Common deed restrictions include minimum home square footage requirements, the type of construction and

⁹⁴ Excerpts from the *Report of the Texas Affordable housing Task Force*.

materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on property through various means such as through a neighborhood association or by a property owner before selling, subdividing, or developing his or her own property.

IMPACT FEES AND DEVELOPMENT FEES

In the mid 1980s, many Texas cities experienced rapid growth. As a consequence of this growth cities were having trouble meeting the demands for services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. The legislation authorized fees to be assessed to pay for infrastructure as a condition of permit approval. There were four basic components of the impact fee bill:

- It validated municipal impact fees
- It specified the type of projects for which the fees could be charged
- It required municipalities to account for impact fees that were collected
- It allowed for public input into the process

RESTRICTIONS ON AFFORDABLE HOUSING OPTIONS

Construction options have increased over the last 10 years with the advent of new materials and housing options such as manufactured housing. Many of these alternatives could increase the availability of affordable housing. Currently though, many of these options are viewed with distrust or are not well known by the general public.

It has been reported that about 30 percent of the new homes built in Texas were manufactured homes. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and fear of declining property values from their local governments.

Likewise with regards to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but currently many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less expensive materials to be used.

BUILDING CODES

Currently, cities have the authority to adopt building codes to set minimum construction standards. Generally, cities adopt one of several nationally recognized codes. Cities may also adopt amendments to their code to address specific local problems and conditions. These varying codes can lead to confusion and additional costs in development.

In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. As a result, a house on one side of the street may have to be built to a different standard than a house on the other side of the street. This can be confusing, time consuming, and costly to those builders in areas with multiple codes.

Varying code interpretations can also cause problems. Different inspectors often interpret the same code differently. Therefore, houses that are built to the same specifications could be passed by one inspector and failed by another. Again, this can lead to delays and add unnecessary costs.

The adoption of a single code, such as the Uniform Building Code (UBC), would have several advantages, such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Cities across the state need to be encouraged to adopt the new single code.

OVERLAPPING GOVERNMENT AUTHORITY OVER HOUSING CONSTRUCTION

In many cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping authority could cause delays and add costs to construction.

ENVIRONMENTAL REGULATIONS

There are several state and federal regulations that have been passed for the purpose of protecting the environment. At the federal level, such regulations include: the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by the Texas Commission on Environmental Quality (TCEQ). These include rules for the installation of septic systems and for development of the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

RURAL MEDIAN INCOMES

The median incomes in the rural areas of Texas fall far below those in urban. Currently the median income for all metropolitan statistical areas is \$55,500 compared to \$42,400 for non-metro households. This discrepancy poses a problem when trying to use state or federal funds to serve rural populations that are dealing with dilapidated existing housing and rising new construction costs. Specifically, problems occur because of the calculations of median income for these areas, which are to calculate maximum rental rates, home ownership maximum purchase prices, and general programmatic eligibility.

Often times a developer will choose to locate new projects in larger metro areas where it is easier and more profitable to build—allowing them to charge more for either the sale of a single family home or rents on multifamily properties. As the Department tries to serve rural areas, this presents enormous challenges.

STRATEGY TO OVERCOME BARRIERS

The Cranston Gonzales Affordable Housing Act, which guides federal and state housing policy, recognizes that the best awareness and understanding of housing needs is to be found at the local level. While TDHCA concurs that localities should implement specific regulatory reforms related to affordable housing because of a greater awareness of their individual economic, demographic, and housing conditions, the State also believes that it should provide some form of guidance. As the “trustee” of funding for these local entities, it will be incumbent upon the State to continue to explore avenues for promoting affordable housing that will aid those at the local level. Accordingly, TDHCA will evaluate the appropriate role for the State in influencing factors that favor affordable housing.

Please note that TDHCA does not have regulatory authority over the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. The State of Texas *can* act as an information resource and will continue to engage in the following actions to assist localities in overcoming unnecessary regulatory barriers, which may increase the cost of housing:

- Encourage localities to identify and address those building codes and zoning regulations that lead to increased housing costs and “exclusionary zoning” For example:
 - To set aside undeveloped or underdeveloped land for affordable housing developments.
 - To adopt zoning ordinances that do not discriminate against affordable housing.
 - To review local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Dialogue with HUD regarding the use of the statewide median income in the calculation of program eligibility in those counties where the median income is lower than the state average.
- Provide below-market-rate loans to first time homebuyers under the MRB Program.
- Continue to leverage funds from both public and private sources for maximum results.
- Create a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g., persons with disabilities, lower income populations).
- Continue research on defining and eliminating or reducing both state and local policy barriers.

FAIR HOUSING ISSUES

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.

- Section 8 Admittance Policy: In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is as follows:
 - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
 - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
 - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

LEAD-BASED PAINT HAZARDS

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.⁹⁵

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999, and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.96.

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.⁹⁷

In accordance with Community Development Block Grant (CDBG) state regulations and the Lead-Based Paint Poisoning Prevention Act, the Office of Rural Community Affairs is complying with the regulations to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the Texas Community Development Program (TCDP). In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance.

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided.

Requirements for rehabilitation activities fall into three categories.

⁹⁵ National Safety Council, "Lead Poisoning Happens more than you Think," (2004) <<http://www.nsc.org/issues/lead/>> (accessed August 22, 2004).

⁹⁶ Texas Department of Health

⁹⁷ Ibid

1) Federal assistance up to and including \$5,000 per unit: Distribution of the pamphlet “Protect Your Family from Lead in Your Home” is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead-based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead-based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

2) Federal assistance from \$5,000 per unit up to and including \$25,000 per unit: This category includes all the requirements for federal assistance up to and including \$5,000 per unit with the addition of a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units, and exterior surfaces, or administrators can assume lead-based paint exists. Clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

3) Federal assistance over \$25,000 per unit: This category includes all the requirements for federal assistance from \$5,000 per unit up to and including \$25,000 per unit and, if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units, or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards. If lead-based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation, then interim controls may be completed instead of abatement.

ANTI-POVERTY STRATEGY

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The federal government defined the poverty threshold for 1999 as \$17,029 in income for a family of four, and many poor families make substantially less than this. The National Center for Children in Poverty, which focuses on programs and policies for poor children under six, found that nationwide 19 percent of children live in poverty and 8 percent of children live in extreme poverty in which the family income is 50 percent below the poverty line. Poverty of this degree can be self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be overrepresented in the Texas poverty population. According to the 2000 US Census, 38 percent of the poverty population is between the ages of 0-17. Hispanics make up 41 percent of Texas children under the age of 18, but 62 percent of all poor children. African American children account for 12.5 percent of Texas children, but 18 percent of all poor children.

UNEMPLOYMENT

The one economic variable that impacts all TDHCA programs is unemployment. High unemployment contributes to the growing number of persons living in poverty and places added demands on the Department's programs as well as upon many of the human service programs managed by other state agencies. In addition to the serious consequences for families and individuals, unemployment can severely impact a community. The ability to generate taxes and utility revenues and to incur debt is directly related to the resources that a community's citizens have. High numbers of unemployed persons form populations that hinder a community's ability to be self-sufficient. Cities located along the Texas-Mexico border typically experience unemployment rates that run almost double the unemployment rate for the state. Also, throughout the state, the minority population suffers double the unemployment rate of the non-minority population. Community service agencies see large increases in the demand for emergency assistance when their service area is affected by increased unemployment.

ENERGY

The cost of energy represents a burden to the majority of low income households, particularly those on a fixed income. The price of energy used for home usage, particularly electricity and LP gas, has increased. Increases in the cost of energy, coupled with high unemployment and poverty rates and a dilapidated housing stock has increased the demand for energy-related service. Inability to pay not only leads to shut-offs, but for many creates health concerns and forces families to abandon their homes. The Department has a variety of programs to respond to these energy-related problems. Some programs address air infiltration in the homes to reduce energy consumption and energy utility costs, while others provide direct assistance to help with payment of utility bills. The Department's energy programs support a case management approach to address the underlying causes of energy-induced hardship and to promote self-sufficiency.

DOWN PAYMENT COSTS AND INTEREST RATES

Most families' chief financial asset is their home. However, various factors make homeownership difficult for very low and low income families. National reports indicate that the barrier to homeownership for most families is saving for the upfront cost of financing. According to the Texas Real Estate Center at Texas A&M University, 45 percent of all families in Texas could not afford a median-priced home in the areas where they lived.⁹⁸

Mortgage interest rates can be another barrier to homeownership. For instance, on a \$50,000 mortgage, a 2 percent interest rate hike adds about \$72 to the monthly mortgage payment—a significant amount for low income families. Through programs providing down payment assistance and encouraging low-interest home mortgage loans, the Department helps very low and low income Texans overcome obstacles to homeownership.

EDUCATION

There is a very close relationship between education and the cycle of poverty. Factors such as poor nutrition, lack of parental involvement and teen pregnancy make it difficult for those in poverty to obtain a quality education. Many also drop out of school. Without a good education, there is virtually no hope of escaping poverty in today's competitive job market. In previous years, many undereducated Texans found employment as seasonal and migrant farmworkers. This avenue of employment is increasingly closed, leaving families without an income and communities with a diminished tax base. The Department does not administer conventional educational support, but does provide assistance to community organizations, which manage Headstart, job training, GED programs, Basic English instruction, and other programs designed to improve the educational levels of disadvantaged persons. In its provision of funding for the construction or renovation of affordable housing, the Department will also require or provide a scoring preferences to applications that include supportive services that would not otherwise be available to the tenants.

THE STATE'S ROLE

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

Public assistance and social service programs have shifted their focus over the last decade. The new emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income maintenance orientation. In light of this new emphasis, housing and community development resources that address poverty need to emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and

⁹⁸ Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/dataaffd.html> (accessed August 11, 2004).

Strategic Plan

Anti-Poverty Strategy

capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility—insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed income housing. TDHCA provides tenant-based rental assistance options through two of its programs, namely, HOME and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Finally, comprehensive community development can be used to address the complex and interrelated problems of distressed neighborhoods. Comprehensive community development, as opposed to program specific community development, focuses on the needs of the community rather than the narrow functional needs that can be satisfied with specific projects. It involves recognizing the many levels of need in a community and addressing these needs with a toolbox of housing resources, community development resources, economic development resources and social service resources. Working together rather than separately, these resources can improve the quality of life in a community and engender long-term changes. These “changes of condition” may deal with alcohol and substance dependency, mental and physical health, nutrition, child care and parenting, life skills, general education and work skills, and criminal behavior. “Changes of condition” may also mean providing an influx of non-poor households to serve as role models and shift the nature of the environment. For those in housing and community development, the principal change may simply be a change in perspective and recognition that collaboration between and among private sector developers, builders and lenders on the one hand, and non-development resources (such as local governments and social services providers) on the other hand is absolutely essential. For those in human services, the change may involve a subtle shift in focus away from crisis intervention and towards preventive measures, working with the family on a case basis rather than the individual members of the family and, most importantly, providing services within the context of community development.

The CDBG program can be instrumental because of its ability to create jobs and infrastructure. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, CDBG can be a very effective anti-poverty tool. This potential can be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion and services such as child care. By the same token, improved infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new moderate, low, and very low income housing where none could exist before.

INSTITUTIONAL STRUCTURE OF AGENCIES

KEY ORGANIZATIONAL EVENTS

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department'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.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

The main functions of the agencies consist of the following.

- | |
|--|
| <p>A. <i>To increase and preserve the availability of safe, decent, and affordable housing for very low, and low, and moderate income persons and families.</i></p> |
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HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the 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 in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see the Regional Allocation Formula section of this document, beginning on page 15, for further explanation.

Strategic Plan

Institutional Structure

Note: It is anticipated that the CHDO, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities will be awarded through an open funding cycle.

Homebuyer Assistance

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 construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. Homebuyer assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance in the form of grants or loans is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise approximately 80 percent of the HOME allocation that will be available through the Regional Allocation Formula process: approximately \$20,718,000.

Tenant-Based Rental Assistance

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. This activity will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process: approximately \$5,179,500.

Rental Housing Development

Awards for eligible applicants are to be used for the development of affordable multifamily rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions. Approximately \$3,000,000 in FY 2005 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Rental Housing Preservation

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Approximately \$2,000,000 in FY 2005 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Set-Asides & Initiatives

CHDO Set-Aside

A minimum of 15 percent, approximately \$7,050,000 (plus \$352,500 in operating expenses) of the annual HOME allocation is reserved for community housing development organizations (CHDOs). CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component,

either in the form of new construction or the rehabilitation of existing units. TDHCA may set aside up to 10 percent of the annual 15 percent CHDO Set-Aside for predevelopment loans in accordance with 24 CFR 92.300(c). Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation may 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.

Set-Aside for Colonia Model Subdivision Loan Program

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible 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. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. One million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

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. The term first time homebuyer includes displaced homemakers and single parents. The amount of assistance that may be available is \$10,000 or 6 percent of the purchase price, whichever is greater. This assistance is in the form of a second- or third-lien loan.

Approximately \$2,000,000 is reserved for down payment assistance and may, at the discretion of the Department, 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 will not be subject to the Regional Allocation Formula.

Contract for Deed Conversions

The intent of this program is to help colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, \$2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Special Needs Populations

TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring

Strategic Plan

Institutional Structure

criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

Persons with Disabilities

Subject to the availability of qualified applications, a minimum of 5 percent of the annual HOME allocation will be awarded to applicants serving persons with disabilities: approximately \$2,350,000. Eligible applicants may include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. Developments serving persons with disabilities may be located in local participating jurisdictions.

The Department 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.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, and loan repayments, and is the only state-authorized program for affordable housing, as created by the 72nd Legislature in Senate Bill 546. HTF offers loans and grants to nonprofits; units of local government; PHAs; CHDOs; for-profit entities; and, as an eligible activity, income-eligible individuals and families. The targeted beneficiaries of the program are low, very low, and extremely low income households. HTF funds may be used for the acquisition, rehabilitation, and new development of affordable housing, and may provide pre-development loans and capacity building grants to nonprofits and CHDOs engaged in the development of affordable housing. HTF strives for a broad geographic distribution of projects with a focus on rural areas.

Rental Housing Development

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and Housing Tax Credit Program.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years.⁹⁹ Funds are not available to projects that will permanently and involuntarily displace persons of low income. Housing developments are funded based on threshold and scoring criteria established by the Department's statutory and programmatic rules, and as may be further elaborated in the notice of funding availability (NOFA). Funds may be awarded through a competitive or open NOFA cycle.

Ten percent of the total number of project units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

⁹⁹ See §2306.185

Capacity Building and Technical Assistance

Up to 10 percent of Housing Trust Fund money may be set aside for capacity building activities. In 2004, the Housing Trust Fund provided approximately \$400,000 in grant funding to 14 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing.

Predevelopment Loan Fund Demonstration Program

The Housing Trust Fund has also reserved funding for predevelopment activities in past years, which will continue to be available to applicants in fiscal year 2005. The purpose of the Predevelopment Loan Fund Program is to provide opportunities for nonprofits and CHDOs to develop affordable housing by helping eliminate the barriers predevelopment expenses may pose. In FY 2003, administration of this program was awarded to Texas Community Capital. Approximately \$ 500,000 in funding will be available to eligible entities for predevelopment activities.

Special Initiatives and Partnerships

Special Needs Populations

Ten percent of the total number of project units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the Code), as amended, 26 USC Section 42. It authorizes tax credits in the amount of \$1.80 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the \$1.80 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The state's distribution of the credits is administered by the Department's *Qualified Allocation Plan and Rules (QAP)* as required by the Code. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the Housing Tax Credit Program to each Uniform State Planning

Strategic Plan

Institutional Structure

Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least \$6,000 per rental unit of construction hard costs. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The board considers the recommendations of the Department and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The selection criteria encourages the provision of units for persons with special needs by awarding points for projects that include units designed for large families; that set aside units for families with income at or below 50 percent, 40 percent, and/or 30 percent of the area median income; that serve low income tenants for the longest period of time; that provide design amenities and include supportive services for tenants; that set aside units designed and built to Section 504 standards and equipped for persons with physical or mental disabilities; and that provide transitional housing units for the homeless.

The Department requires recipients of tax credits to document the participation of historically underutilized businesses (HUBs) in the development, construction, and management of tax credit projects, and has established a minimum goal of 30 percent participation of HUBs. The selection criteria for 2004 awards extra points to projects owned by HUBs and also areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

MULTIFAMILY BOND PROGRAM

The Multifamily Bond Program issues taxable and tax-exempt mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each project according to TAC 34 Part 9 Chapter 190.2(d). Persons with special needs must occupy 5 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the

development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing projects are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily projects. Approximately \$389 million in issuance authority will be made available to various issuers to finance multifamily projects, of which 20 percent, or approximately \$77.8 million, will be made available exclusively to TDHCA. Issuance authority per individual projects is allocated through a lottery administered by the Texas Bond Review Board. TDHCA, local housing authorities, and other eligible bond issuers enter the lottery with applications for specific projects on behalf of project owners. Applications submitted to TDHCA for the private activity bond 2005 program year will be scored and ranked. Lottery numbers will then be assigned from the lowest to highest ranked application. Projects that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for housing tax credits.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of project units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

FIRST TIME HOMEBUYER PROGRAM

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds are generally allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income

Strategic Plan

Institutional Structure

homebuyers earning 60 percent or less or 80 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

GRANT ASSISTANCE PROGRAM

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 4 percent of the amount of the mortgage loan, but the amount of assistance may vary by program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent AMFI or 80 percent AMFI, depending on the program.

MORTGAGE CREDIT CERTIFICATE PROGRAM

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 40 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed \$2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted

income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan

SECTION 8 PROGRAM

The Section 8 Program receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. No less than 75 percent of new admissions to the tenant-based voucher assistance program must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA contracts with community action agencies, public housing authorities, and local governments to administer the program in their jurisdictions. This partnership has increased program efficiency.

OFFICE OF COLONIA INITIATIVES

In 1995, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border residents, and to educate the public regarding the services that the Department has to offer.

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available \$3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed \$30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans can not exceed \$60,000 per unit.

The Department is required to set aside at least two-thirds, or \$2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of these counties are located along the Texas-

Mexico border region. The remainder of the funding, one-third, or \$1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

Colonia Model Subdivision Loan Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to Colonia Self-Help Centers or certified CHDOs through a competitive scoring process. These loans are intended for the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias. The Department has allocated \$1 million from the HOME Program to implement this initiative in FY 2005.

Builder Incentive Partnership Program

The purpose of this program is to assist working families purchase a new home. This initiative was created to entice builders to build homes at or below \$70,000 with the guarantee that the home will be purchased if it is not sold to a conventional buyer within 30 days of completion. The Department, Fannie Mae, and other local for-profit and nonprofit entities have partnered to implement this one-time pilot initiative.

TEXAS COMMUNITY DEVELOPMENT PROGRAM (TCDP)

The Texas Community Development Program (TCDP) administered by the Office of Rural Community Affairs assists local governments in the development of viable communities. The program provides federal grants to non-entitlement cities and counties to be used for various types of eligible public facilities, economic development, housing assistance, and planning activities. Each year, Texas receives an allocation of federal Community Development Block Grant (CDBG) funds to be used primarily to assist persons of low and moderate income. These funds are distributed by ORCA to eligible cities and counties through the following funding categories to meet the diverse needs of Texas citizens.

Program monitoring visits are conducted at least once per contract period. The visits include financial reviews aimed at ascertaining the financial accountability of the sub-grantee.

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

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

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

Community Development Fund

This fund is available (primarily for public facilities and housing assistance) through a biennial competition. A competition is held in each of the 24 state planning regions and scoring of applications is shared between ORCA and Regional Review Committees. Funds for projects under the Community Development Fund are allocated among the 24 state planning regions according to a formula based on population, poverty, and unemployment.

Community Development Supplemental Fund

These funds are available (primarily for public facilities and housing assistance) through the biennial Community Development Fund regional competitions. Community Development Supplemental Funds are allocated among the 24 state planning regions through a formula using the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 USC 5306(d). Applications for the Community Development Fund are considered for funding under both the Community Development Fund and Community Development Supplemental Fund during the same selection process. An eligible community may only submit one application under the Community Development Fund that may be funded through the Community Development Fund or the Community Development Supplemental Fund regional allocations.

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 in 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).

Texas Capital Fund

This fund is available for projects that will create or retain jobs, primarily for low to moderate income persons, and for projects that will stimulate economic development in downtown areas. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used for eligible activities as cited in Section 105 of Title I of the Housing and Community Development Act of 1974, as amended.

Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas that meet the definition of a "colonia" under this fund. 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 where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border 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.

Colonia Construction Fund

The allocation is distributed on a biennial basis through a competition in the first year of the biennial cycle. Funding priority is given to applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (EDAP) for TCDP projects which provide assistance to colonia residents who cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the Texas Water Development Board EDAP-funded water or sewer system. The funds may also be used for any TCDP eligible activity.

Colonia Economically Distressed Areas Program (EDAP) Fund

The allocation will be 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 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.

Colonia Planning Fund

The allocation is distributed through two separate annual competitions for Colonia Area Planning Fund applications that include planning activities targeted to selected colonia areas and for Colonia Comprehensive Planning Fund applications that include countywide comprehensive planning activities. A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund.

In order 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. An eligible county may submit a Colonia Area Planning Fund application for the following eligible activities: payment of the cost of planning community development and housing activities; costs for providing information and technical assistance to colonia residents and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and costs for preliminary surveys, analyses of market needs, preliminary site engineering, architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

An eligible county may submit a Colonia Comprehensive Planning Fund application for the completion of a countywide comprehensive plan that provides a general assessment of the colonias in the county and includes enough detail for accurate profiles of the county's colonia areas.

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. Additional self-help centers have been established in Maverick County and Val Verde County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties 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.

Planning and Capacity Building Fund

This fund is available through either a biennial competition. Eligible cities and counties can use the funding to conduct planning activities that: assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements.

Disaster Relief 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 and housing.

Urgent Need Fund

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, representatives of the TCDP, and other state agencies have taken place. Through these discussions, a determination shall be made whether the situation meets TCDP Urgent Need threshold criteria and whether funds for the necessary improvements are available from another source. If TCDP funds are still

Strategic Plan

Institutional Structure

available, a potential applicant that meets the requirements will be invited to submit an application for Urgent Need funds.

TCDP STEP Fund

Funds are 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 three times a year and utilize a competitive process to evaluate, score and award these projects.

The self-help approach to solving water and sewer needs starts with a community's recognition that affordable water or sewer service can only be realized if the community brings its own human, material, and financial resources to the self-help table. By utilizing the community's own resources, water or sewer service can be obtained at a significantly reduced cost when compared to costs for conventional construction methods and the usual grant management costs.

The Texas Community Development Program's STEP Fund offers small communities an affordable alternative to solve their water and wastewater needs through a self-help approach requiring greater local initiative and fewer dollars. STEP challenges the traditional role of government as the mere provider of funds; it is innovative in that it sees the role of government as that of an investor.

Microenterprise 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 non-profit organization. A microenterprise is a commercial enterprise that has five or fewer employees, one 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.

Small Business 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 one hundred (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.

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. 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. In order to provide eligible nonentitlement communities an additional funding source, the State is authorizing 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. The project must meet a CDBG national program objective. The only eligible activities are economic development activities eligible under CDBG Program.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The Texas Department of State Health Services (DSHS) addresses the issue of housing assistance for AIDS patients through the Housing Opportunities for Persons with AIDS (HOPWA) Program. The DSHS HOPWA Program provides two activities: emergency assistance and rental assistance. The Emergency Assistance Program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. This program 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. The Rental Assistance 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

B. *Promote improved housing conditions for extremely low, very low, and low income households by providing information and technical assistance.*

THE DIVISION OF POLICY AND PUBLIC AFFAIRS

The Division of Policy and Public Affairs was established to provide educational materials and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies. Primarily, the assistance given helps housing providers determine local housing needs, access appropriate housing programs, and identify available funding sources needed to increase the stock of affordable housing. The Division's assistance emphasizes increasing the state's capacity to develop and deliver housing for extremely low, very low, low, and moderate income individuals and families. The Division of Policy and Public Affairs also acts as the central clearinghouse to consumers for housing, housing related, and community development information.

The Division of Policy and Public Affairs is also responsible for the publications that TDHCA is required to submit to receive funding from both the state and federal government. These documents, including the *State Low Income Housing Plan and Annual Report*, *State of Texas Consolidated Plan*, and the *TDHCA*

Strategic Plan, are integral components of the strategic planning process that determines the direction of housing policy for the State of Texas.

TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations (CDCs), community-based organizations (CBOs), and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through a toll-free hotline at TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of homebuyer education is provided throughout the state, TDHCA contracted with the Neighborhood Reinvestment Corporation to teach local organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education, and to certify participants as providers. Over 200 Organizations and 470 Individuals have been certified through TSHEP.

OFFICE OF COLONIA INITIATIVES

In 1995, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border residents, and to educate the public regarding the services that the Department has to offer.

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

Border Field Offices

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 colonia residents and communities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents and networking with local governments, state and federal agencies, nonprofits, and private organizations. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (Colonia SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Additional Colonia SHCs have been established in Maverick and Val Verde counties. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. Colonia SHCs provide concentrated onsite technical assistance to low and very low income

individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 28 designated colonias in the six counties and benefits approximately 10,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income.

Colonia Resident Advisory Committee

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents and potential activities and programs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than \$4 million for the biennium on contract for deed conversions for colonia families earning less than 60 percent of AMFI. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2005. Participants of this program must live in a colonia and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing construction and rehabilitation.

Contract for Deed Consumer Education Program

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, including homebuyer education and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Border Affairs

The Office of the Texas Secretary of State is taking the lead on the State Agency Advisory Roundtable on the Texas Border and Mexican Affairs (Advisory Roundtable), which meets on a quarterly basis with the purpose of identifying common interagency border concerns. This forum is expected to facilitate in the creation of a common agenda that will best advance the quality of life and standard of living in our border communities.

Consumer Information Resources

OCI manages a toll-free hotline, 1-800-462-4251, in both English and Spanish that allows colonia residents to voice concerns and/or request information.

ORCA OUTREACH SERVICES

ORCA Outreach Staff perform educational activities regarding agency-related programs and services. Training is provided primarily through scheduled workshops and visits to rural cities and counties eligible for ORCA CDBG and Rural Health programs, with populations under 10,000, to assist local officials in providing essential public services and with resolving financial, social and environmental problems in their communities. Additionally, Outreach Staff provide technical assistance to constituents with general information requests. Additional information is furnished in response to telephone and written requests and through the preparation and distribution of publications.

<p>C. <i>Improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.</i></p>
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COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component protects vulnerable households from fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden), and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The US Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

EMERGENCY SHELTER GRANTS PROGRAM

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons threatened with homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates 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 for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS) to fund CSBG-eligible entities and activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 48 CSBG-eligible entities that provide services to very low income persons. The funding assists in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency, and other related services.

Funding for activities that support the Community Services Block Grant Act may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services and supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities and game donated by hunters. CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

In FY 2003, a total of 1.9 million pounds of food were donated through the Share Our Surplus Service (SOS) and Hunters for the Hungry Program (HFHP). SOS is a food recovery program where donations of surplus and un-sellable food donations are distributed to needy Texas. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries, and other organizations feeding the needy.

D. *Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.*

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

The Portfolio Management and Compliance Division ensures housing program compliance and financial compliance with federal and state regulatory mandates through established oversight and monitoring procedures. On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively.

Subrecipients of Federal Funds

Subrecipients of federal funds are monitored for compliance with contractual, single audit; OMB circular; and financial requirements. In-depth financial monitoring and technical assistance occur to improve program responsibility, financial accountability; and fiscal responsibility. In addition, financial reviews are conducted through team monitoring visits when necessary and may be conducted upon the request of and in concert with other TDHCA divisions.

Multifamily and Single Family Rental Properties

Multifamily and single family rental properties are monitored for long-term compliance with all program requirements, including rent caps, income limits, and property condition. Training programs, owner consultation, and written guidelines are among the strategies used to promote compliance.

Procedures used by the Department are explained more fully under the Monitoring Section of the Consolidated Plan on page 285.

E. *Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.*

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division administers and enforces the Texas Manufactured Housing Standards Act (*Tex. Occ. Code*, Chapter 1201). This act imposes certain standards on the construction and installation of manufactured housing; requires licensing of manufactured home manufacturers, retailers, installers, brokers, rebuilders, and salespersons; and provides fair and effective consumer remedies. The US Department of Housing and Urban Development (HUD) approved the Manufactured Housing Division to act as a State Administrative Agency (SAA) in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974. As an SAA, the Manufactured Housing Division monitors home manufacturers for compliance with HUD regulations for notifications and corrections concerning nonconformance and defects in manufactured homes. Division personnel conduct the following inspections and investigations: installation inspections at homeowner sites to verify that the anchoring and support systems meet standards and that the sections of the home have been joined properly; record reviews of consumer complaints at manufacturing plants; consumer complaint inspections at home sites; and inspections of homes at retailer locations to check for transit damage, label tampering, and general retailer performance and compliance.

Strategic Plan

Institutional Structure

The division also issues statements of ownership and location (records indicating who owns a home, where it is located, whether the owner has elected to treat it as personal property or real property, and, if it is personal property, whether there are any liens on the home) and maintains the State master database for all such information on manufactured homes, including all records related to liens and release of liens, and responds to requests for information from license holders and the general public. The division resolves consumer complaints through informal and formal means and provides for the administration of the Texas Manufactured Homeowners' Recovery Trust Fund.

STRENGTHS AND GAPS IN SERVICE

Identified gaps in service for TDHCA include recent changes in organizational structure and communication of the need for affordable housing and the Department's accomplishments. Some of the key obstacles include the lack of financial resources, public perception issues, limited staff resources, limited data capability, and mandated activities. Strengths or opportunities for improvement include stronger external relationships, increased communication efforts, economic development ties, and technological opportunities.

SERVICE GAPS

Organizational Structure

In 2003 TDHCA underwent an organizational restructuring intended to help the Department

- become more efficient, effective, and accountable;
- improve horizontal communication;
- facilitate positive changes for staff, agency, clients, and stakeholders;
- create better organizational checks and balances.

It is believed that the adjustment to the organization structure has aligned programs, processes, and staff; enhanced communications; eliminated duplicative efforts; reduced the Department span of control; and strengthened the relationship of the Department with important key state clients and external organizations. The Department's efforts in the reorganization addressed issues of internal communications, team effectiveness, and responsiveness to required changes. While we recognize that reorganization is not a panacea, it is believed that this effort will assist the Department in addressing many concerns of employees. The Department is currently reviewing the effectiveness of the reorganization and following up with additional refinements.

Communication Regarding the Need for Affordable Housing

While statistics and anecdotal evidence support the enormous need for affordable housing, the Department has determined that much work remains to be done in articulating that need.

Communication of TDHCA Accomplishments

Nationally TDHCA is recognized for its ability to efficiently and effectively administer its funding. Unfortunately, it has been a challenge to effectively articulate TDHCA's successes to the public.

OBSTACLES

Lack of Financial Resources

The largest obstacle TDCHA faces is the limited amount of financial resources available for affordable housing—this has been especially true given the sluggish economy over the last two years. Even with all of its resources, TDHCA can serve only 1 percent of those in need. While layering, leveraging, and partnering helps to stretch available funds, there is no amount of innovation that will overcome this lack of funding.

Public Perception

For years TDHCA has struggled to overcome a negative public perception. In general, the public and the Legislature have not had confidence in TDHCA's desire to be responsive to the needs of the state's lower income citizens. While TDHCA has improved relationships with external entities over the last two years, the Department must continue to be responsive to the Legislature and the public at large.

Staff Resources

With increased funding for both the Housing Tax Credit Program and the Multifamily Bond Program, increased size of portfolio and compliance monitoring requirements by the federal government, and added legislative requirements from both the state and federal levels, TDHCA must maximize the use of all staff. As resources have decreased, the Department has not had the ability to fund salaries up to its full full-time employee cap.

Data

Since the creation of TDHCA in 1991, Department programs have maintained data in separate databases. Since that time, data compilation has been a main obstacle to effective agency operations. TDHCA's 15-plus programs' varying reporting requirements, report formats, and data storage methods have made performance reporting and analysis difficult. The Department is currently consolidating its various databases, but the project is not scheduled to be completed for several years.

Mandated Activities

Over the course of the last six years, the Department has been legislatively required to create and implement no less than 10 new programs/initiatives—the majority of which have been unfunded. Consequently, program funds have been diverted from existing activities to the creation of new programs, which are labor intensive to start up—taking up to a year to develop and implement. Many of these activities have high average costs per household, resulting in fewer households being served.

STRENGTHS AND OPPORTUNITIES

Improved External Relationships

Successful implementation of Sunset provisions (periodic legislative oversight of government operations) resulting in an eight-year continuance has helped build stronger working relationships with legislators, advocacy groups, housing and community service providers, and the public at large. The addition of program specific working/focus groups and expanded public input opportunities have also helped build stronger external relationships.

Increased Communication

As affordable housing becomes a more visible necessity to local governments, the Department believes that we can be an information resource to help local communities identify and address their specific needs.

Economic Development Ties

As housing becomes more identified with its economic development impact/benefits, affordable housing may become a higher priority for many communities.

Technological

Development has begun on a “central database,” which will provide a single means of access, reporting, and data consolidation. The end result is to be one source for all information and data reporting needs. It is believed that the new data warehouse will provide increased usability, data sharing, and most importantly data integrity.

COORDINATION OF RESOURCES

Understanding that no single entity will be able to address the enormous needs of the state of Texas, TDHCA, ORCA, and DSHS support the formation of partnerships in the provision of housing, housing-related, and community development endeavors. The departments work with many housing and community development partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

COORDINATION WITH FEDERAL AGENCIES

Because the State receives the majority of its funding from federal sources, many programs within TDHCA, ORCA, and DSHS require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

US Department of Housing and Urban Development

TDHCA administers the HOME, ESGP, and Section 8 programs, as well as regulates the manufactured housing industry, for HUD. ORCA administers the CDBG Program and DSHS administers the HOPWA Program.

The state agencies have established cooperative efforts with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the state, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Currently, HUD staff use several TDHCA documents as their text on available housing resources and distribute these materials to the local governments and organizations they are serving.

US Treasury Department

TDHCA administers the Housing Tax Credit Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the LTC program). The HTC Program produces over 12,000 units of affordable housing each year.

Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below-market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.

US Department of Health and Human Services

The Department administers several programs funded by HHS that are aimed at serving extremely low income persons: specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.

US Department of Energy

TDHCA administers the Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.

USDA Rural Development

As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

COORDINATION WITH STATE AGENCIES, LOCAL GOVERNMENTS, AND OTHER PARTIES

The state agencies are primarily funding entities whose chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers, and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

Texas Department of Agriculture (TDA)

The Texas Capital Fund, which is funded through the CDBG program, provides federal CDBG funds for economic development in nonentitlement areas. The fund is administered by the Texas Department of Agriculture through an interagency agreement.

Texas Water Development Board (TWDB)

Eligible applicants for the CDBG Colonia Economically Distressed Areas Program Fund 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. Additionally, in the CDBG Colonia Construction Fund, priority is given to applications that have been funded through the TWDB Economically Distressed Areas Program.

Texas STEP Program

The STEP program makes funds available for grants on a competitive award basis (three competitions annually) to cities and counties that recognize the need for, and demonstrate the willingness to solve, water and sewer problems through Small Towns Environment Program (STEP) self-help techniques. ORCA, the Texas Natural Resource Conservation Commission, the Texas Water Development Board, the Texas Department of State Health Services, and the General Land Office have joined to form this program.

Colonia Self-Help Centers

TDHCA and ORCA coordinate services with each of the seven centers (in Cameron, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county where the center is located.

ESGP

TDHCA collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve.

The Department also provided funds through THN to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.

Additionally, TDHCA serves on, as well as provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.

Olmstead v. L. C.

The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L. C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings. TDHCA has been working with the following agencies: Texas Health and Human Services Commission, Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, Texas Department of State Health Services, Texas Education Agency, and Texas Department of Protective and Regulatory Services.

Texas Statewide Homebuyer Education Program

TDHCA continues to collaborate with several partners including Neighborhood Reinvestment Corporation, Texas State Affordable Housing Corporation, Countrywide, Bank One, Fannie Mae, and the Texas Home of Your Own Coalition to plan and implement the Texas Statewide Homebuyer Education Program.

Weatherization

Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.

Texas PHA Project

TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

HOUSING TAX CREDIT USE

HOUSING TAX CREDIT (HTC) PROGRAM

The Housing Tax Credit Program was created by the Tax Reform Act of 1986, and was first utilized by the real estate development community during calendar year 1987. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program. It authorizes tax credits in the amount of \$1.80 per capita for each state. In Texas, this amount currently equates to an annual award of approximately \$40,000,000 in tax credits. The Department is the only entity in the state of Texas with the authority to allocate tax credits under this program. The HTC Program provides for the construction or renovation of approximately 12,000 units of affordable multifamily housing annually throughout Texas.

Each qualified tax credit development must include a minimum percentage of units to be set aside for eligible low income tenants. The rent charged for these set-aside units must be restricted. Pursuant to Code, a qualified low income housing project means any project intended for residential rental occupancy if the project meets either of the following requirements:

- 20 percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income is 50 percent or less AMFI; or
- 40 percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income is 60 percent or less of AMFI.

Tax credits may only be claimed on the units that have been set aside for participation under this program. It is possible for project owners to set aside 100 percent of any project for consideration under the tax credit program and in doing so claim the maximum amount of tax credits eligible for the development. Because of financial feasibility issues and scoring preferences for developments that have both program and market rate units, the typical percentage of units set aside is between 60 and 100 percent of the units for persons at 60 percent or less of AMFI.

Pursuant to Section 42 of the Code, the Department must develop a plan for the selection of eligible projects based on broad guidelines designed to provide housing for the low income tenants. This plan is known as the *Qualified Allocation Plan and Rules (QAP)*. Applications are received by the Department and evaluated under this plan at least once a year. It is the goal of TDHCA to encourage diversity through broad geographic allocation of tax credits within the state, and to promote maximum utilization of the available tax credit amount. The criteria utilized to realize this goal includes a point based scoring system referred to as the "Selection Criteria" and an evaluation of each application's

- financial feasibility,
- quantifiable community participation or written statements of support or opposition,
- income levels of the tenants,
- size and quality of the units in the development,
- commitment of development funds by local political subdivisions,
- level of community support from state elected officials,
- rent levels of the units,
- cost of the development by square foot,
- services provided to the tenants of the development,

- other criteria that furthers the achievement of the Department's mission.

Applications deemed to have a high priority based on the review criteria, are subject to an underwriting review that evaluates the development's projected construction costs and financial feasibility. Applications that pass the underwriting process and are determined to have the highest priority will be presented to TDHCA's Board of Directors for consideration.

The Department's *Qualified Allocation Plan* also sets forth a minimum set of threshold requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and a market and environmental study.

The QAP defines a series of point-based selection criteria items to ensure that the housing proposed in the applications is consistent with the program's goals. Through this selection criteria, the Department provides preferences to applications that

- are located in an area where the federal, state or local government is trying to encourage development;
- are consistent with the local jurisdiction's affordable housing development plans;
- use design elements including energy efficient construction, low density development, fourplex and townhome style buildings, and renovation of historic structures;
- supply housing in areas with the greatest housing need;
- provide units for tenants at lower income levels;
- offer a unit mix of tax credit and market rate units;
- supply housing for persons with special needs such as the elderly, persons with physical or mental disabilities, and the homeless
- offer supportive services that would otherwise not be available to the residents.

Pursuant to federal statute, the Department is required to allocate at least 10 percent of the housing credit ceiling to qualified nonprofit organizations.

PUBLIC HOUSING RESIDENT INITIATIVES

The Texas Department of Housing and Community Affairs believes that the future success of public housing authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association (THA), which represents the public housing authorities of Texas. The two organizations have worked to promote programs that will repair substandard housing and develop additional affordable housing units. The US Department of Housing and Urban Development also has an increased interest in seeing state housing agencies work closer with PHAs to plan and implement initiatives to improve public housing.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's *Consolidated Plan*.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs. PHA staff are targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training to provide self-sufficiency tools for tenants.

TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

ACTION PLANS

§ 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 percent 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) 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.

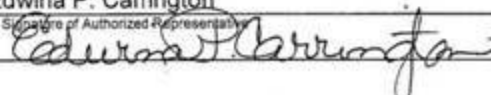
Action Plans

Legislation

- 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.*

FORM APPLICATIONS: STANDARD FORM 424

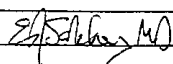
APPLICATION FOR FEDERAL ASSISTANCE		2. DATE SUBMITTED	Applicant Identifier DUNS# 137053125
TYPE OF SUBMISSION Application <input type="checkbox"/> Preapplication <input type="checkbox"/> <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
APPLICANT INFORMATION			
Legal Name: State of Texas Address (give city, county, state, and zip code) 1700 N. Congress Avenue P.O. Box 12877 Austin, Travis, Texas 78711		Organizational Unit: OFFICE OF RURAL COMMUNITY AFFAIRS Name and telephone number of the person to be contacted on matters involving this application (give area code) Charles S. (Charlie) Stone Executive Director, Office of Rural Community Affairs 512/936-6704	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74 - 2610542		7. TYPE OF APPLICANT: (enter appropriate letter in box) A A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify)	
8. TYPE OF APPLICATION <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify)		9. NAME OF FEDERAL AGENCY Department of Housing and Urban Development	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14-228 TITLE: Community Development Block Grant		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: 2-1-2005 Ending Date: 1-31-2006		14. CONGRESSIONAL DISTRICTS OF a. Applicant: Statewide b. Project: Statewide	
15. ESTIMATED FUNDING a. Federal: \$82,305,507.00 b. Applicant: \$.00 c. State: \$.00 d. Local: \$.00 e. Other: \$.00 f. Program Income: \$ 1,700,000.00 g. TOTAL: \$84,005,507.00		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 <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes," attach an explanation <input checked="" type="checkbox"/> 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. Typed Name of Authorized Representative Charles S. (Charlie) Stone		b. Title Executive Director	c. Telephone Number 512-936-6704
d. Signature of Authorized Representative 			e. Date Signed 02/04/2005

APPLICATION FOR FEDERAL ASSISTANCE		2. DATE SUBMITTED	Applicant Identifier DUNS# 806781902
TYPE OF SUBMISSION Application <input type="checkbox"/> Preapplication <input type="checkbox"/>		3. DATE RECEIVED BY STATE	State Application Identifier
<input type="checkbox"/> Construction <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction <input type="checkbox"/> Non-Construction		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
APPLICANT INFORMATION			
Legal Name: State of Texas		Organizational Unit: Texas Department of Housing and Community Affairs	
Address (give city, county, state, and zip code) 507 Sabine Austin, Travis, Texas 78701		Name and telephone number of the person to be contacted on matters involving this application (give area code) E. E. Fariss Director, Community Affairs Division 512/475-3897	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74-2610542		7. TYPE OF APPLICANT: (enter appropriate letter in box) A	
8. TYPE OF APPLICATION <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): <input type="checkbox"/> <input type="checkbox"/> A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify)		A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify)	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14-231 TITLE: Emergency Shelter Grant Program		9. NAME OF FEDERAL AGENCY Department of Housing and Urban Development	
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT Emergency Shelter Grant Program	
13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF	
Start Date 2-1-05	Ending Date 1-31-06	a. Applicant Statewide	b. Project Statewide
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$5,154,498 .00	a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____	
b. Applicant	\$.00	b. NO <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
c. State	\$.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
d. Local	\$.00	<input type="checkbox"/> Yes If "Yes," attach an explanation <input checked="" type="checkbox"/> No	
e. Other	\$.00	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	
f. Program Income	\$.00	a. Typed Name of Authorized Representative Edwina P. Carrington	b. Title Executive Director
g. TOTAL	\$5,154,498 .00	c. Telephone Number 512-475-3932	e. Date Signed 2/7/05
		c. Signature of Authorized Representative 	

APPLICATION FOR FEDERAL ASSISTANCE		2. DATE SUBMITTED	Applicant Identifier DUNS# 806781902
TYPE OF SUBMISSION Application <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
APPLICANT INFORMATION			
Legal Name: State of Texas		Organizational Unit: Texas Department of Housing and Community Affairs	
Address (give city, county, state, and zip code): 507 Sabine Austin, Travis, Texas 78701		Name and telephone number of the person to be contacted on matters involving this application (give area code): Eric Pike Director, Single Family Finance Production 512/475-2116	
8. EMPLOYER IDENTIFICATION NUMBER (EIN): 74-2610542		7. TYPE OF APPLICANT: (enter appropriate letter in box) A <input type="checkbox"/>	
8. TYPE OF APPLICATION <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): <input type="checkbox"/> <input type="checkbox"/> A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify) _____		A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify) _____	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14-239 TITLE: HOME Investment Partnerships Program		9. NAME OF FEDERAL AGENCY Department of Housing and Urban Development	
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT HOME Investment Partnerships Program	
13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF	
Start Date 2-1-05	Ending Date 1-31-06	a. Applicant Statewide	b. Project Statewide
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$44,687,663.00	a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON	
b. Applicant	\$.00	DATE _____	
c. State	\$.00	b. NO <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372	
d. Local	\$.00	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
e. Other	\$.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
f. Program Income	\$.00	<input type="checkbox"/> Yes If "Yes," attach an explanation <input checked="" type="checkbox"/> No	
g. TOTAL	\$44,687,663.00		
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. Typed Name of Authorized Representative Edwina P. Carrington		b. Title Executive Director	c. Telephone Number 512-475-3932
d. Signature of Authorized Representative <i>Edwina P. Carrington</i>		e. Date Signed 2/7/05	

APPLICATION FOR
FEDERAL ASSISTANCE

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier
Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
5. APPLICANT INFORMATION		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier TXH03-F999
Legal Name: State of Texas		Organizational Unit: Department: Department of State Health Services	
Organizational DUNS: 80-739-1511		Division: Division of Prevention and Preparedness Services	
Address: Street: 1100 W. 49th Street		Name and telephone number of person to be contacted on matters involving this application (give area code)	
City: Austin		Prefix: Ms.	First Name: Janna
County: Travis		Middle Name	
State: Texas		Last Name Zumbrun	
Zip Code 78756	Suffix: M.S.S.W.		Email: Janna.Zumbrun@dshs.state.tx.us
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 32-0113643		Phone Number (give area code) (512)458-7111 X2406	Fax Number (give area code) (512)458-7618
8. TYPE OF APPLICATION: <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation <input type="checkbox"/> 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)	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Housing Opportunities for Persons With AIDS (HOPWA) 14-241		9. NAME OF FEDERAL AGENCY: Department of Housing and Urban Development	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): State of Texas		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Housing Opportunities for Persons With AIDS (HOPWA)	
13. PROPOSED PROJECT Start Date: 02/01/05		14. CONGRESSIONAL DISTRICTS OF: a. Applicant A	
Ending Date: 01/31/06		b. Project Statewide	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 2,634,000.00	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON	
b. Applicant	\$.00	DATE:	
c. State	\$.00	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372	
d. Local	\$.00	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
e. Other	\$.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
f. Program Income	\$.00	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
g. TOTAL	\$ 2,634,000.00	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 Dr.	
First Name Eduardo		Middle Name J.	
Last Name Sanchez		Suffix M.D., M.P.H.	
b. Title Commissioner		c. Telephone Number (give area code) (512)458-7111 x7375	
d. Signature of Authorized Representative 		e. Date Signed 4/6/05	

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Standard Form 424 (Rev. 9-2003)
Prescribed by OMB Circular A-102

COMMUNITY DEVELOPMENT BLOCK GRANT TEXAS COMMUNITY DEVELOPMENT PROGRAM 2005 ACTION PLAN

I. PROGRAM YEAR 2005 GENERAL PROGRAM INFORMATION

A. *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.

B. *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 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 §43.905 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.

C. Eligible Activities

Eligible activities under the Texas Community Development Program are listed in 42 USC Section 5305. 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:

- a) Principally benefit low and moderate income persons
- b) Aid in the elimination of slums or blight
- c) Meet other community development needs of particular urgency which 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.

D. Ineligible Activities

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

- Construction of buildings and facilities used for the general conduct of government (e.g., city halls, courthouses, etc.)
- 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
- The financing of political activities
- Purchases of construction equipment (except in limited circumstances under the STEP Program)
- Income payments, such as housing allowances
- 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.

E. Primary Beneficiaries

The primary beneficiaries of the Texas Community Development Program are low to moderate income persons as defined under the HUD Section 8 Assisted Housing Program (Section 102(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a nonmetropolitan county, or the statewide nonmetropolitan median family income figure.

F. Displacement of Persons Assisted

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

II. ALLOCATION OF CDBG FUNDS

A. Available Fund Categories

Assistance is available in 10 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 Fund
10. Small Business Fund
11. Section 108 Loan Guarantee Pilot Program

B. 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 program years 2005 and 2006 through a 2005 annual competition in each of the 24 state planning regions. Applications received by the 2005 program year application deadline are eligible to receive grant awards from the 2005 and 2006 program year 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 USC 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:

- Non-Entitlement Population: 30 percent
- Number of Persons in Poverty 25 percent
- Percentage of Poverty Persons 25 percent
- Number of Unemployed Persons 10 percent
- Percentage of Unemployed Persons 10 percent

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. 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's 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.

Significant increases or decreases to the State's 2005 and 2006 CDBG allocations may result in corresponding increases or decreases to the 2005 and 2006 Community Development Fund 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 USC 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.

Since 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.

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 non-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 USC Section 5305, including the following activities.

- 1) Infrastructure improvements to assist a for-profit entity or a nonprofit entity.
- 2) Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.
- 3) Infrastructure improvements to assist Texas Main Street Program designated municipalities.
- 4) Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage, and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.
- 5) 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.
- 6) 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
 - i) creates or retains jobs for low and moderate income persons;
 - ii) prevents or eliminates slums or blight;
 - iii) meets urgent needs;
 - iv) creates or retains businesses owned by community residents;
 - v) assists businesses that provide goods or services needed by, and affordable to, low and moderate income residents; or
 - vi) 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, Infrastructure, and Float Loan projects, as follows:

- Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing
- 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 which 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 where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border 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 program years 2005 and 2006 through a 2005 annual competition. Applications received by the 2005 program year application deadline are eligible to receive grant awards from the 2005 and 2006 program year 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 application for the following eligible activities:

- 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.
- Other Improvements: Other activities eligible under 42 USC Section 5305 designed to meet the needs of colonia residents.

4b. Colonia Economically Distressed Areas Program (EDAP) 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 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 2005 program year application deadline are eligible to receive a grant award from the 2005 program year 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.

In order 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 the following:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities
- Costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents
- Costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

(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 where 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

- the needs of colonia residents,
- appropriate and effective programs that are proposed or are operated through the centers,
- 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;
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 2005 program year application deadline are eligible to receive grant awards through a statewide competition for funding from the 2005 and 2006 program year allocations.

Significant increases or decreases to the State's 2005 and 2006 CDBG allocations may result in corresponding increases or decreases to the 2005 and 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 and housing.

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 three 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 grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2005 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 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

For the TCDP STEP Fund, ineligible activities include

- 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.

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

Funding Cycle

Applications are accepted three times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the three 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.

- One or more sparkplugs (preferably three): Local leaders willing to both lead and sustain the effort
- Readiness: Local perception of the problem and the willingness to take action to solve it
- Capacity: Manpower, including some skills required to solve the problem
- 40 percent savings off of retail price
- 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)

Action Plans

CDBG

- 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
- 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
- 4) 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 percent 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 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 five or fewer employees, one 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

- 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 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

- 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. 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. In order to provide eligible nonentitlement communities an additional funding source, the State is authorizing 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:

Action Plans

CDBG

- 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 one percent per annum on the principal amount outstanding. The funds from the one 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 USC 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.

C. Allocation of Available Funds by Fund Category

HUD has not yet announced the State's 2005 program year CDBG allocation. The State's 2005 allocation could be lower than the 2004 allocation of \$86,736,688.

The amount available for TCDP assistance will be the 2005 State CDBG allocation amount plus an estimated \$1,500,000 in Texas Capital Fund program income. Funds will be allocated according to the following percentages of the State's 2005 allocation:

FUND	2005 PERCENT	AMOUNT AVAILABLE
Community Development Fund	55.90	
Community Development Supplemental Fund	5.337	
Non-Border Colonia Fund	0.593	
Texas Capital Fund (TCF)	14.51	
TCF Program Income		\$ 1,500,000
Colonia Fund		
Colonia Construction Fund	7.21	
Colonia EDAP Fund	2.31	
Colonia Planning Fund	0.48	
Colonia Self-Help Centers Fund	2.50	
Planning And Capacity Building Fund	0.89	
Disaster Relief/Urgent Need Fund	4.04	
Disaster Relief Fund	4.04	
Urgent Need Fund	0.00 ¹	
TCDP STEP Fund	3.11	
Microenterprise Fund	0.00 ²	
Small Business Fund	0.00 ³	
Section 108 Loan Guarantee Pilot Program	0.00 ⁴	
Administration	2.00 + \$100,000	
Technical Assistance	1.00	

Note: The percentages shown above are based on the State's 2004 CDBG allocation of \$86,736,688. The percentage for the Community Development Fund of 55.90 percent is based on the amount allocated in 2003 of \$48,489,615 as a percentage of \$86,736,688. The percentage for the Community Development Supplemental Fund is based on the amount of \$3,900,000 from the Housing Infrastructure and Housing Rehabilitation Funds plus the increase in the total State allocation amount in 2004 over 2003, less 12.5 percent for the Colonia Fund, 2 percent for Administration and 1 percent for Technical Assistance, then subtracting an additional 10 percent for the Non-Border Colonia Fund. The percentage for the Texas Capital Fund is based on the same amount as 2003 of \$12,585,000. Changes to the above percentages may occur if the State's 2005 CDBG allocation is higher or lower than \$86,736,688.

- a) Deobligated funds and/or program income totaling no more than \$1,000,000 based on the availability of funds
- b) Program income not to exceed \$500,000 is available for the Microenterprise Fund
- c) Program income not to exceed \$1,000,000 is available for the Small Business Fund
- d) Loan guarantee commitments totaling no more than \$500,000 are authorized

Summary of Activities that Utilize 1 Percent Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program

The Texas Community Development Program will conduct numerous onsite technical assistance visits funded with the 1 Percent Technical Assistance (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.

Action Plans

CDBG

TCDP community services specialists, program development specialists, and rural services 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 Percent TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

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

The Texas Department of Agriculture is using 1 Percent TA funds for onsite technical assistance on the Texas Capital Fund program.

TDHCA is using 1 Percent TA funds for onsite technical assistance on the Colonia Self-Helps Centers program.

The TCDP is utilizing the 1 Percent 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 Percent 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 Percent 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 2004, the TCDP will use a portion of the 1 Percent TA funds 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 Percent TA funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for TCDP funds in each region.

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

The 1 Percent TA funds may be used to support the operations of ORCA's 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 which HUD has recaptured from Small Cities may be redistributed among the established 2005 program year 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 TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the executive director 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 2005 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2005 allocation is decreased or increased significantly from the State's 2004 allocation, the TCDP may make corresponding changes within the fund allocation percentages as required.

(b) *Re-distribution of Funds Recaptured from Withdrawn Awards.* Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based 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 Office'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 Office. For an award that is withdrawn from an application, the Office 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 are then subject to the procedures described in paragraph (a) of this section.

Action Plans

CDBG

(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 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 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 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.

(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.

(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 Office receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement.

(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.

(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 three 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 are subject to the procedures described in paragraph (a) of this section.

(11) Funds recaptured under the Microenterprise 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 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.

D. Program Income

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

Action Plans

CDBG

- 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 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, 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 six 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 program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: (1) "The RLFP must be submitted for approval no later than six 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"; and (3) "...contract or an RLFP is not submitted for approval within the first six 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.

III. APPLICATION INFORMATION

A. Types and Numbers 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 which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the 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 multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

2. Multi-Jurisdiction Applications

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

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

B. Application Cycles

Based on the past support from cities and counties for previous biennial funding cycles, applications for the Community Development, Fund, Planning and Capacity Building Fund, and Housing Rehabilitation Fund were accepted on a biennial basis. 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	<i>Biennial</i> ¹	<i>October 2004</i>
2. Community Development Supplemental Fund	Biennial	October 2004
3. Non-Border Colonia Fund	Biennial	November 2004
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	<i>November 2004</i>
EDAP Fund	As-needed	
Planning Fund	Annually	<i>January 2005</i>
6. Planning/Capacity Building Fund	<i>Biennial</i> ¹	<i>September 2004</i>
7. Disaster Relief/ Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need ²	By notification	
8. TCDP STEP Fund	Three times annually	
9. Microenterprise Fund	Annually	
10. Small Business Fund	Annually	
11. Section 108 Loan Guarantee Pilot Program	Annually	

¹ The applications submitted for program year 2005 Community Development Fund, Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and Planning and Capacity Building Fund will be scored and placed in rank order. Applications are funded to the extent that allocated 2005 funds are available. The final 2005 program year rankings under the Community Development Fund, Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and Planning and Capacity Building Fund will also be used to determine the 2005 applicants that are selected for funding from the year 2006 program year allocations (i.e., the highest ranked applications, to the extent that funds are available, will be funded from the 2005 program year fund allocations; the next highest ranked applications will be funded from the year 2006 program year allocations for the Community Development Fund, Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and the Planning and Capacity Building Fund to the extent that 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 2005 program year and 2006 program year period. Since 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.

Action Plans

CDBG

C. Contract Awards

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

FUND	CONTRACT AWARD	
	MAXIMUM	MINIMUM
Community Development Fund		
Single Applicant	\$ 800,000 ¹	\$ 75,000 ¹
Multi-Jurisdiction 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 Fund	\$ 100,000 ⁶	\$ 50,000
Small Business Fund	\$ 100,000 ⁷	\$ 50,000
<i>Section 108 Loan Guarantee Pilot Program</i>	\$ 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 multi-jurisdiction 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 \$600,000 in total awards, unless there are unused funds remaining in the Texas Capital Fund real estate and infrastructure program as of January 1. If such funds are available, up to an additional \$600,000 may be used for Downtown Revitalization Program projects.
- 4 For the Colonia Planning Fund 33 percent of the total allocation is allocated to the Colonia Area Planning Fund and 67 percent 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 or allocated to the Colonia Construction Fund. 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 \$500,000 is available for the Microenterprise Fund.
- 7 Program income not to exceed \$1,000,000 is available for the Small Business Fund.
- 8 Loan guarantee commitments totaling no more than \$500,000 are authorized.

Amounts shown are maximum funding levels or contract "ceilings," since 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.

D. 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.

E. Review Process

1. Regional Review Committees (RRC) - Composition and Role

Action Plans

CDBG

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).

F. 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 closeout 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.

Action Plans

CDBG

- 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

Community Development Fund
Colonia Construction Fund
Colonia Fund Planning
Disaster Relief / Urgent Need Fund
Planning/Capacity Building Fund

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

Texas Capital Fund
Colonia Self-Help Centers Fund
Housing Rehabilitation Fund
Housing Infrastructure Fund
Texas STEP
Colonia Economically Distressed Areas
Disaster Recovery Initiative
Young vs. Martinez
When the applicant meets the eligibility criteria for TCDP Disaster Relief fund
Microenterprise Fund
Small Business 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 Colonia Construction Fund Colonia Fund Planning Disaster Relief / Urgent Need Fund Planning/Capacity Building Fund	Texas Capital Fund Colonia Self-Help Centers Fund Housing Rehabilitation Fund Housing Infrastructure Fund Texas STEP Colonia Economically Distressed Areas Disaster Recovery Initiative Young vs. Martinez When the applicant meets the eligibility criteria for TCDP Disaster Relief fund Microenterprise Fund Small Business 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 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

Housing Infrastructure Fund
(when the applicant is applying for the Housing Infrastructure Fund only)
Texas STEP

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

Texas Capital Fund (see Texas Capital Fund Section)
Colonia Self-Help Centers Fund
Housing Rehabilitation Fund
Colonia Economically Distressed Areas
Disaster Recovery Initiative
Young vs. Martinez
When the applicant meets the eligibility criteria for TCDP Disaster Relief fund
Microenterprise Fund
Small Business 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, the TCDP 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. The TCDP will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

IV. APPLICATION SELECTION CRITERIA

A. General Description

All projects under the Community Development Fund, Colonia Fund (except for the Community Development Supplemental Fund, 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 Department 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 the following:

- (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 the following:

- (1) Community Profile
- (2) Project Feasibility
- (3) Leverage Ratio
- (4) Reinvestment Statistics

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 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 percent 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 supports the following:

- a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.
- b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider's application.
- c. Where applicable, provides 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.

B. Resources for Descriptions of Selection Criteria by Fund Category

Starting on the next page, 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 TAC, Part 6, Chapter 255, Subchapter A. Community Development Fund applications are scored by TCDP Staff and by Regional Review Committees. The selection criteria, selection 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 these fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2005 Action Plan for the 2005 program year. Any changes to the selection criteria will be published in the *Texas Register* prior to final adoption.

The Texas Administrative Code can be found on the 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 TAC, Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.3	<i>Young v. Martinez</i> 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 Fund
255.13	Small Business Fund

C. 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 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 40 points.

c. Project Impact – 0 - 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 as follows:

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 - 145

Action Plans

CDBG

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

Multi-activity 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 150-115. If the project included a water activity also, the possible range would be 175-115.

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 percent of grant request 60 points
- Match at least 4 percent, but less than 5 percent of grant request 40 points

- Match at least 3 percent, but less than 4 percent of grant request 20 points
- Match at least 2 percent, but less than 3 percent of grant request 10 points
- Match less than 2 percent 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 percent of grant request 60 points
- Match at least 7.5 percent, but less than 10 percent of grant request 40 points
- Match at least 5 percent, but less than 7.5 percent of grant request 20 points
- Match at least 2.5 percent, but less than 5 percent of grant request 10 points
- Match less than 2.5 percent 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 percent of grant request 60 points
- Match at least 11.5 percent, but less than 15 percent of grant request 40 points
- Match at least 7.5 percent, but less than 11.5 percent of grant request 20 points
- Match at least 3.5 percent, but less than 7.5 percent of grant request 10 points
- Match less than 3.5 percent of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20 percent of grant request 60 points
- Match at least 15 percent, but less than 20 percent of grant request 40 points
- Match at least 10 percent, but less than 15 percent of grant request 20 points
- Match at least 5 percent, but less than 10 percent of grant request 10 points
- Match less than 5 percent 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 multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Action Plans

CDBG

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low and moderate income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. 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 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 10 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 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)?

Action Plans

CDBG

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 program years 2005 and 2006, a Community Development Fund marginal competition will not be conducted for program year 2005. A marginal competition will be conducted for program year 2006 if the State's 2006 allocation is not decreased significantly from the State's 2005 allocation and the 2006 Community Development Fund allocation is not decreased significantly from the 2005 Community Development Fund allocation.

Marginal applicants are those applicants whose score is high enough for partial funding in their respective region. The marginal amount in a regional competition is the amount remaining from the regional allocation after all fully funded applicants have been selected.

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
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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.

Action Plans

CDBG

Housing: Each region is encouraged to allocate eight percent (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.

Past Performance – TCDP scored

An applicant can receive from 10 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:

Action Plans

CDBG

- 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
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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 | 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 percent to 90 percent of TCDP funds benefiting low to moderate income persons	30
89.99 percent to 80 percent of TCDP funds benefiting low to moderate income persons	25
79.99 percent to 70 percent of TCDP funds benefiting low to moderate income persons	20
69.99 percent to 60 percent of TCDP funds benefiting low to moderate income persons	15
Below 60 percent 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 onsite 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 |

Action Plans

CDBG

- 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 percent of grant request 20 points
- Match at least 2 percent, but less than 5 percent of grant request 10 points
- Match less than 2 percent 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 percent of grant request 20 points
- Match at least 2.5 percent, but less than 10 percent of grant request 10 points
- Match less than 2.5 percent 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 percent of grant request 20 points
- Match at least 3.5 percent, but less than 15 percent of grant request 10 points
- Match less than 3.5 percent of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

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

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

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 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 multi-activity 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 onsite 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 10 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

Action Plans

CDBG

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 2004 program year 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 five 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, 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 percent to 90 percent of TCDP funds benefiting low to moderate income persons	30
89.99 percent to 80 percent of TCDP funds benefiting low to moderate income persons	25
79.99 percent to 70 percent of TCDP funds benefiting low to moderate income persons	20
69.99 percent to 60 percent of TCDP funds benefiting low to moderate income persons	15
Below 60 percent 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 percent of grant request | 20 points |
| • Match at least 2 percent, but less than 5 percent of grant request | 10 points |
| • Match less than 2 percent 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 percent of grant request | 20 points |
| • Match at least 2.5 percent, but less than 10 percent of grant request | 10 points |
| • Match less than 2.5 percent 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 percent of grant request | 20 points |
| • Match at least 3.5 percent, but less than 15 percent of grant request | 10 points |
| • Match less than 3.5 percent of grant request | 0 points |

Action Plans

CDBG

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20 percent of grant request 20 points
- Match at least 5 percent, but less than 20 percent of grant request 10 points
- Match less than 5 percent 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 70 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
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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:

Action Plans

CDBG

100 percent to 90 percent of TCDP funds benefiting low to moderate income persons	30
89.99 percent to 80 percent of TCDP funds benefiting low to moderate income persons	25
79.99 percent to 70 percent of TCDP funds benefiting low to moderate income persons	20
69.99 percent to 60 percent of TCDP funds benefiting low to moderate income persons	15
Below 60 percent 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 percent of grant request 20 points
- Match at least 2 percent, but less than 5 percent of grant request 10 points
- Match less than 2 percent 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 percent of grant request 20 points
- Match at least 2.5 percent, but less than 10 percent of grant request 10 points
- Match less than 2.5 percent 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 percent of grant request 20 points
- Match at least 3.5 percent, but less than 15 percent of grant request 10 points
- Match less than 3.5 percent of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

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

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

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 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 multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not

Action Plans

CDBG

consider sewer or water service lines and connections as housing activities. The TCDP also does not consider onsite 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 10 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 percent 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 percent match required from applicants with population equal to or less than 1,500.
- 10 percent match required from applicants with population over 1,500, but equal to or less than 3,000.
- 15 percent match required from applicants with population over 3,000, but equal to or less than 5,000.
- 20 percent 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
- Demonstration of local commitment

12. TCDP STEP FUND

100 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	60-55
• To address drought	60-55
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-55
• TCEQ relevant documentation or Texas Department of State Health Services Imminent Threat to Health	60-55
• Problems due to severe pressure problems (documented)	50-45
• Line replacement other than for above	40-35
• All other proposed water and sewer projects that are not reflected above	30-25

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.

b. Dollar Value of Volunteer Work to Total Work – 10 Points (Maximum)

This score will be based on the dollar value of volunteer work to total dollar value of the work performed in the STEP application.

- 80 percent or more - dollar value of volunteer work to total dollar value of the work performed 10 points
- 70 percent to 79 percent - dollar value of volunteer work to total dollar value of the work performed 7 points
- 60 percent to 69 percent - dollar value of volunteer work to total dollar value of the work performed 5 points
- 51 percent to 59 percent - dollar value of volunteer work to total dollar value of the work performed 2 points

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

An Applicant can 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 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 percent or more Savings	10 points
50 percent - 54 percent Savings	9 points
45 percent - 49 percent Savings	7 points
41 percent - 44 percent Savings	5 points

For Communities that are above 1,500, but below 3,000 in Population

55 percent or more Savings	10 points
50 percent - 54 percent Savings	8 points
45 percent - 49 percent Savings	6 points
41 percent - 44 percent Savings	3 points

For Communities that are above 3,000, but below 5,000 in Population

55 percent or more Savings	10 points
50 percent - 54 percent Savings	7 points
45 percent - 49 percent Savings	5 points
41 percent - 44 percent Savings	2 points

For Communities that are above 5,000, but below 10,000 in Population

55 percent or more Savings	10 points
50 percent - 54 percent Savings	8 points
45 percent - 49 percent Savings	3 points
41 percent - 44 percent Savings	1 points

For Communities that are 10,000 or above in Population

Action Plans

CDBG

55 percent or more Savings	10 points
50 percent - 54 percent Savings	6 points
45 percent - 49 percent Savings	2 points
41 percent - 44 percent Savings	0 points

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

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 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 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 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 t period of program assistance including letters of intent to purchase products or services
- Management experience of the businesses' principals

Action Plans

CDBG

d. Leverage Ratio – 5 Points (Maximum)

A minimum 10 percent 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

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

The TCDP currently has a performance measurement system in 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 non-entitlement program. Output and outcome targets are established each year for the following:

Goal: Better Texas Communities by Supporting Community/Economic Development Projects

Objective 1: Fund Public Facility, Economic Development, Housing, and Planning Projects.

Outcome (Results/Impact): Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance and Planning Projects. Purpose/Importance: The measure provides an accurate view of the percentage of people who benefit from the CDBG small cities program. This measure is important because it indicates how effectively the agency has impacted and provided assistance to communities.

Outcome (Results/Impact): Percent of CDBG Eligible Colonia Areas Receiving Assistance.

Purpose/Importance: The measure identifies the level of assistance provided to distressed communities that have been identified as Colonias. This measure is important because it indicates the level of assistance provided to effectuate change in distressed areas.

Outputs (Volume):**Output 1 - Number of New Community/Economic Development Contracts Awarded Annually (Key Target).**

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate income persons in small cities and rural counties. The importance of the performance measure is to identify the actual number of new contracts awarded.

Output 2 - Number of Projected Beneficiaries from New Community/Economic Development Contracts Awarded Annually (Key Target)

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate-income persons in small cities and rural counties. Projects can benefit an entire community or portions of a community. The importance of the measure is to identify

Output 3 - Number of Jobs Created/Retained through Economic Development Contracts Awarded Annually.

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate-income persons in small cities and rural counties. The goal is important since it measures the amount of economic development activity generated by the Texas Capital Fund—the economic development component of the CDBG Program.

Output 4 - Number of Onsite Technical Assistance Visits Conducted Annually (Key Target).

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate income persons in small cities and rural counties. This measure is important because it tracks the amount of technical assistance provided by staff and allows us to access the 1 percent technical assistance funds set-aside by HUD.

Output 5 - Number of Programmatic Monitoring Visits Conducted Annually (Key Target)

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate income persons in small cities and rural counties. This is an important measure because it documents that the contracts are being monitored at least once during the contract period; which is a HUD general requirement.

Output 6 - Number of Single Audit reviews Conducted Annually

Purpose/Importance: Measure provides indication of the overall and ongoing compliance with program requirements, financial accountability of federal and state grants, and the overall internal controls of the subrecipient.

Output 7 – Number of Onsite Technical Assists Visits Conducted to Colonias through Colonia Offices

Purpose/Importance: Measure identifies the level of technical assistance provided to colonias as required by Senate Bill 1509. The measure is important because it identifies the effectiveness of the program and compliance with legislative mandates.

Efficiency Measures:

Efficiency 1 - Average Agency Administrative Cost per Contract Administered.

Purpose/Importance: The purpose of the CDBG program is to meet the community development needs of low and moderate income persons in small cities and rural counties. This measure is important because it determines how efficiently we can administer contracts.

Efficiency 2 - Average Cost of Onsite Technical Visit Conducted through the Colonia Field Offices.

Purpose/Importance: The purpose of the measure is to reflect technical assistance visits conducted by the Colonia Field Offices of which CDBG contributes a portion of the funding as required under Senate Bill 322.

VI. OTHER 2005 CDBG PROGRAM GUIDELINES

A. 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.

B. Leveraging Resources

Texas Capital Fund

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

- a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of \$750,000 or less (except for the Main Street and Downtown Revitalization programs which require a 0.2:1 and 0.1:1 respectively, or more match), and 4:1 for awards of \$750,100 to \$1,000,000.
- b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5 percent of the total project cost is required. Total equity participation must be no less than 10 percent of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33 percent equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years, the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the 2003 program year then the estimated amount of leveraged funds for the 2004 program year is approximately \$47 million.

C. *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.

D. *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.

EMERGENCY SHELTER GRANTS PROGRAM (ESGP) 2005 ACTION PLAN

FEDERAL RESOURCES EXPECTED 2005

The Texas allocation for FY 2005 will be \$5,154,498.

RECIPIENTS

Units of general local government; private nonprofit organizations.

ESTIMATED FY 2005 BENEFICIARIES

The Department estimates that it will fund 65 shelters in FY 2005.

TARGETED BENEFICIARIES

Homeless Individuals and individuals at risk of homelessness.

FUND DISTRIBUTION

The Texas Department of Housing and Community Affairs (TDHCA) has administered 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 USC Sec 11371 et seq.). TDHCA will obligate FY 2005 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:

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

The State's strategy to help homeless persons includes funding community outreach efforts to ensure that homeless persons and persons threatened with 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 homelessness:

- The Department 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 based on the poverty population in each region. The Department funded 72 projects with the FY 2004 ESGP funds. (See the ESGP Obligation Process described in the *One-Year Action Plan*.)

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

Action Plans

ESGP

- 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 USC Sec. 11374), which requires that services funded with ESGP must be provided in a non-discriminatory manner.

- 3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESGP 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 persons from publicly funded institutions and 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. 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 (HMIS) and the collection and reporting of client-level information.

Fund Obligation Process

TDHCA will obligate FY 2005 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 ESGP allocation for FY 2004 was \$4,977,909 less 5 percent (\$248,895) 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.

The Department 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. TDHCA obligated funds to 72 projects in PY 2004. All available ESGP funds are obligated each year through one-year contracts.

Fund Obligation Process

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 USC 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 onsite monitoring visit. A desk review is completed at the closeout of each contract to ensure, 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.

HOME INVESTMENT PARTNERSHIPS PROGRAM 2005 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2005

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

The State of Texas HOME Program is receiving \$44,687,663 from HUD for Program Year 2005.

ALLOCATION OF PY 2005 FUNDS

The Department will use the following method for allocating funds.

Total HOME Allocation for PY 2005	\$44,687,663
Less Administration Funds (10 percent of Allocation)	\$ 4,468,766
Less CHDO Project Funds Set Aside (15 percent of Allocation)	\$ 6,703,149 ²
Less CHDO Operating Expenses Set Aside (5 percent of CHDO Set Aside)	\$ 335,157
Less American Dream Downpayment Initiative	\$ 1,209,920
Less Home of Your Own (HOYO) Allocation	\$ 500,000
Less Set Aside for Contract for Deed Conversions	\$ 2,000,000
Less Rental Housing Preservation Program	\$ 2,000,000
Less Rental Housing Development Program	\$ 3,000,000
Remaining Project Funds subject to Regional Allocation	\$24,470,670

¹ \$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.

² The Department may set aside 10 percent of the annual CHDO 15 percent Set-Aside for Predevelopment Loans.

ESTIMATED PY 2005 BENEFICIARIES

The number of estimated beneficiaries is pending final allocation amount from HUD; however, the Department estimates that it will assist approximately 2,772 low, very low, or extremely low income households. Based on historical performance, the Department 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,

Action Plans

HOME

- (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;
 - (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 the Department 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 such 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 by-laws. It must serve a specific, delineated geographic area: a neighborhood or neighborhoods, city, town, village, county, or multi-county area (but not the entire state). CHDOs are certified by the Department 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,
- 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

Rehabilitation or reconstruction cost assistance, in the form of grants or loans, 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 the Department in the construction of single family homes.

This activity will comprise approximately 80 percent of the HOME allocation that will be available through the Regional Allocation Formula process: approximately \$19,576,536.

Tenant-Based Rental Assistance

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. The Department will give scoring preference to applications choosing to assist people with disabilities; this includes those affected by the *Olmstead* Supreme Court decision.

Action Plans

HOME

Tenant-based rental assistance will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process: approximately \$4,894,134.

Homebuyer Assistance

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 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. The Homebuyer Assistance 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 the Department in the construction of single family homes.

Homebuyer Assistance 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, or rehabilitation of affordable multifamily rental housing. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit 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 these activities. The Department will determine, based on the underwriting review, whether an 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 the Department's Real Estate Analysis Division.

The Department will reserve \$2,000,000 for Rental Housing Preservation and \$3,000,000 for Rental Housing Development activities from PY 2005 funding. These funds will not be subject to the Regional Allocation Formula.

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 the Department 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, the Department will ensure that all 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 and Initiatives

CHDO Set-Aside

A minimum of 15 percent of the annual HOME allocation, approximately \$6,703,149 (plus \$335,157 in operating expenses) is reserved for CHDOs. CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations can apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing (through direct funding or loan guarantees). CHDOs can also apply for homebuyer assistance if their organization is the owner, developer, or sponsor of the single family housing project. In order to provide adequate funding per project, this activity will not be subject to the Regional Allocation Formula for PY 2005. In addition to Homebuyer Assistance and Rental Housing Development, other eligible activities under the CHDO Set-Aside include the following:

- ***CHDO Operating Expenses***

The Department may set aside up to 5 percent of the annual HOME CHDO Set-Aside for the operating expenses of CHDOs. Up to 50 percent of the CHDO's total annual operating expenses or \$50,000 of the CHDO's total annual operating expenses, whichever is greater, may be provided to a CHDO. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO funds, or through a separate application cycle not tied to a specific activity.

- **Predevelopment Loans**

The Department may set aside up to 10 percent of the annual 15 percent CHDO Set-Aside for predevelopment loans in accordance with 24 CFR 92.300(c). Predevelopment loan funds 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, the Department may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that the Department 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. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans.

To assist the Department in meeting this mandate, \$1,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

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 ADDI assistance. The term also includes displaced homemakers and single parents. The amount of assistance that may be available is \$10,000 or 6 percent of the purchase price, whichever is greater. This assistance is in the form of a 2nd- or 3rd-lien loan. First time homebuyers receiving ADDI assistance will be required to participate in a homebuyer counseling course.

For PY 2005, \$1,209,920 is reserved for down payment assistance and may, at the discretion of the Department, 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 will not be subject to the Regional Allocation Formula.

Notification of available funding will be sent to those on the TDHCA mailing list and will be posted on the Department's website. In addition, the Department contacted each of the over 400 public housing authorities in the state. The Department promoted and discussed this initiative at the public hearings held in all 13 Uniform State Service Regions in the fall of 2004. The public hearings were held in Houston, Dallas, El Paso, San Antonio, Victoria, Waco, Tyler, Lufkin, Wichita Falls, Amarillo, Harlingen, San Angelo,

and Austin. The Department will work closely with the Manufactured Housing Division to create awareness of ADDI funds available to eligible first time homebuyers.

Contract for Deed Conversions

The 78th Legislature passed Appropriations Rider 10 to TDHCA's appropriation, which requires the Department 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, the Department should convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2005. The intent of this initiative 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 the Department's definition of a colonia.

To assist the Department in meeting this mandate, \$2,000,000 in PY 2005 HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

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. The Department retains the balance of the fee to cover the internal cost of administering the statewide program. The Department may utilize these funds for construction and Section 504 inspection costs as needed.

FUND DISTRIBUTION

Regional Allocation Formula (RAF)

Section 2306.111, Texas Government Code, mandates the Department 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 the Department.

Project funds, with the exception of the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, ADDI, Rental Housing Preservation, and Rental Housing Development, will be awarded based on the Regional Allocation Formula utilizing the following percentage per region.

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding Percentage	Rural Funding Amount	Rural Funding Percentage	Urban/ Exurban Funding Amount	Urban/ Exurban Funding Percentage
1	Lubbock	1,321,416	5.40%	1,321,416	100.00%	-	0.00%
2	Abilene	1,052,239	4.30%	1,025,933	97.50%	26,306	2.50%
3	Dallas/Fort Worth	4,576,015	18.70%	1,079,940	23.60%	3,496,076	76.40%
4	Tyler	2,838,598	11.60%	2,228,299	78.50%	610,299	21.50%
5	Beaumont	1,517,182	6.20%	1,303,259	85.90%	213,923	14.10%

Action Plans

HOME

6	Houston	2,520,479	10.30%	819,156	32.50%	1,701,323	67.50%
7	Austin/Round Rock	1,027,768	4.20%	526,217	51.20%	501,551	48.80%
8	Waco	1,003,297	4.10%	699,298	69.70%	303,999	30.30%
9	San Antonio	1,125,651	4.60%	731,673	65.00%	393,978	35.00%
10	Corpus Christi	1,615,064	6.60%	1,065,942	66.00%	549,122	34.00%
11	Brownsville/Harlingen	4,135,543	16.90%	2,621,934	63.40%	1,513,609	36.60%
12	San Angelo	1,272,475	5.20%	506,445	39.80%	766,030	60.20%
13	El Paso	464,943	1.90%	300,353	64.60%	164,590	35.40%
	Total	24,470,670	100.00%	14,229,866	58.10%	10,240,804	41.90%

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 jurisdiction (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 is serving persons with disabilities.

Single Family

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 go to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an over-subscription rate in the 2004 application cycle for single family activities, the Department will no longer fund single family activity applications in PJ areas.

Multifamily

Due to continued limited capacity with regard to the development and/or preservation of integrated multifamily properties, the Department will accept applications from PJ areas that serve persons with disabilities, so long as they do not exceed 5 percent of the total HOME allocation, and are in compliance with the Department's Integrated Housing Rule.

Section 2306.1112, Texas Government Code established the creation of the Department's Executive Award and Review Advisory Committee. Funding recommendations will be presented to this committee prior to recommendation to the Department's Governing Board.

PERSONS WITH DISABILITIES

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 \$2,234,383. Eligible applicants may include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. Developments serving persons with disabilities may be located in local PJs.

The Department 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.

Home of Your Own Coalition

The Department 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.

SPECIAL NEEDS POPULATIONS

Subject to the availability of qualified applications, the Department has as 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 the Department in reaching its goal.

COMPETITIVE REVIEW OF APPLICATIONS

With the exception of the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, ADDI, Rental Housing Preservation, Rental Housing Development, and the Persons with Disabilities allocation, HOME project funds will be awarded through regional competitions as per State of Texas HOME Program Rules, 10 TAC Sections 53.50-53.63. General Selection Criteria is listed in the State of Texas HOME Program Rules, 10 TAC Sections 53.50-53.63, and forms the basis for the State's development of scoring criteria for each activity. Scoring criteria will include the implementation of various bills, riders, and agency goals, which will be defined in the application process. The Department will conduct the review and scoring of all applications, by region where applicable, and make recommendations for funding. It is anticipated that the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, Rental Housing Preservation, and Rental Housing Development funds will be awarded through an open funding cycle. If this funding structure encounters proposed changes, the Department will submit notification in the *Texas Register* and send a mail-out to the Division of Policy and Public Affairs' notification list recipients.

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 then ranked using scoring criteria that reflects the Department's housing priorities, and then applicants are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. The highest scoring applicant per activity will be recommended up to the limit of funds available per activity and region, with priority given to applicants serving special needs populations. 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. Since applications are reviewed on a "first come, first served" basis,

Action Plans

HOME

applications will be reviewed and recommended for funding in the manner prescribed in the Department's Open Cycle rules at 10 TAC 53.58.

MATCH REQUIREMENTS

The Department 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:

- a) 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.
- b) 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).
- c) Eligible match contributions from state recipients, as specified in 24 CFR 92.220.

Additionally, the Department will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not been successful expending the HOME funds within their contract period, the Department deobligates the funds and pools the dollars to award applicants according to the Department's Deobligation Policy. The Department's Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the Department'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 the Department must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 USC Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5 percent of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2 percent of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments. In the event that a project does not meet the requirements of Section 504, the Department 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 the Department 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 *2005–2009 State of Texas Consolidated Plan (Draft for Public Comment)* was available for public comment from September 24, 2004, through October 25, 2004 (a 32-day public comment period). Additionally, the Department held 13 public hearings where 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 the Department 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, the Department 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).

The Department 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 method of recapture would be acceptable to the Department 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 recaptured 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.

$\frac{\text{HOME investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net Proceeds}$
<p>=HOME amount to be recaptured</p>

$\frac{\text{Homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net Proceeds}$
<p>=Amount to Homeowner</p>

(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

Action Plans

HOME

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 the Department.

In certain instances, the Department 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 the Department 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 the Department to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, the Department may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

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 State does not intend to use HOME funds to refinance existing debt secured by multifamily and single family housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b).

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2005 ACTION PLAN

INTRODUCTION

This 2005 Action Plan for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2005–2009 State of Texas Consolidated Plan for program year 2005 (February 1, 2005, through January 31, 2006). 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) is fast becoming a disease of 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, under-employment, 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 13,975 to 20,963 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.

DSHS distributes approximately \$76.1 million in Ryan White and State Services grants to provide a wide array of health and social services for persons with HIV/AIDS. An additional \$50.4 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. Since 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 future 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.

PROGRAM PLAN

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.

Each project sponsor is allowed to utilize up to 7 percent of its allocation for administration of the program. Project sponsors are required to provide case management. Case management and other support services are provided 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 HIV Service Delivery Areas (HSDAs). An Administrative Agency administers the HOPWA grant, Ryan White CARE Act/Title II grant, and the State Services grants. There are 26 counties that are excluded from the state allocation because they receive direct funding from HUD.

HOPWA funds are allocated to project sponsors based on a formula allocation:

- 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

All counties that are included in the five directly-funded Eligible Metropolitan Service Areas (Austin, Dallas, Fort Worth, Houston, and San Antonio) in Texas are excluded from the formula. Those counties removed from the formula to avoid duplication of services are Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall, Hood, Johnson, Parker, Tarrant, Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller, Bexar, Comal, Guadalupe, and Wilson.

Since 1998, in addition to the above formula allocation, DSHS uses any annual increase in funds to reallocate and/or redistribute unspent funds to HSDAs that have shown the ability to effectively use HOPWA funds and are in greatest need of the funds.

Action Plans

HOPWA

All 25 of the state's HSDAs receive HOPWA funding through a contract with the Administrative Agency serving the HSDA. Each Administrative Agency serves as the project sponsor and will either directly administer the HOPWA funds or contract with another provider for delivery of these services. Administrative agencies are selected based on a competitive RFP process.

Each Administrative Agency is required to submit objectives and a plan of action for expenditure of its allocation. 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 cost combined. Administrative agencies are allowed to use up to seven percent of their allocation for personnel or other administrative costs. The project sponsors are listed below.

HIV Service Delivery Areas with State HOPWA funding

Abilene	Fort Worth	Temple-Killeen
Amarillo	Galveston	Texarkana
Austin	Houston	Tyler
Beaumont-Port Arthur	Laredo	Uvalde
Brownsville	Lubbock	Victoria
Bryan-College Station	Lufkin	Waco
Concho Plateau	Permian Basin	Wichita Falls
Corpus Christi	San Antonio	
El Paso	Sherman-Denison	

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 based on 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.

Notices of HOPWA assistance and eligibility criteria are sent to all other 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 and 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.

DSHS contracts directly with the project sponsors who also administer the state and federal funds for 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 in order to avoid duplication, save dollars, and provide the best possible service to people with HIV/AIDS.

PROJECT SPONSORS

DSHS proposes to contract with the following entities for HOPWA:

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

Brazos Valley Council of Governments
PO 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
PO Box 9007
West Loop 281
Longview, TX 75604

Galveston County Health District
P.O Box 939
1207 Oak St.
La Marque, TX 77568-0939

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

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

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

South Texas Development Council
PO Box 2187
4812 North Bartlett
Laredo, TX 78044-2187

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

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 towards 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 the Department'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 which 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, the Department 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;
- provide units for tenants at lower income levels.

Fostering and Maintaining Affordable Housing

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

The Department 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.

Removing 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 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

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

Reducing the Number of Poverty-Level Families

This issue is addressed indirectly 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 often can 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 awarding points for such services in the QAP. Supportive services are frequently a part of a tax credit development. 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 projects, 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-authorized 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 persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS).

Any local unit of government, public housing authority, community housing development organization (CHDO), nonprofit organization, or for-profit entity is 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.

Special Needs of Homeless Persons

The homeless are considered a special needs group under HTF. Organizations applying for funding under this program have an opportunity to score additional points in the application process for addressing any of the special needs groups.

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, and provides scoring points to those organizations that do. Examples of these services are job training, child care, counseling, and meal services. These types of services can be crucial in reducing the number of poverty-level families. Rewarding applicants for providing these services also 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 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. Ten percent of housing units assisted with HTF funds must be set aside for special needs populations. Five percent must be fully wheelchair accessible and 2 percent must be for sight- or hearing-impaired individuals. HTF provides scoring incentives for developments that choose to set aside additional units for special needs populations.

Fostering and Maintaining Affordable Housing

Action Plans

Other Actions

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.

Remove Barriers to Affordable Housing

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

Reduce Lead-Based Paint Hazards

Projects 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 is required to contain both lead-based paint and asbestos components in order 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 removal or containment of the substance prior to work proceeding.

Enhance 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

The Department'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 in order to generate and/or preserve affordable rental housing. The Department may finance single 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. The Department 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

Action Plans

Other Actions

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 in the last 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 (80 percent or less of AMFI) may receive grants or 0 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 Program 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 WAP and CEAP allow 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.

Reducing 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.

Enhancing 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 the Department'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 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

Action Plans

Other Actions

to purchase or refinance real property on which to build new residential housing, construction of 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 the Department 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's colonias. This new 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. Furthermore, 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 of the rights and responsibilities of purchasing residential property under a contract for deed vs. a traditional note and deed of trust.

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* was distributed throughout the Texas-Mexico border, to inform and assist organizations 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 a border field representative, coordination and communication between public and private agencies is maintained. Technical assistance is provided to organizations needing assistance in accessing department resources and/or seeking funding opportunities.

MONITORING

91.330 Monitoring

The consolidated plan must describe the standards and procedures that the State will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including the comprehensive planning requirements.

CDBG

The monitoring function of ORCA has three components: contract compliance oversight, audit, and programmatic on-site review.

All open CDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor compliance through formal reporting procedures. Program Specialists for Labor and Environmental compliance also exist under the Project Management function. Additionally, all reimbursement requests require complete supporting documentation before any payment is made.

The audit function is based on OMB A-133, which requires that governmental units and nonprofit organizations spending more than \$500,000 in federal funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by ORCA regardless of whether there are findings noted in the audit pertaining to TCDP/ORCA funds, since it is an additional monitoring tool used by the Agency to evaluate the fiscal performance of our grantees.

The on-site programmatic reviews are conducted on every TCDP contract prior to close-out to ensure the contractual obligations of each grant are met. The projects are considered available for review when 75 percent of the contracted funds have been drawn down, and for construction projects, when construction has been substantially completed. The areas reviewed include procurement procedures paid with TCDP funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

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

HOME AND ESGP

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

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

The Texas Department of State Health Services is responsible for oversight and monitoring of the Housing Opportunities for Persons with AIDS. The Office of Rural Community Affairs is responsible for oversight and monitoring of the Community Development Block Grant Program.

IDENTIFYING AND TRACKING PROGRAM AND PROJECT RESULTS

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

Other resources utilized by the Department to track project results include an asset management division and loan servicing division. If either of these areas identifies problems, steps are taken to resolve the issue, including project workouts and oversight of reserve accounts. Real Estate Analysis, the division for underwriting economic feasibility pre-award, is also responsible for identification of high risk contracts, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period.

ESGP project and contract activities are tracked through the Department's internet website, which maintains an Oracle-based reports system. This system maintains funds drawn, funds expended, performance data, and other reports as needed. ESGP program data such as commitment and disbursement activities, number of persons assisted, ongoing expenditures, and program activities are also tracked through HUD's IDIS.

IDENTIFYING TECHNICAL ASSISTANCE NEEDS SUBRECIPIENTS

Identification of technical assistance needs for HOME and ESGP subrecipients is performed through analysis of administrator management practices, analysis of sources used by the Department to track technical assistance such as information captured in the Central Database, review of documentation submitted, desk reviews based on the requirements identified in the Compliance Supplement and State Affordable Housing Program requirements, project completion progress, results of on-site audits and monitoring visits, and desk reviews conducted by Department staff.

ENSURING TIMELY EXPENDITURE OF FUNDS

The Department ensures adequate progress is made toward committing and expending HOME and ESGP funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and the Department enter into an Agreement. Performance deadlines for spending and matching funds are reviewed on a quarterly basis to track expenditure totals. HOME set-aside requirements are also tracked.

DOCUMENTING COMPLIANCE WITH PROGRAM RULES

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

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

The Department maintains a database to document an administrator's compliance history. This database as well as requested input from all divisions within the Department is utilized during the application process. The compliance history is considered by the Department's Board prior to finalizing awards.

PREVENTING FRAUD AND ABUSE

The Department monitors for potential fraud and mismanagement of funds through the assistance of written agreements with HOME administrators and review of supporting documentation throughout the HOME contract period to ensure that activities are eligible, through information gathered from outside sources and Department staff, and through onsite monitoring visits of HOME and ESGP subrecipients. If fraud or mismanagement of funds is found, sanctions are enforced and disallowed costs are refunded to the Department. Also, if fraud or mismanagement of funds is suspected, the Department will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

IDENTIFYING INNOVATIVE TOOLS AND TECHNIQUES THAT SUPPORT AFFORDABLE HOUSING GOALS

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

ENSURING QUALITY IN FUNDED PROJECTS

Ensuring the quality of work performed is a Departmental priority. Staff ensures the quality of workmanship in HOME-funded projects through the inspection process. The Department requires that qualified inspectors conduct regular inspections to substantiate the quality of the work performed.

The Department has engaged qualified 504 specialists to inspect multifamily properties for compliance with construction requirements. The Department works with the Texas Workforce Commission Civil Rights Division (TWC) for instances where the Department has reason to believe a property may be in violation of Fair Housing laws. The Department also refers individual complaints for discriminatory treatment. TWC is responsible for the inspection, investigation, and the enforcement of Fair Housing Act and other applicable laws.

Other processes used to ensure quality workmanship include plan reviews, architectural sign off on specifications, and third party specialists for inspections.

LONG TERM COMPLIANCE

The Portfolio Management and Compliance Division is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where contracts require long-term oversight (such as land use restrictive covenants), reporting and enforcement procedures have been implemented.

The Compliance Division performs on-site monitoring visits in accordance with the requirements of the HOME Program and Department policies and procedures, as described in the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreement. HOME properties are visited every year. If a property participates in more than one housing program, the most restrictive monitoring procedure is followed.

RISK MANAGEMENT

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

Monitoring

HOME and ESGP

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

The Risk Assessment Model is also implemented for ESGP. Some of the elements of the Risk Assessment Model include the following: length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. In addition to the results of the risk assessment survey consideration is also given to recommendations made from other TDHCA divisions regarding performance with other TDHCA funded programs. All ESGP subrecipients are monitored annually.

SANCTIONS

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

The results of ongoing ESGP monitoring will also determine if sanctions are imposed for noncompliance issues. Sanctions range from the use of the cost reimbursement method of payment, deobligation of funds, suspension of funds, and termination of the contract. The Department's legal staff is notified and referrals are made to the Attorney General's Office. Sanctions imposed affect the future consideration of ESGP applications for funding.

HOPWA

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 serves as the project sponsor and will either directly administer the HOPWA funds or contract with another provider for delivery of these services. Administrative agencies are selected based on a competitive RFP process.

Each Administrative Agency is required to submit objectives and a plan of action for expenditure of its allocation. 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 cost combined. Administrative agencies are allowed to use up to seven percent of their allocation for personnel or other administrative costs.

A team of 14 Field Operations consultants and managers are assigned monitor the contract activities of the Administrative Agencies and their contractors. This monitoring involves periodic site visits, technical assistance visits, and the submission of monthly billing reports and semi-annual detailed data reports.

CERTIFICATIONS

§ 91.325 Certifications.

(a) General.

- (1) **Affirmatively furthering fair housing.** Each State is required to submit a certification that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the State, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See § 570.487(b)(2)(ii).)
- (2) **Anti-displacement and relocation plan.** The State is required to submit a certification that it has in effect and is following a residential antidisplacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG or HOME programs.
- (3) **Drug-free workplace.** The State must submit a certification with regard to drug-free workplace required by 24 CFR part 24, subpart F.
- (4) **Anti-lobbying.** The State must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (5) **Authority of State.** The State must submit a certification that the consolidated plan is authorized under State law and that the State possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.
- (6) **Consistency with plan.** The State must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.
- (7) **Acquisition and relocation.** The State must submit a certification that 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.
- (8) **Section 3.** The State must submit a certification that it will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR 135.

(b) Community Development Block Grant program. For States that seek funding under CDBG, the following certifications are required:

- (1) **Citizen participation.** A certification that the State is following a detailed citizen participation plan that satisfies the requirements of § 91.115, and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of § 570.486.
- (2) **Consultation with local governments.** A certification that:
 - (i) It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
 - (ii) It engages or will engage in planning for community development activities;
 - (iii) It provides or will provide technical assistance to units of general local government in connection with community development programs;
 - (iv) 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 activities selected; and
 - (v) Each unit of general local government to be distributed funds will be required to identify its community development and housing needs, including the needs of the low-income and moderate-income families, and the activities to be undertaken to meet these needs.
- (3) **Community development plan.** A certification that this consolidated 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 objective of the statute authorizing the CDBG program, as described in § 570.2, and requirements of this part and part 570.
- (4) **Use of funds.** A certification that the State has complied with the following criteria:
 - (i) With respect to activities expected to be assisted with CDBG funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. The plan may also include CDBG-assisted activities that are certified to be designed to meet other community development needs having particular urgency because existing conditions pose a serious and

Certifications

Legislation

- immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs;
- (ii) The aggregate use of CDBG funds, including section 108 guaranteed loans, during a period specified by the State, consisting of one, two, or three specific consecutive program years, shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period (see 24 CFR 570.481 for definition of "CDBG funds"); and
 - (iii) The State will not attempt to recover any capital costs of public improvements assisted with CDBG 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 attributable 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 with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment;
- (5) Compliance with anti-discrimination laws. A certification that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC. 2000d) and the Fair Housing Act (42 USC. 3601-3619) and implementing regulations.
- (6) Excessive force. A certification that the State will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:
- (i) 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
 - (ii) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
- (7) Compliance with laws. A certification that the State will comply with applicable laws.
- (c) Emergency Shelter Grant program. For States that seek funding under the Emergency Shelter Grant program, a certification is required by the State that it will ensure that its State recipients comply with the following criteria:
- (1) In the case of assistance involving major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a 10-year period;
 - (2) In the case of assistance involving rehabilitation less than that covered under paragraph (d)(1) of this section, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a three-year period;
 - (3) In the case of assistance involving essential services (including but not limited to employment, health, drug abuse, or education) or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served;
 - (4) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;
 - (5) It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance available for such individuals;
 - (6) It will obtain matching amounts required under § 576.71;
 - (7) It will 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 ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter; and

- (8) *To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program.*
- (9) *It is following a current HUD-approved consolidated plan.*
- (d) HOME program. *Each State must provide the following certifications:*
- (1) *If it plans to use program funds for tenant-based rental assistance, a certification that rental-based assistance is an essential element of its consolidated plan;*
 - (2) *A certification that it is using and will use HOME funds for eligible activities and costs, as described in §§ 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; and*
 - (3) *A certification that before committing funds to a project, the State or its recipients will evaluate the project in accordance with 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.*
- (e) Housing Opportunities for Persons With AIDS. *For States that seek funding under the Housing Opportunities for Persons With AIDS program, a certification is required by the State that:*
- (1) *Activities funded under the program will meet urgent needs that are not being met by available public and private sources; and*
 - (1) *Any building or structure purchased, leased, rehabilitated, renovated, or converted with assistance under that program shall be operated for not less than 10 years specified in the plan, or for a period of not less than three years in cases involving non-substantial rehabilitation or repair of a building or structure.*

DUNS NUMBERS

The Data Universal Numbering System (DUNS) number for the Texas Department of Housing and Community Affairs (TDHCA) is 806781902. The DUNS number for the Texas Department of State Health Services (DSHS) is 807391511. The DUNS number for the Office of Rural Community Affairs (ORCA) is 137053125.

CERTIFICATION FORMS

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.

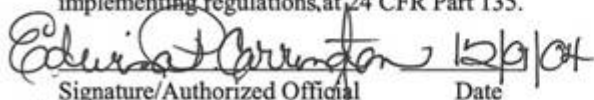
Anti-Lobbying -- To the best of the jurisdiction's knowledge and belief:

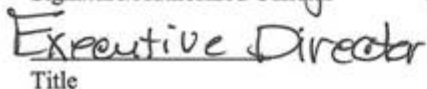
1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the 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.


Signature/Authorized Official Date


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 from 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 or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement areas of the State in determining the method of distribution of funding;
2. It engages 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 activities 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 Plan. 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) **Maximum Feasible Priority.** 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 which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which 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) **Overall Benefit.** The aggregate use of CDBG funds including Section 108 guaranteed loans during program year(s) 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 percent of the amount is expended for activities that benefit such persons during the designated period;
- 3) **Special Assessments.** The State will require units of general local government that receive CDBG funds to certify the following:
 - a) It will not attempt to recover any capital costs of public improvements assisted with CDBG 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.

- b) However, if CDBG funds are used to pay the proportion of a fee or assessment that relates 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.
- c) 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 cost 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 with 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 or exit from 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.



Signature/Authorized Official

12/09/2004

Date

Executive Director

Title

EMERGENCY SHELTER GRANTS PROGRAM**FY 2005 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

Certifications

Forms

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:


Signature and Date

January 25, 2005

Edwina P. Carrington

Executive Director

Specific HOME Certifications

The HOME participating jurisdiction certifies that:

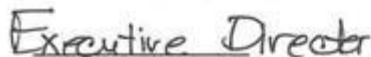
Tenant Based Rental Assistance -- If the participating jurisdiction intends to provide tenant-based rental assistance:

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;


 Signature/Authorized Official Date


 Title

HOPWA Certifications

The State Housing Opportunities for Persons with AIDS (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 buildings or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance.
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

Ed [Signature]
Signature

5/2/05
Date

Commissioner
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)

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).

CITIZEN PARTICIPATION PLAN

§ 91.115 Citizen participation plan - States.

(a) Applicability and adoption of the citizen participation plan.

(1) The State is required to adopt a citizen participation plan that sets forth the State's policies and procedures for citizen participation. [Where a State, before the effectiveness of this rule, adopted a citizen participation plan that complies with section 104(a)(3) of the Housing and Community Development Act of 1974 (42 USC. 5304(A)(3)) but will need to amend the citizen participation plan to comply with provisions of this section, the citizen participation plan shall be amended by the first day of the State's program year that begins on or after 180 days following the effective date of this rule.]

(2) **Encouragement of citizen participation.** The citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report. These requirements are designed especially to encourage participation by low- and moderate-income persons, particularly those living in slum and blighted areas and in areas where CDBG funds are proposed to be used and by residents of predominantly low- and moderate-income neighborhoods, as defined by the State. A State also is expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

(3) **Citizen and local government comment on the citizen participation plan and amendments.** The State must provide citizens and units of general local government a reasonable opportunity to comment on the original citizen participation plan and on substantial amendments to the citizen participation plan, and must make the citizen participation plan public. The citizen participation plan must be in a format accessible to persons with disabilities, upon request.

(b) **Development of the consolidated plan.** The citizen participation plan must include the following minimum requirements for the development of the consolidated plan.

(1) The citizen participation plan must require that, before the State adopts a consolidated plan, the State will make available to citizens, public agencies, and other interested parties information that includes the amount of assistance the State expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income and the plans to minimize displacement of persons and to assist any persons displaced. The citizen participation plan must state when and how the State will make this information available.

(2) The citizen participation plan must require the State to publish the proposed consolidated plan in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and to submit comments. The citizen participation plan must set forth how the State will publish the proposed consolidated plan and give reasonable opportunity to examine the contents of the proposed consolidated plan. The requirement for publishing may be met by publishing a summary of the proposed consolidated plan in one or more newspapers of general circulation, and by making copies of the proposed consolidated plan available at libraries, government offices, and public places. The summary must describe the contents and purpose of the consolidated plan, and must include a list of the locations where copies of the entire proposed consolidated plan may be examined. In addition, the State must provide a reasonable number of free copies of the plan to citizens and groups that request it.

(3) The citizen participation plan must provide for at least one public hearing on housing and community development needs before the proposed consolidated plan is published for comment.

(i) The citizen participation plan must state how and when adequate advance notice will be given to citizens of the hearing, with sufficient information published about the subject of the hearing to permit informed comment. (Publishing small print notices in the newspaper a few days before the hearing does not constitute adequate notice. Although HUD is not specifying the length of notice required, it would consider two weeks adequate.)

(ii) The citizen participation plan must provide that the hearing be held at a time and location convenient to potential and actual beneficiaries, and with accommodation for persons with disabilities. The citizen participation plan must specify how it will meet these requirements.

(iii) The citizen participation plan must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate.

(4) The citizen participation plan must provide a period, not less than 30 days, to receive comments from citizens and units of general local government on the consolidated plan.

Citizen Participation Plan

Legislation

(5) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general received in writing, or orally at the public hearings, in preparing the final consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, shall be attached to the final consolidated plan.

(c) Amendments.

(1) Criteria for amendment to consolidated plan. The citizen participation plan must specify the criteria the State will use for determining what changes in the State's planned or actual activities constitute a substantial amendment to the consolidated plan. (See § 91.505.) It must include among the criteria for a substantial amendment changes in the method of distribution of such funds.

(2) The citizen participation plan must provide citizens and units of general local government with reasonable notice and an opportunity to comment on substantial amendments. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given. The citizen participation plan must provide a period, not less than 30 days, to receive comments on the substantial amendment before the amendment is implemented.

(3) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general local government received in writing, or orally at public hearings, if any, in preparing the substantial amendment of the consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, shall be attached to the substantial amendment of the consolidated plan.

(d) Performance Reports.

(1) The citizen participation plan must provide citizens with reasonable notice and an opportunity to comment on performance reports. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given. The citizen participation plan must provide a period, not less than 15 days, to receive comments on the performance report that is to be submitted to HUD before its submission.

(2) The citizen participation plan shall require the state to consider any comments or views of citizens received in writing, or orally at public hearings in preparing the performance report. A summary of these comments or views shall be attached to the performance report.

(e) Citizen participation requirements for local governments. The citizen participation plan must describe the citizen participation requirements for units of general local government receiving CDBG funds from the State in 24 CFR 570.486. The citizen participation plan must explain how the requirements will be met.

(f) Availability to the public. The citizen participation plan must provide that the consolidated plan as adopted, substantial amendments, and the performance report will be available to the public, including the availability of materials in a form accessible to persons with disabilities, upon request. The citizen participation plan must state how these documents will be available to the public.

(g) Access to records. The citizen participation plan must require the state to provide citizens, public agencies, and other interested parties with reasonable and timely access to information and records relating to the state's consolidated plan and the state's use of assistance under the programs covered by this part during the preceding five years.

(h) Complaints. The citizen participation plan shall describe the State's appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments, and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG grant recipient).

(i) Use of citizen participation plan. The State must follow its citizen participation plan.

§ 91.505 Amendments to the consolidated plan.

(a) Amendments to the plan. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:

(1) To make a change in its allocation priorities or a change in the method of distribution of funds;

(2) To carry out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or

(3) To change the purpose, scope, location, or beneficiaries of an activity.

(b) Criteria for substantial amendment. The jurisdiction shall identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment. It is these substantial amendments that are subject to a citizen participation process, in accordance with the jurisdiction's citizen participation plan. (See §§ 91.105 and 91.115.)

(c) Submission to HUD.

(1) Upon completion, the jurisdiction must make the amendment public and must notify HUD that an amendment has been made. The jurisdiction may submit a copy of each amendment to HUD as it occurs, or at the end of the program year. Letters transmitting copies of amendments must be signed by the official representative of the jurisdiction authorized to take such action.

(2) See subpart B of this part for the public notice procedures applicable to substantial amendments. For any amendment affecting the HOPWA program that would involve acquisition, rehabilitation, conversion, lease, repair or construction of properties to provide housing, an environmental review of the revised proposed use of funds must be completed by HUD in accordance with 24 CFR 574.510.

OVERALL SCOPE

The Texas Department of Housing and Community Affairs (TDHCA) is the governor's designated lead agency for the development and approval of the *State of Texas Consolidated Plan*. All of the programs covered by the *Consolidated Plan* are administered by TDHCA, with the exception of the Housing Opportunities for People with AIDS (HOPWA) Program, which is administered by the Texas Department of State Health Services, and the Community Development Block Grant (CDBG) Program, which is administered by the Office of Rural Community Affairs.

Several steps are taken to seek the participation of citizens in the development of this Plan.

Collaborative efforts between TDHCA and numerous organizations resulted in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA acknowledges the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the *Consolidated Plan*. These contributions were made in various forms, from direct contact to availability of research materials on the Internet.

- American Association of Retired Persons
- Center for Disease Control National AIDS Hotline
- Enterprise Foundation
- Fannie Mae
- Freddie Mac
- Legislative Budget Board/GOBP
- Local community action agencies
- Local councils of governments
- Local housing finance corporations
- Local nonprofit organizations
- National and local private lenders
- National Center for Farmworker Health Inc.
- National Coalition for the Homeless
- National Coalition for Homeless Veterans
- National Council of La Raza
- National Council of State Housing Agencies
- National Domestic Violence Hotline
- National Housing Council
- National Lead Information Clearinghouse
- National Low Income Housing Coalition
- National Safety Council
- Neighborhood Reinvestment Corporation
- Office of Rural Community Affairs
- Rural Rental Housing Association of Texas
- Technical Assistance Collaborative
- Texas A&M Real Estate Center
- Texas A&M Center for Housing and Urban Development
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board
- Texas Commission on Alcohol and Drug Abuse
- Texas Commission for the Blind
- Texas Council for Developmental Disabilities
- Texas Council on Family Violence
- Texas Department of Assistive and Rehabilitative Services
- Texas Department of State Health Services
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Department on Aging
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Interagency Council for the Homeless

- Texas House Committee on Urban Affairs
- Texas House Committee on Appropriations
- Texas House Committee on Border and International Affairs
- Texas House Committee on Financial Institutions
- Texas Senate Committee on Intergovernmental Relations
- Texas Senate Committee on International Relations and Trade
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Public Housing Authorities
- Texas residents who took the time to testify at public hearings and submit written comment
- Texas State Affordable Housing Corporation
- Texas State Data Centers
- Texas Workforce Commission
- Texas Workforce Commission, Civil Rights Division
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development
- US Department of Labor
- US Department of Veterans Affairs

Several issues related to the Texas Department of Housing and Community Affairs are reviewed by various legislative interim committees. Below is a listing of those committees and the charges that directly related to TDHCA. Please note that both TDHCA and the general public were invited to testify on these issues. The testimony received was taken into account in the development of this plan.

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
House Committee on Urban Affairs	<ul style="list-style-type: none"> • Oversight committee • Actively monitor the implementation of SB 264, 78th Legislature, sunset legislation for the Texas Department of Housing and Community Affairs. Include an analysis of whether further reforms are needed through a review of best-practices in other states. • Evaluate the effectiveness of current programs in meeting the state’s housing needs and examine new alternatives such as urban land banks, homestead preservation districts, and programs to provide gap financing. • Evaluate the effectiveness of Uniform State Service Regions in allocation of Home Investment Partnerships (HOME) Program funds and low income tax credits to develop housing, and examine alternatives to meet the needs of the state’s rural areas.
House Committee on Appropriations	<ul style="list-style-type: none"> • Actively monitor the performance of state agencies and institutions, including operating budgets and plans to carry out legislative initiatives, caseload projections, performance measure attainment, and other matters affecting the fiscal condition of the agencies and the State.
House Committee on Border and International Affairs	<ul style="list-style-type: none"> • Study issues relating to lending practices along the border, including the prevalence of subprime and predatory lending along the border.

Citizen Participation Plan

Overall Scope

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
House Committee on Financial Institutions	<ul style="list-style-type: none"> Explore the limits of federal law in relation to the State's enforcement activities, regulation of terms of lending contracts, consumer protections and disclosures, and the registration or licensure of entities not currently subject to state regulation so as to reduce the potential for anti-consumer lending behavior in this state.
Senate Committee on Intergovernmental Relations	<ul style="list-style-type: none"> Oversight Committee As required by SB 264, 78th Legislature, jointly study with the House Urban Affairs Committee the effect of subdividing uniform state service regions into urban/exurban areas and rural areas and upon the provision of state and federal financial assistance to meet housing needs of rural areas.
Senate Committee on International Relations and Trade	<ul style="list-style-type: none"> Study and make recommendations for improving colonias infrastructure, including water services, wastewater services, and transportation infrastructure. All recommendations should include an analysis of cost effective alternatives for achieving results an assessment of current efforts to improve infrastructure.
House Committee on Urban Affairs	<ul style="list-style-type: none"> Oversight committee Actively monitor the implementation of SB 264, 78th Legislature, sunset legislation for the Texas Department of Housing and Community Affairs. Include an analysis of whether further reforms are needed through a review of best-practices in other states. Evaluate the effectiveness of current programs in meeting the state's housing needs and examine new alternatives such as urban land banks, homestead preservation districts, and programs to provide gap financing. Evaluate the effectiveness of Uniform State Service Regions in allocation of HOME Program funds and housing tax credits to develop housing, and examine alternatives to meet the needs of the state's rural areas.

An ongoing community needs survey designed and distributed to all cities and counties in the state assists TDHCA to gain a better understanding of local needs.

Before preparing the Plan, the Department met with various organizations concerning the prioritization and allocation of the Department's resources. Because it is a working document, all forms of public input were taken into account in its preparation. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Board of Directors meeting. In the development of new programs, workgroups with representatives from outside interested parties were formed, again giving organizations the opportunity to have input in Department policies and programs.

Once the draft of the Plan was released for public comment, copies of the draft were available from TDHCA to those requesting it. A copy of the draft was also available on the Department's website.

To provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents, the Department consolidated the following planning documents' required hearings into 13 consolidated hearings, one for each State Service Region:

- *State of Texas Consolidated Plan*
- *State of Texas Low Income Housing Plan and Annual Report*
- *Housing Tax Credit Program Qualified Allocation Plan*
- *HOME Program Rules*
- *Housing Trust Fund Rules*
- *Real Estate Analysis Rules*
- *Compliance Rules*
- *Texas State Affordable Housing Corporation Plan*

The public hearing schedule for the Plan was published in the *Texas Register*. Hearings on the 2005–2009 *State of Texas Consolidated Plan* were held in Houston, El Paso, Dallas, San Antonio, Victoria, Waco, Tyler, Lufkin, Wichita Falls, Amarillo, Harlingen, San Angelo, and Austin. Public comment on the plan was also taken at the December TDHCA Board Meeting in Austin. Translators were made available at the hearings, if requested, and the hearing sites were accessible to persons with disabilities. Hearing times were also held during working and non-working hours.

A minimum 30-day comment period was offered for the purpose of receiving public comment on the Plan. Public comment received on the Plan is included in the final tab of this document. For those comments not incorporated into the final Plan, reasons will be given as to why they were excluded.

The CDBG citizen participation requirements applicable to their recipients are included in the CDBG portion of the *Consolidated Plan*.

CRITERIA FOR AMENDMENT TO THE CONSOLIDATED PLAN

A change of over 30 percent in the funding of individual program categories contained in the *Consolidated Plan* (whether planned or actual activities) will be considered a substantial amendment.

OPPORTUNITY PROVIDED FOR COMMENT ON ANY PROPOSED SUBSTANTIAL AMENDMENTS

If a substantial amendment is needed, then reasonable notice will be given to citizens and units of general local government, and opportunity will be given to receive their comments for no less than 30 days after notice is given.

DISPOSITION OF COMMENTS RECEIVED ON ANY PROPOSED SUBSTANTIAL AMENDMENTS

Any comments or views received, either in writing or orally, will be considered in the preparation of the substantial amendment to the *Consolidated Plan*. A summary of those comments or views and an indication of whether they were accepted or not (if not, the reasons for not doing so will be stated) shall be attached to the subsequent amendment to the *Consolidated Plan*.

PERFORMANCE REPORT

In the 2006 *Consolidated Plan Annual Performance Report*, a performance report will be prepared analyzing the results of the 2005 *Consolidated Plan*.

ACCESS TO RECORDS

Information and records relating to the *Consolidated Plan* and the State's use of assistance under the programs covered by the Plan over the preceding five years are available in accordance with the Texas Open Records Act.

COMPLAINTS

The State will provide a timely, substantive written response to every written complaint received that conforms to TDHCA's Complaint System 10 TAC Sec. 1.11 and 1.13. Copies of this procedure are available upon request.

PUBLIC COMMENT ON THE 2005–2009 CONSOLIDATED PLAN

The comments summarized below were received during the 13 consolidated public hearings or submitted in writing directly to the Department.

Comment: Public Participation

Comment encourages relationship building between the Department and the public, encouraging more public participation in the process. Comment states that there is a disconnect between regional organizations and the Department.

- **Department Response**

The Department has an extensive public comment process and values public comment to help direct resources to meet its goals and objectives. The citizen participation process is constantly undergoing expansion and modification. As this was a frequently expressed comment in the annual Regional Advisory Committees as well, the Department will continue to explore ways to improve how it works with, and includes local organizations in the development of programs and policies.

Note: All Department programs follow the citizen participation and public hearing process outlined by the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times convenient to both working and non-working persons. The Department notifies all citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries when a public hearing or public comment period is scheduled. Additional, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the Department's newsletter), and on the Department's website.

Comment: Fair Housing

Comment states that the Department's current *Analysis of Impediments to Fair Housing* does not use the most recent data available at the time and "fails to do any significant analysis of housing problems by race/ethnicity, either in terms of demographic analysis of housing need or effect of actions taken." Comment urges "the Department to acknowledge both its recognition of these shortcomings, and its commitment to undertake a more thorough and useful fair housing planning process in the upcoming year." Related comment states that the Department has not adequately acted to affirmatively further Fair Housing in the Department's programs.

- **Department Response**

The *Analysis of Impediments to Fair Housing* was last updated in January 2003 utilizing the most recent Census data available at the time: 1990 data. The 2000 Comprehensive Housing Affordability Strategy (CHAS) database of Census housing data delineated by income groups became available on HUD's website in September 2003 (<http://www.huduser.org/datasets/cp.html>). The Department is committed to updating the *Analysis of Impediments* beginning early 2005 with a planning process involving a workgroup of interested members of the public. The Department will utilize 2000 Census data and include analysis on race/ethnicity in the updated *Analysis of Impediments to Fair Housing*. The Department is proposing several fair housing point factors in the *2005 Qualified Allocation Plan* (QAP) for the Housing Tax Credit Program.

Note: The current *Analysis of Impediments to Fair Housing* meets the requirements established by the US Department of Housing and Urban Development (HUD) for the *2005-2009 State of Texas Consolidated Plan*.

Comment: Persons with Disabilities Staff Member

Comment suggests the Department formalize its commitment to persons with disabilities and fund a staff person to provide internal and external leadership on issues related to persons with disabilities.

- **Department Response**

The Department is committed to serving people with disabilities and will maintain an active role concerning housing and community services issues and the disability community in Texas.

COMMENTS REGARDING THE EMERGENCY SHELTER GRANTS PROGRAM

Comment

Comment commends Project BRAVO for the services that have been provided including utility assistance, food, medical, and appliances.

- **Department Response**

The Department appreciates the comments regarding the assistance received from El Paso Community Action Program, Project BRAVO.

Comment

Comment originates from an organization that feeds the hungry and trains and places in jobs people in need, primarily homeless, indigent, and of late those who have been displaced by the offshore plight of industries in the area. Comment commends the Department for the assistance provided through the ESG Program for the past four or five years and points out the importance of the program, especially for small cities. Comment requests that the Department reconsider funding the organization.

- **Department Response**

The Department appreciates the work done by Loaves and Fishes to assist low income citizens become self-sufficient and recognizes the great need in their community. At this time though, the Department has awarded all fiscal year 2004 ESGP funds. However, the Department reviewed a recent request for CSBG funds and awarded Loaves and Fishes a \$30,000 CSBG Special Project Demonstration Fund grant to assist with efforts to transition persons out of poverty in the Harlingen area. The Department will continue to notify Loaves and Fishes of future ESGP funding opportunities.

Comment

Comment requests that the *State of Texas Low Income Housing Plan and Annual Report* place emphasis on the provision of essential services for homeless youth and young adults including education, job training, and employment.

- **Department Response**

The Department will add language in the *2005 State of Texas Low Income Housing Plan and Annual Report* that discusses the importance of essential services for homeless youth and young adults.

Comment

Comment requests funding for homeless programs and requests more flexibility in the use of ESGP funds.

- **Department Response**

The federal regulations governing the ESGP grant, 42 USC Sec. 11374 (a) provides limitations on the use of ESGP funds. The Department does not focus on funding expenditures related to the physical facilities. In making funding distribution decisions, the Department must comply with limitations set forth by the ESGP federal regulations. Expenditures of ESGP grant funds for essential services and for homelessness prevention are limited to no more than 30 percent of the aggregate amount of the State's allocation for each activity.

Comment

Comment points out the need for transitional housing. Other comment states that the responses to the Community Needs Survey in their area only represents the need in the cities, not a need for transitional housing that exists in the other counties.

- **Department Response**

The Department appreciates the information provided regarding the needs in the community. Unfortunately, the ESGP funds administered by the Department are very limited. In fiscal year 2004, the Department received \$4.9 million dollars and Region 4 was allocated \$228,082, based on the poverty population of the region. ESGP funds support organizations that provide emergency services, shelter, and transitional housing. The Department will notify your organization of availability of fiscal year 2005 ESGP funds. Of the housing programs, the Housing Tax Credit Program can be used for transitional housing.

The 2003 Community Needs Survey was sent to all local jurisdictions, including county judges and city mayors. The report accurately reflects the surveys returned to the Department, and may not reflect the opinions of the area as a whole.

Comment

Comment supports long-term solutions that enable the participants to obtain the education, job skills, and life skills needed to pull themselves out of poverty. These programs typically take one to two years.

- **Department Response**

The Department provides Community Services Block Grant (CSBG) funds to 48 CSBG-eligible entities. These entities must offer case management programs to assist low income persons to transition out of poverty. The Department sets no limitation on the length of time that a client can be enrolled in a case management program; each CSBG eligible entity sets the guidelines for enrollment and maintenance in a case management program. In the Houston area, the CSBG eligible entity is Gulf Coast Community Services Association.

COMMENTS REGARDING THE HOME PROGRAM

Comment: Length of Program Supports

Comments were collected regarding the length of program supports, specifically in tenant-based rental programs. It was noted that these types of support should be provided on a “longer-term” basis to enable participants the ability to secure jobs, education, and life skills that will allow them to reach self-sufficiency. A term limit on TBRA of two years was specifically mentioned as being too short to properly assist special needs and other populations.

- **Department Response**

The term of 2 years of Tenant-Based Rental Assistance is a federally mandated timeline. No changes recommended.

Comment: Olmstead Set-Aside

Several comments were collected on the Department’s use of Tenant-Based Rental Assistance funding through the Olmstead Set-Aside. It was noted that while applications to the program had lagged since its inception, that the program was critical and that demand remained significant. Public input highlighted that the program was still “young” and that organizational capacity by social service agencies and nonprofits was building and would soon be able to fulfill the demands of the target population.

- **Department Response**

A total of \$4 million dollars was set aside for those persons affected by the *Olmstead* Decision for Tenant-Based Rental Assistance. Two separate NOFAs were released for these particular funds, one for \$2 million dollars in 2003 and another in 2004. Only five applications have been submitted, with all five receiving funding awards. To date, only \$545,875 out of the \$4 million has been awarded. If an applicant wishes to assist persons that qualify under the *Olmstead* population definition, they may do so by applying for Tenant-Based Rental Assistance funds under the Department’s general funding cycle. In an effort to continue serving this population, extra points will be awarded to those applicants choosing to assist persons with disabilities, including persons affected by the *Olmstead* Decision, in the application scoring process.

Comment: Disability Advisory Committee

Comments were collected recommending that the Department expand the membership of the Disability Advisory Committee (DAC), that a regular meeting schedule be established, and that the committee become proactive in addressing the housing needs of people with disabilities. It was noted that the DAC had great potential in evolving toward providing a clear voice to the Department’s Board on disability issues.

- **Department Response**

TDHCA continues to have a strong interest in meeting the housing and community service needs of persons with disabilities. The Department will review the membership of the DAC and work with committee members to ensure a more regular meeting schedule.

Comment: Threshold Criteria

A question was asked through public comment regarding the application of *Qualified Allocation Plan* (QAP) requirements for both experience certifications, and units and site amenities required of multifamily

developments. It was noted that these threshold criteria were onerous to small developments through the HOME and HTF programs.

- **Department Response**

The Department has worked to reduce the impact on small developments that were due to the universal application of QAP requirements on all rental developments. Staff believes that many of these issues have been dealt with through revisions to program rules.

Comment: Responses to Applicant Inquiries

A comment was submitted regarding an applicant's attempts to communicate with Department staff regarding contract issues. The comment noted that it was difficult to contact Department staff until the division director was contacted.

- **Department Response**

Since its reorganization, the Department has instituted standard operating procedures to clarify the roles and responsibilities of staff and worked towards having single points of contact for each program area. It is believed that these changes will improve communication between applicants and TDHCA.

Comment: Contract Effective Dates

It has been noted that contract effective dates are often set for dates prior to the actual signing of the agreements. It was noted that applicants had concerns about monitoring and fulfillment of contract performance measures under these circumstances.

- **Department Response**

It should be noted that contract effective dates are often set by program funding requirements. Department staff strives to keep the difference between the signing date and effective date of agreements as minimal as possible. Applicants are also asked to contact their primary program contact to assure that agreements are amended to reflect any delays on behalf of the Department.

Comment: Training Requirements

Comments were submitted regarding the training requirements placed on administrators prior to being able to draw funds and begin programs. It was noted that the administrators are often delayed due to unavoidable circumstances and do not have sufficient staff resources to attend trainings while providing critical services to clients.

- **Department Response**

The Department provides compliance and financial management training upon receiving an award, or when so requested. The Department strives to make its training programs available in a flexible manner and will continue to institute new avenues for administrators to fulfill training requirements, including online training resources and manuals.

Comment: Match Requirements

Public comments were provided on the use of matching funds as a scoring criteria in the HOME application process. Match as a scoring criteria is often inequitable and most affects small versus larger municipalities across the state. It was noted that larger municipalities are better able to provide matching

funds than smaller municipalities. It was also recommended that the Department consider using a per capita scale if match is to continue as a scoring criteria.

- **Department Response**

The Department is required to report 12.5 percent of the annual allocation in matching funds to HUD. The Department realizes the difficulty for any applicant to provide matching funds, much less the smaller, less prosperous municipalities. The Department has struggled in years past in remedying the possible inequities and is currently in the process of reviewing this scoring criteria.

Comment: Contractor Qualifications

Comments regarding the qualification requirements for building contractors often exclude local builders from being included in HOME contracts. In these cases, administrators are often forced to find contractors from outside communities, which can be costly and cause delays. However, it was noted that outside contractors also often hire local subcontractors and buy supplies locally, but that these impacts are not included in program reporting. It was requested that the Department reconsider its stance on the use of local contractors.

- **Department Response**

The Department encourages HOME administrators to use local contractors when possible, and feels it important for the local economy to benefit from receiving funds. Points are given to those applicants that use local contractors interested in participating in a HOME contract. The Department realizes that finding local contractors in the rural areas of the state can be difficult, and at times not cost effective. This scoring criteria regarding local contractors is important to the application process and the manner in which it is scored and reviewed. In years past, applicants received points for finding contractors within 150 miles of the proposed activity. In the most current funding cycle, the Department broadened the scope to contractors within the region, in hopes that many applicants could find more interested parties. The Department will be holding a single family roundtable in the near future to evaluate applications and scoring criteria.

Note: Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area.

Comment: Administrator Funds

Public comment recommended that the 4 percent cap on administrative funds be raised to levels similar to those used by ORCA and the CDBG program.

- **Department Response**

The Department feels that 4 percent in administrative dollars of the project funds awarded is sufficient to execute a HOME single family contract. The Department works to provide other forms of assistance to nonprofit administrators including Capacity Building and CHDO Operating Support funding.

Comment: Grant vs. Loan in the Owner-Occupied Assistance Program

Public comments were submitted in regards to the Owner-Occupied Assistance Program requesting that the Department consider making only grants to participants that earn 50 percent or less than the area medium family income.

- **Department Response**

Program staff continues to work closely with the Board in developing a policy regarding HOME Owner-Occupied Housing Assistance funds as grants and/or loans to qualifying households. The Department appreciates the suggestion that individuals earning 50 percent or less AMFI and receiving assistance should be granted funds. This topic will be explored in the upcoming single family application roundtable.

Comment: AMFI Levels Served

Comment received proposed awarding applicants the same number of points for serving households at 50 percent or below.

- **Department Response**

Currently, in an effort to meet Rider 3 (as required by the Texas Legislature) the Department awards more points to applicants proposing to serve populations at lower AMFI levels, with the most points received for serving those at 30 percent AMFI. The Department does not prohibit an applicant from serving households above this level; however, they do not receive as many points as an applicant proposing to serve those individuals at lower AMFI levels. The Department proposes no change.

Comment: Activity Award Allocations and Subscription Rates

Comment received requested more funds be allocated for activities that get the most subscription.

- **Department Response**

The Department has evaluated subscription rates of the various HOME activities and believe that the activities put forth in the 2005 Action Plan are reflective of the subscription rates (based on the most current funding cycle).

NOTE: A total of \$6 million for Homebuyer Assistance will be available through the American Dream Downpayment Initiative (ADDI) for 2005. Of the remaining funds allocated for single family activities, 80 percent of funds will be for Owner-Occupied Housing Assistance, the Department's most oversubscribed activity, and 20 percent will be for Tenant-Based Rental Assistance.

Comment: Barrier Removal

Comment says the Department needs to publicize the ability to use HOME funds for barrier removal. The activity should allow clients' input on the type of barrier removal and not rely on the physician's recommendations. The extensive paperwork requirements lead to burdensome delays for the recipients of program funds.

- **Department Response**

The Department is aware that oftentimes the application and administration of federal programs seems onerous, and is continually working to improve the application and funding process. The Department also agrees that consumer-driven changes with regard to barrier removal is an integral part of a successful barrier removal program, and will explore avenues to encourage providers to include clients in the development of their work plans.

Comment: Persons with Disabilities Set-Aside

The Department received numerous comments regarding the amount of assistance going to persons with disabilities should be increased, and the use of such funds being awarded in participating jurisdictions.

- **Department Response**

The Department is committed to assisting persons with disabilities. In an effort to assist more individuals with a disability, additional points will be awarded to applicants choosing to serve 100 percent persons with disabilities during the application scoring phase.

According to §2306.111(c) of the Texas Government Code, the Department shall expend at least 95 percent of HOME funds for the benefit of non-participating jurisdictions. The remaining 5 percent may be expended in a participating jurisdiction for multifamily activities, but only if such funds assist persons with disabilities and are in compliance with the Department's Integrated Housing Rule.

Comment: Home of Your Own (HOYO) Award

The Department received overwhelming support for the reinstatement of the Department's commitment to the Home of Your Own (HOYO) program.

- **Department Response**

The Department concurs with public comment, and agrees that providing homebuyer assistance to persons with disabilities is essential. Given HOYO's past performance and current capacity to serve this need, the \$500,000 commitment for homebuyer assistance to the disability community will be reinstated for the 2005 HOME Program year. To ensure good governance, however, it is the Department's intention to reevaluate this award for future funding cycles. The Department desires to make funding for this specific activity serving the disability community open to all interested entities on a competitive basis.

COMMENTS REGARDING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Comment

As the chair of the Coastal Bend Affordable Housing committee, one of the areas of concern that kept coming up during the focus group meeting was the issue of colonias. Colonias, as we typically see colonias, are very close to the border. Nueces and surrounding counties are not very close to the border. However, what we have been able to identify through our committee, in the focus group hearing, and through subsequent partnering with different entities to come and address what issues there are there, we found that of the, I believe, 78 subdivisions just in Nueces county alone, 80 percent of them meet the definition of colonias. There is a substantial problem that is not being addressed. It can't be addressed because of the multitude of problems. And until legislatively, until jurisdictionally, until public policy, until the housing industry, until the actual Health and Human Services entities that serve these people come together, we don't see that's there really going to be a dent made in what needs to be done. Until that all comes together, we really see that it's just going to be piecemeal, band-aids, in terms what has happened. But I wanted to let you know that, that is one of the things that came out of our housing focus group, and continues to be something on our table that we're looking at in a collaborative manner.

- **Office of Rural Community Affairs Response**

The Office of Rural Community Affairs (ORCA) favors any collaborative efforts to address the needs of persons living in colonias. ORCA currently collaborates with the Texas Water Development Board's Economically Distressed Areas Program through CDBG funds that are available to provide access for low and moderate income persons to water or sewer facilities financed by the Economically Distressed Areas Program. ORCA collaborates with the Texas Department of Housing and Community Affairs by providing funds for seven (7) Colonia Self-Help Centers serving colonia residents in eight counties. ORCA also collaborates with other State agencies such as the Texas Water Development Board, Texas Commission on Environmental Quality, the Texas Department of Health, and the General Land Office to support the concept of local self-help to solve water and wastewater needs through the Texas Small Towns Environment Program. ORCA agrees that additional collaborations between federal, state, and local agencies and policy makers are needed to more completely address colonia needs on a comprehensive basis.