

951915  
HDL-  
19 call #

---

---

# 2000 State of Texas Consolidated Plan One – Year Action Plan



---

Prepared by The Texas Department of Housing and Community Affairs  
Housing Resource Center  
P.O. Box 13941  
Austin, TX 78711-3941

UNIVERSITY OF TEXAS  
AT ARLINGTON  
LIBRARY

APR 30 2001

TEXAS  
DOCUMENT

UT ARLINGTON LIBRARIES



3 1334 02038 7367

HD  
7303  
T4  
T4956  
2000

## Table of Contents

Section One: Introduction.....	1
Section Two: Form 424 Applications .....	15
Section Three: Program Statements.....	19
Section Four: Other Actions.....	63
Section Five: Public Comment.....	71
Appendix A: State Planning Regions.....	119

Prepared by the Texas Department of Housing and Community Affairs  
Housing Resource Center  
P.O. Box 13941  
Austin, TX 78711-3941

# **Section One: Introduction**

## Section One: Introduction

### 24 CFR §91.320 Consolidated Plan - One Year 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) CDBG.

The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria – if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, of this title, it must describe available guarantee amounts and how applications will be selected for assistance. (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 § 92.205(b) of this subtitle.

(ii) If the State intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of this subtitle.

(ii) 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 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.

## Section One: Introduction

---

- (D) *Specify the required period of affordability, whether it is the minimum 15 years or longer.*
- (E) *Specify whether the investment if HOME funds may be jurisdictionwide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR §91.215(e)(2) or a Federally designated Empowerment Zone of Enterprise Community.*
- (F) *State HOME funds cannot be used to refinance 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.*

## Section One: Introduction

---

### I. INTRODUCTION

As required by 24 CFR §91.320 the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") submitted the 2000 State of Texas One-Year Action Plan for public review and comment. The Draft for Public Comment edition was available to the public October 25, 1999. The public comment period lasted from November 1, 1999 until December 3, 1999.

This plan reports on the intended use of funds received by the Department from the U.S. Department of Housing and Urban Development ("HUD") for Program Year (PY) 2000. TDHCA's Program Year begins on February 1, 2000 and ends on January 31, 2001. The performance report on PY 1999 funds will be available in May of 2000.

The HUD funds are directed to the Department by means of the Community Development Block Grant Program (CDBG), the Emergency Shelter Grant Program (ESG), and the HOME Investment Partnerships Program (HOME). Funds are also directed to the Texas Department of Health to administer the Housing Opportunities for Persons with AIDS Program (HOPWA). All four programs are represented in this Plan.

The 2000 One-Year Action Plan illustrates the Department's goals in addressing the priority needs and specific objectives identified in the 1996 State of Texas Consolidated Plan. The plan is made up of the following sections:

#### **Section One: Introduction.**

Provides an outline of the One-Year Action Plan, describes the citizen participation process, and lists the Department's goals and objectives used to address housing and community development need.

#### **Section Two: Form Application.**

Contains Standard Form 424, the application for federal resources. These forms provide a description of the Federal resources expected by the Department to address the priority needs and specific objectives identified in the 2000 State of Texas Consolidated Plan One-Year Action Plan.

#### **Section Three: Program Statements.**

Program-specific descriptions for CDBG, HOME, ESG and HOPWA, illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).

#### **Section Four: Other Activities.**

A description of TDHCA's plan to undertake other activities that fulfill requirement §91.320 (f).

#### **Section Five: Public Comment**

As required by §91.113 (5), this section contains summaries of comments or views expressed during the public comment period. Responses to views/comments not accepted and the reasons therefore are also included.

## GENERAL AGENCY POLICIES

**Legislative Mandates/ Set Asides:** During the 76<sup>th</sup> Texas Legislature several legislative mandates were passed requiring TDHCA to undertake specific activities. These activities are outline in the Section Three – Program Statements.

**SB 623 – Accessibility Standards:** Agreements for new single family construction (and reconstruction) executed on or after September 1, 1999 will include the following:

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; and
  - (b) has at least a standard 36-inch door;
2. On the first floor of the building:
  - (a) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;
  - (b) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;
  - (c) each bathroom wall is reinforced for potential installation of grab bars;
  - (d) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and

## Section One: Introduction

---

- (e) each electrical plug or other receptacle is at least 15 inches above the floor; and
3. Each breaker box is located inside the building on the first floor.

These requirements will be implemented through the contract process – written into the contracts that are applicable.

**RIDER 3:** In response to Rider 3 of TDHCA's appropriation, the housing finance division has adopted a goal to apply \$30,000,000 annually towards housing assistance for extremely low income individuals and families (0-30%AMFI). Several initiatives in this Plan address this goal. The increase in both the Owner Occupied Housing Assistance and Tenant Based Rental Assistance Programs should result in more funds being used to assist extremely low income individuals and families.

It is important to note that several of the housing finance division programs develop affordable units, and report solely based on the projected number of units to be set aside for low and very low income households. However, in reviewing the Housing Sponsor Report each year, TDHCA staff have determined that a significant number of units set aside for low and very low income households actually serve extremely low income households. Therefore the estimated dollar amount of assistance to extremely low income individuals and families is far less than the actual amount of assistance being provided.

Another component to Rider 3 is that no less than twenty percent (20%) of the housing finance division's funds be directed to very low income individuals and families (31-60% AMFI). TDHCA expects to meet and exceed this goal in FY 2000.

### CITIZEN PARTICIPATION

The Department's citizen participation process begins with numerous program-specific workshops and hearings and leads to the public comment period and public hearing process for this plan. During the 33-day public comment period, the Department held five public hearings across the state. While 24 CFR §91.115(b)(3) requires TDHCA to hold only one hearing for the Plan, agency staff has determined that one hearing does not allow for an adequate level of public input.

During the hearings interested parties were given the opportunity to comment on the Plan directly to TDHCA staff. Public comments were also received via mail, faxes, email, and the internet.

Comments that were related to programs other than HOME, CDBG, ESG, and HOPWA, or were directed toward program rules and procedures outside the scope of the Consolidated Plan were accepted, but will be addressed in the 2000 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The SLIHP is a comprehensive and integrated plan concerning statewide housing needs, housing resources, and performance-based patterns of funding allocation for the approximately twenty-five (25) programs administered by TDHCA.

The public hearings took place during the third and fourth week of November and were held at the locations listed below.

**FORT WORTH (11/15/99)**  
November 15, 1999 at 2:00p.m.  
Ft. Worth City Council Chambers  
1000 Throckmorton, 2<sup>nd</sup> Fl.  
(817) 871-6123

**CORPUS CHRISTI (11/16/99)**  
November 16, 1999 at 10:30 a.m.  
Corpus Christi Library  
805 Comanche  
(361) 880-7070

**AUSTIN (11/18/99)**  
November 18, 1999 at 3:00  
TDHCA Board Room  
507 Sabine St., Ste. 400  
(512) 475-4595

### **CDBG Only:**

**HARLINGEN**  
6:00 p.m., Nov. 30, 1999  
Harlingen Public Library Auditorium  
410 '76 Drive  
(956) 430-6650

**MOUNT PLEASANT**  
6:00 p.m., Nov. 17, 1999  
Northeast Texas Opportunities, Inc  
Elderly Meals Center  
1406 North Edwards  
(903) 537-2256



## Section One: Introduction

---

*Individuals who required auxiliary aides or services were advised to contact Gina Esteves, ADA Responsible Employee, at (512) 475-3941, or Relay Texas at 1-800-735-2989, at least two days before the public hearing so that appropriate arrangements could be made.*

**II: 1996 STATE OF TEXAS CONSOLIDATED PLAN SPECIFIC GOALS AND OBJECTIVES**

The following are goals and objectives set out by the Department in the 1996 State of Texas Consolidated Plan. The goals and objectives illustrate TDHCA's priority in addressing housing and community development need throughout the State.

The 1996 Consolidated Plan received public comment at numerous public hearings and during a forty-five day public comment period. As part of the 1997, 1998, and 1999 State of Texas Low Income Housing Plan and Annual Report, the goals and objectives received additional public comment.

**A: AFFORDABLE HOUSING**

**Goal 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for extremely low, very low, low, and moderate income persons and families.**

**Specific Objective 1.1**

Prepare a statewide analysis of housing needs for extremely low, very low, low and moderate income persons.

**Proposed Accomplishments:**

1. Complete an annual statewide analysis of housing needs by geographic area for individuals and families of extremely low, very low, low and moderate income persons.

**Specific Objective 1.2**

Make loans, grants and incentives available to fund eligible housing activities and preserve/create housing units for extremely low, very low, low, and moderate income households.

**Proposed Accomplishments**

1. Provide housing loans and grants through the Housing Trust Fund for extremely low, very low, and low income households.
2. Provide housing loans and grants through the HOME Program for extremely low, very low, and low income households.
3. Provide rental assistance through Section 8 certificates and vouchers for extremely low and very low income households.

4. Provide federal tax incentives to develop rental housing for extremely low, very low, and low income households.
5. Provide below-market interest rate mortgage loans to extremely low, very low, low, and moderate income first time homebuyers
6. Provide loans for the development of multi-family rental units for extremely low, very low, low, and moderate income households.
7. Acquire multi-family housing units for extremely low, very low, low, and moderate income individuals and families.
8. Acquire and/or refinance projects at risk of being lost as affordable housing and include the involvement of non-profit organizations as appropriate.
9. Monitor occupancy requirements of Texas properties sold under the Resolution Trust Corporation's Affordable Housing Program.
10. Provide program funds to rehabilitate substandard rental housing.
11. Inform local governments eligible to receive CDBG funds of the availability of CDBG funds for housing and the use of CDBG funds as leverage and matching funds for other housing programs.
12. Work to increase the numbers of low income rental projects by informing policy makers and housing developers of the need for additional units throughout the state.
13. Promote the coordination of housing resources among state and federal agencies and promote the coordination of program resources through projects that qualify for funding from a variety of sources.
14. Work with the for-profit development community, as well as other housing and social service agencies to coordinate the provision of affordable housing and supportive services for persons with special needs.
15. Promote the development of mixed-income housing.
16. To insure that new multi-family housing stays affordable, access programs that require long-term affordability and require housing sponsors to sign restrictive covenants that define affordability periods.
17. Increase awareness of programs which promote homeownership and self-sufficiency for residents of subsidized and assisted housing.
18. Structure HOME scoring criteria to promote the leveraging of public/private funds and increase partnerships at the local level, particularly with the for-profit community.

## Section One: Introduction

---

19. Access funding from the Federal Home Loan Bank Board.
20. Promote pro-active initiatives to preserve, acquire, and rehabilitate single-family and multifamily housing.
21. Promote the creation of housing through private sector enterprises.
22. Study methods to maximize the use of LIHTC and HOME funds in rural, low income areas and adjust program rules accordingly.

### Specific Objective 1.3

Increase the number of State-certified Community Housing Development Organizations (CHDOs) with the capacity statewide to develop affordable housing for extremely low, very low, and low, and moderate income households.

#### Proposed Accomplishments:

1. Allocate 15 percent of each federal fiscal year's HOME appropriations for housing projects developed by non-profits (State-certified CHDOs).
2. Provide Low Income Housing Tax Credits for housing projects developed in conjunction with HOME funds by non-profits.
3. Provide funding information and establish partnerships among local non-profits, for-profits, state and federal housing administrators.

### Specific Objective 1.4

Discourage the expenditure of state and federal housing funds in areas susceptible to repeated flood damage.

#### Proposed Accomplishments:

Significant public funds are spent each year to provide temporary housing, food, shelter, evacuation, security and repair services to persons who live in flood prone areas creating an ongoing 'flood and repair' cycle that drains public resources. Rather than simply responding to damage as it occurs, and continually providing funds to those who choose to remain in flood prone areas, public policy should focus on prevention and apply resources to encourage households to locate or relocate to areas outside the 100-year floodplain.

1. State housing-related funds (exclusive of services) should not be used to purchase, construct, or substantially rehabilitate property located in the 100-year floodplain unless the jurisdiction which it is under has

adopted a floodplain management plan which is consistent with Federal Emergency Management Agency (FEMA) standards.

**Goal 2: TDHCA will target its housing-related resources for assistance to extremely low and very low income households.**

### Specific Objective 2.1

To annually apply a minimum of 25 percent of the Department's housing-related resources to benefit extremely low and very low income Texans.

#### Proposed Accomplishments:

1. Require that housing-related resources maximize benefits to extremely low and very low income Texans.

**Goal 3: TDHCA will maximize the effectiveness of available funds by leveraging public/private resources..**

### Specific Objective 3.1

Annually leverage the Department's combined loans, grants and incentives with public/private resources.

#### Proposed Accomplishments:

1. Structure program guidelines, scoring criteria and technical assistance to encourage applicants to provide local or other funds to leverage available Department resources.

**Goal 4: Mortgage Financing.**

### Specific Objective 4.1

Assist in overcoming barriers to mortgage financing experienced by extremely low, very low, low, and moderate income households.

#### Proposed Accomplishments:

1. Provide agency resources to assist households facing contract for deed problems.
2. Use the TDHCA Downpayment Assistance Program to assist extremely low, very low, and low income households in mortgage financing.
3. Provide training and assistance to affordable housing professionals to educate first-time homebuyers.
4. Provide information and assistance to first-time homebuyers.

## Section One: Introduction

---

5. Originate low or no-interest loans which can be recycled for future affordable housing needs.

**Goal 5: TDHCA will increase the stock of affordable, decent, safe and sanitary housing in the colonias.**

### Objective 5.1

Make loans, grants and incentives available to fund eligible housing activities and preserve/create housing units for extremely low, very low, low, and moderate income households.

### Proposed Accomplishments

1. Establish and maintain five Owner-Builder Self-Help Housing Resource Centers in counties along the U.S./Mexico Border to help to develop and promote effective self-help housing delivery strategies and techniques.
2. Encourage the full use of the RECD/FmHA Colonias set-aside.
3. Provide agency resources to assist households facing contract for deed problems.
4. Use resources from the Housing Trust Fund, HOME and CDBG programs to improve housing and infrastructure in the colonias.
5. Agencies with resources available to improve conditions in the colonias (including TDHCA, HUD, TWDB, Fannie Mae and RECD/FmHA) need to collaborate with local governments, non-profits and for-profits in order to make the most effective use of their resources and develop a collaborative and comprehensive approach to improving conditions in the colonias.
6. Devise a Mortgage Revenue Bond Program dedicated to the colonias.

## B. SPECIAL NEEDS OBJECTIVES

### HOMELESSNESS

**Goal 1: TDHCA will improve living conditions for the poor and homeless.**

### Specific Objective 1.1

To ease the hardships of poverty and homelessness of extremely low and very low income persons.

### Proposed Accomplishments:

1. 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 extremely low and very low income persons throughout the State.
2. Provide funds to improve the quality of existing emergency shelters for the homeless.
3. Provide funds to make additional emergency shelters available.
4. Provide funds to help meet the costs of operating emergency shelters and of providing essential services to homeless persons.
5. Provide funds to homelessness prevention programs for utility, mortgage, and rental assistance.
6. Provide funds for transitional housing programs.
7. Emphasize continuum of care efforts and coordination between shelter and service providers in the Emergency Shelter Grants Program (ESGP) application process.

### Specific Objective 1.2

Increase the coordination of resources among agencies and governments serving the homeless.

### Proposed Accomplishments:

1. Promote the coordination of housing resources among state and federal agencies and promote the coordination of program resources through projects that qualify for funding from a variety of sources.
2. Work with the Texas Interagency Council for the Homeless in implementing their Strategic Plan.
3. TDHCA will continue its partnership with the Texas Department of Mental Health and Mental Retardation (MHMR) designed to create a Continuum of Care project for homeless persons in the South Texas Region.
4. Pursuant to 24 CFR, require nonprofit applicants for ESGP funds to submit their ESGP application to the local city or county government for approval.
5. Require ESGP program applicants to describe their participation in any local homeless coalition, social services

## Section One: Introduction

---

coordinating council, development of the HUD-required Consolidated Plan or similar document, and/or development of a "continuum of care" plan for the community.

### Specific Objective 1.3

If funds are available, plan for the implementation of a transitional housing pilot program which provides supportive services and other opportunities designed to move homeless persons into permanent housing.

#### Proposed Accomplishments:

1. When applicable, ask ESGP program applicants to describe and document their organization's transitional housing programs.
2. Develop a plan to implement transitional housing pilot program. The transitional housing program will include the provision of the following services: (1) interim housing; (2) physical and mental health services; (3) literacy training; (4) job training; (5) family counseling; (6) credit counseling; (7) education services; and, (8) other services that will prevent homelessness (child care, transportation, etc.).
3. Identify potential sources of funding for supportive service programs.

### Specific Objective 1.4

If funding is available, gather information on homelessness in Texas, to include the number and characteristics of homeless persons.

#### Proposed Accomplishments:

1. Conduct a statewide census of homeless persons. The census will gather, at a minimum, information on the number of homeless persons in Texas, why they are homeless, and their current living arrangements.
2. Develop a report for the Governor, Lt. Governor, Speaker of the House, the governing body of each of the Council member agencies, the Texas Legislature, and other funding entities.

### Specific Objective 1.5

Conduct a statewide inventory of facilities and services that meet the need for emergency shelter, transitional housing, and supportive services for homeless individuals and families.

#### Proposed Accomplishments:

1. Conduct a survey of the homeless service providers that have responded to ESGP RFPs since the program's inception.

## C. OTHER SPECIAL NEEDS OBJECTIVES

### Objective 1.1

Commit funding resources to address the housing needs of persons with special needs.

#### Proposed Accomplishments:

1. Create and maintain a 10% special needs set-aside through the HOME and Housing Trust Fund programs.
2. Compile information regarding the housing needs of and housing resources available to persons with special needs. Incorporate guidance, input and information from service providers who specialize in serving those with special needs to augment Census data and survey results.

### Objective 1.2

Discourage the segregation of persons with special needs from the general population.

#### Proposed Accomplishments:

1. Increase awareness of the availability of conventional housing programs for persons with special needs.
2. Establish criteria and performance measures which encourage the integration of persons with special needs when scoring projects targeted toward special needs population.

### Objective 1.3

Increase collaboration between organizations that provide services to special needs populations and organizations with housing expertise.

#### Proposed Accomplishments:

1. Require that applicants requesting funds for special needs housing projects provide documentation of a collaborative effort between the housing developer and a social service provider with experience serving special needs populations.
2. Work together with HHSC and other HHS agencies to develop housing alternatives for individuals requiring long-term community care services.

## Section One: Introduction

---

3. Require that applicants for special needs housing projects contact local social service agencies (i.e. HHS agencies and community care providers for the elderly) to document and verify the need for special needs housing.
4. Require that applicants and recipients of housing related funds post notices of public hearings with local HHS and community-care providers.

### PERSONS with DISABILITIES

#### Objective 2.1

Assess need. A satisfactory assessment of the housing needs of the low income disabled population in Texas is not available.

#### Proposed Accomplishments:

1. To the extent possible, TDHCA will work with HHSC, MHMR, and other HHS agencies, and community groups to gather information on the housing needs of persons with disabilities throughout the state.

#### Objective 2.2

Increase the availability of affordable and accessible housing for persons with disabilities.

#### Proposed Accomplishments:

1. Continue to monitor the recipients of funding to ensure compliance with all state and federal requirements for accessibility as required by program regulations.
2. Encourage new construction and, when feasible, rehabilitation projects utilizing TDHCA funding sources to reflect the "American with Disabilities Act Accessibility Guidelines for Building and Facilities" (36 CFR part 1191, Appendix A) published by the U.S. Architectural & Transportation Barriers Compliance Board. Housing rehabilitation and construction programs administered by TDHCA such as HOME, CDBG, Housing Trust Fund and LIHTC should examine the feasibility of establishing program rules incorporating the appropriate accessibility guidelines (e.g. Section 504, ADAAG, ANSI, etc.).
3. Establish and operate a pilot project in a minimum of three areas to promote accessibility through the removal of architectural barriers. Such a program will

result in the provision of funding for the rehabilitation of existing housing to meet accessibility guidelines for persons with disabilities.

#### Objective 2.3

Forge partnerships.

#### Proposed Accomplishments:

Promote the coordination of housing resources available among state and federal agencies and consumer groups that serve the housing needs of persons with disabilities.

#### Objective 2.4

Provide housing choices which are not linked to supportive services.

#### Proposed Accomplishments:

1. Separating housing from supportive services increases housing choice and provides individuals the opportunity to choose their services and tailor them to their specific needs. TDHCA, in partnership with other agencies, should encourage consumer-control models of housing provision for persons with disabilities.
2. Require that applicants and recipients of housing related funds post notices of public hearings with local HHS and community-care providers.

#### Objective 2.5

Increase awareness of competitive grant funds.

#### Proposed Accomplishments:

1. Use planning documents such as the State Low Income Housing Plan and the Consolidated Plan to increase awareness of competitive grant opportunities for groups serving persons with disabilities.
2. Help to bring competitive grant funds into Texas and encourage participation at the local level through capacity building efforts and technical assistance offered at the state level.

### ELDERLY and FRAIL ELDERLY PERSONS

#### Objective 3.1

## Section One: Introduction

---

Assess need. To make the most effective use of available funds, the State needs an accurate count of the number of frail, disabled and otherwise needy elderly currently living in Texas and in need of affordable housing. Give particular emphasis to the needs of frail elderly persons in poor rural communities.

### Proposed Accomplishments:

1. To the extent possible, TDHCA will collaborate with other agencies on such a project.

### Objective 3.2

Support the development of non-institutional housing options and programs which enable the elderly to remain in their own homes and stay close to family and other support groups.

### Proposed Accomplishments:

1. Collaborate with the TDoA to provide education and technical assistance to encourage innovative housing options for the elderly. Innovative approaches can include but are not limited to - shared housing, residential care homes, ECHO housing, co-housing, accessory apartments, transitional housing, and home repair/modification programs.
2. Encourage local regulatory codes and housing design standards that permit accessory apartments and other modified living arrangements for the elderly.

### Objective 3.2

Increase awareness of competitive grant funds.

### Proposed Accomplishments:

1. Use planning documents such as the State Low Income Housing Plan and the Consolidated Plan to increase awareness of competitive grant opportunities for groups serving elderly persons.
2. Help to bring competitive grant funds into Texas and encourage participation at the local level through capacity building efforts and technical assistance offered at the state level.

## HOUSING OPPORTUNITIES for PERSONS with AIDS

Strategies to provide housing for persons with AIDs are provided in the Housing Opportunities for Persons with AIDS (HOPWA) Program Statement in Section Three. TDHCA funds housing for persons with disabilities and persons with AIDS.

## D. NON-HOUSING COMMUNITY DEVELOPMENT

**Goal 1:** TDHCA will work to better Texas communities by supporting community and economic development. The purpose of the Texas Community Development Program (TCDP) is the development of viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally (51%) for persons of low- and moderate income. However, 70 percent of CDBG funds spent must benefit low to moderate income persons.

### Specific Objective 1.1

The following objectives have been established for the Texas Community Development Program: a) To improve public facilities to meet basic human needs, principally for low- and moderate income residents. b) To improve housing conditions, principally for persons of low- and moderate income. c) To expand economic opportunities by creating or retaining jobs, principally for low- and moderate income persons. d) To provide assistance and public facilities to eliminate conditions hazardous to the public health and of an emergency nature.

### Proposed Accomplishments

1. Give scoring preference to projects that address basic human needs such as water, sewer and housing; projects that provide a first-time public facility or service; and projects designed to bring existing services up to at least state minimum standards as set by the applicable regulatory agency.
2. Analyze and review the Community Development Fund allocation formula.
3. Award bonus points to projects where at least 60 percent of the TCDP funds benefit low/moderate income persons.
4. Provide ongoing technical assistance, monitoring, and contract management to ensure that the needs of persons to be served are met and to ensure that funding

## Section One: Introduction

---

recipients have the administrative capability to administer funds.

5. Provide funds for economic development and business expansion in rural communities. Fund economic development projects that create or retain jobs.
6. Provide assistance for the recovery from natural disasters and fund projects that resolve threats to the public health and/or safety of local residents in rural areas. Affirmatively further fair housing.
7. Require that CDBG applicants show a 'good faith effort' towards providing affordable housing opportunities in their community in order to be eligible to receive CDBG funds. Such a requirement would include the following elements: Describe the community's current supply of affordable housing. Document past efforts that have been made to increase the supply of affordable housing. Document any future efforts the community plans to undertake to increase the stock of affordable housing. Document whether the community has applied for affordable housing funds and been turned down. Document whether the community has turned down funds for affordable housing within the past five years.

### Specific Objective 1.2

To the extent possible, encourage the regional and local determination of needs and priorities for the use of community development funds.

### Proposed Accomplishments

1. Include local elected officials in the review and scoring of the Community Development fund applications.
2. Provide assistance to local governments in rural areas. This assistance will emphasize planning activities that primarily address problems in the areas of public works and housing assistance.
3. Require an inclusive citizen participation process prior to the development of an application and prior to the submission of an application.
4. Establish a Colonia Advisory Committee (with at least five persons who are residents of the Colonias) to advise TDHCA in the Administration of the Colonia Self-Help Centers Fund.

### Specific Objective 1.3

Increase the coordination and leveraging of CDBG resources with other local, state, federal or private resources.

### Proposed Accomplishments

1. Require that applicants document efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds and/or increased rate structures.
2. Administer demonstration projects that utilize a variety of funding sources.
3. Require that Colonia Self-Help Centers be operated by a qualified organization such as a local nonprofit organization, a local community action agency, or a local housing authority.
4. Work with TNRCC to identify and provide assistance to communities being fined for noncompliance with public facility requirements.
5. Work with Texas A & M University to expand the community centers they have established in the Colonias.
6. Require that TCDP applicants eligible for the Texas Water Development Board Economically Distressed Areas Program adopt and enforce the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

**Goal 2:** TDHCA will target resources to economically distressed areas of the State with high concentrations of substandard housing and inadequate infrastructure.

### Specific Objective 2.1

Target CDBG resources to the Colonias where high levels of severe economic distress are well documented. Evaluate the possibility of expanding geographic priorities to reach additional areas of the state that also experience high levels of economic distress, substandard housing and inadequate infrastructure.

### Proposed Accomplishments

1. In accordance with Subchapter Z of Chapter 2306, Local Government Code, establish colonia self help centers in El Paso, Hidalgo, Starr, Webb and Cameron Counties.
2. In addition to the self-help centers, provide funds for public improvements and planning



## Section One: Introduction

---

through a Colonia Construction Fund and a Colonia Planning Fund.

3. Consider expanding the network of self-help centers to include economically distressed areas in other parts of the State.

**Goal 3:** TDHCA will work to better Texas communities by helping local governments to become more effective.

### Specific Objective 3.1

To help 20 percent of the local governments in smaller Texas communities each year to

become better informed of federal and state law impacting daily operations, of available resources outside the community, and of modern management practices.

### Proposed Accomplishments

1. Administer a program providing information, advice, and training to officials of communities of less than 10,000 people (through TDHCA's Local Government Division).

**Section Two:**  
**Form 424**  
**Application and**  
**State Certifications**

**APPLICATION FOR FEDERAL ASSISTANCE**

TYPE OF SUBMISSION  
*Preapplication*

Construction  Construction  
 Non-Construction  Non-Construction

2. DATE SUBMITTED	Applicant identifier
3. DATE RECEIVED BY STATE	State Application identifier
4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

**APPLICANT INFORMATION**

Applicant Name:  
 State of Texas  
 Address (give city, county, state, and zip code)  
 Austin, Travis, Texas 78701

Organizational Unit:  
 Texas Department of Housing & Community Affairs  
 Name and telephone number of the person to be contacted on matters involving this application (give area code)  
 Ruth Cedillo  
 Texas Community Development Program  
 512/475-3882

EMPLOYER IDENTIFICATION NUMBER (EIN):  
 74-2610542

7. TYPE OF APPLICANT: (enter appropriate letter in box) **A**

A. State	H. Independent School Dist.
B. County	I. State Controlled Institution of Higher Learning
C. Municipal	J. Private University
D. Township	K. Indian Tribe
E. Interstate	L. Individual
F. Intermunicipal	M. Profit Organization
G. Special District	N. Other (Specify)

TYPE OF APPLICATION

New  Continuation  Revision

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

CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER  
 14-228  
 Title: Community Development Block Grant

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT  
 Community Development Block Grant

AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):  
 Statewide

PROPOSED PROJECT

Start Date 2-1-00	Ending Date 1-31-01
----------------------	------------------------

14. CONGRESSIONAL DISTRICTS OF

a. Applicant Statewide	b. Project Statewide
---------------------------	-------------------------

ESTIMATED FUNDING

Federal	\$85,352,000 .00
Applicant	\$ .00
State	\$ .00
Local	\$ .00
Other	\$ .00
Program Income	\$ .00
TOTAL	\$85,352,000 .00

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

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

b. NO  PROGRAM IS NOT COVERED BY E.O. 12372  
 OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

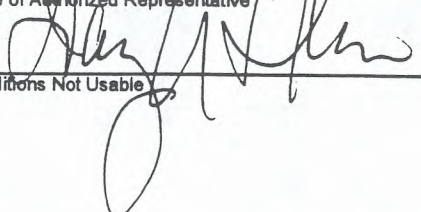
Yes If "Yes," attach an explanation  No

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

Name of Authorized Representative  
 Sydney A. Stiner

b. Title  
 Executive Director

c. Telephone Number  
 512/475-3934

Signature of Authorized Representative  


e. Date Signed  
 3/6/2000

# APPLICATION FOR FEDERAL ASSISTANCE

2. DATE SUBMITTED	Applicant identifier
3. DATE RECEIVED BY STATE	State Application identifier
4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

TYPE OF SUBMISSION  
*Application*                      *Preapplication*

Construction                       Construction  
 Non-Construction                       Non-Construction

**APPLICANT INFORMATION**

Legal Name: <b>State of Texas</b>	Organizational Unit: <b>Texas Department of Housing &amp; Community Affairs</b>
Address (give city, county, state, and zip code) <b>507 Sabine Austin, Travis, Texas 78701</b>	Name and telephone number of the person to be contacted on matters involving this application (give area code) <b>E. E. Fariss Assistant Program Manager/Planning 512/475-3897</b>

6. EMPLOYER IDENTIFICATION NUMBER (EIN): <b>74-2610542</b>	7. TYPE OF APPLICANT: (enter appropriate letter in box) <b>A</b>
---	--

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"/> <b>A Increase Award    B Decrease Award    C Increase Duration                  D Decrease Duration    Other (Specify)</b>	A. State                      H. Independent School Dist. B. County                      I. State Controlled Institution of Higher Learning C. Municipal                      J. Private University D. Township                      K. Indian Tribe E. Interstate                      L. Individual F. Intermunicipal                      M. Profit Organization G. Special District                      N. Other (Specify)
---	---

9. NAME OF FEDERAL AGENCY <b>Department of Housing and Urban Development</b>
---

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER TITLE: <b>Emergency Shelter Grant Program</b>	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT <b>Emergency Shelter Grant Program</b>
--	--

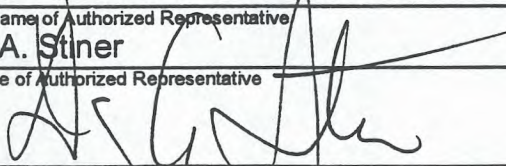
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): <b>Statewide</b>
---

13. PROPOSED PROJECT Start Date: <b>2-1-00</b> Ending Date: <b>1-31-01</b>	14. CONGRESSIONAL DISTRICTS OF a. Applicant: <b>Statewide</b> b. Project: <b>Statewide</b>
---	---

15. ESTIMATED FUNDING	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
a. Federal: <b>\$4,649,000 .00</b>	a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____
b. Applicant: <b>\$ .00</b>	b. NO <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372
c. State: <b>\$ .00</b>	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
d. Local: <b>\$ .00</b>	
e. Other: <b>\$4,549,000 .00</b>	
f. Program Income: <b>\$ .00</b>	
g. TOTAL: <b>\$9,198,000.00</b>	

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 <b>Daisy A. Stiner</b>	b. Title <b>Executive Director</b>	c. Telephone Number <b>512/475-3934</b>
d. Signature of Authorized Representative 	e. Date Signed <b>1/24/00</b>	

**APPLICATION FOR FEDERAL ASSISTANCE**

TYPE OF SUBMISSION  
 Application  
 Preapplication  
 Construction  Construction  
 Non-Construction  Non-Construction

2. DATE SUBMITTED	Applicant identifier
3. DATE RECEIVED BY STATE	State Application identifier
4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

**APPLICANT INFORMATION**

Name: \_\_\_\_\_  
 State of Texas  
 Address (give city, county, state, and zip code)  
 Sabine  
 Austin, Travis, Texas 78701

Organizational Unit:  
 Texas Department of Housing & Community Affairs  
 Name and telephone number of the person to be contacted on matters involving this application (give area code)  
 Pam Morris  
 Program Manager  
 512/475-2116

EMPLOYER IDENTIFICATION NUMBER (EIN):  
 74-2610542

7. TYPE OF APPLICANT: (enter appropriate letter in box) **A**

A. State	H. Independent School Dist.
B. County	I. State Controlled Institution of Higher Learning
C. Municipal	J. Private University
D. Township	K. Indian Tribe
E. Interstate	L. Individual
F. Intermunicipal	M. Profit Organization
G. Special District	N. Other (Specify)

TYPE OF APPLICATION  
 New  Continuation  Revision  
 Revision, enter appropriate letter(s) in box(es):    
 Increase Award  Decrease Award  Increase Duration  
 Decrease Duration  Other (Specify)

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

CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER  
 HOME Investment Partnerships Program  
 AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):  
 statewide

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT  
 HOME Investment Partnerships Program

PROPOSED PROJECT  
 Start Date: 2-1-00  
 Ending Date: 1-31-01

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

ESTIMATED FUNDING	
Federal	\$37,823,000 .00
Applicant	\$ .00
State	\$ .00
Local	\$ .00
Other	\$ .00
Program Income	\$ .00
TOTAL	\$37,823,000 .00

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

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

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

Name of Authorized Representative  
 Guy A. Stiner

b. Title  
 Executive Director

c. Telephone Number  
 512/475-3934

Signature of Authorized Representative  


e. Date Signed  
 3/6/2000

**APPLICATION FOR FEDERAL ASSISTANCE**

<b>1. TYPE OF SUBMISSION:</b> Application <input type="checkbox"/> Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction <input type="checkbox"/> Non-Construction	<b>2. DATE SUBMITTED</b> October 7, 1999	Applicant Identifier 650-AP-1
	<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier N/A
<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>		Federal Identifier TX21H98-F999

**5. APPLICANT INFORMATION**

Legal Name: <b>State of Texas</b>	Organizational Unit: <b>Texas Department of Health, HIV/STD Health Resources</b>
Address (give city, county, state, and zip code):  <b>1100 West 49th Street                  Austin, Texas 78756-3199                  (Travis County)</b>	Name and telephone number of the person to be contacted on matters involving this application (give area code):  <b>Casey S. Blass, Director                  (512) 490-2525</b>

<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> <table border="1" style="margin-left: 20px;"> <tr> <td>7</td><td>4</td><td>-</td><td>6</td><td>0</td><td>0</td><td>0</td><td>1</td><td>8</td><td>2</td> </tr> </table>	7	4	-	6	0	0	0	1	8	2	<b>7. TYPE OF APPLICANT (enter appropriate letter in box):</b> <span style="border: 1px solid black; padding: 2px;">A</span>
7	4	-	6	0	0	0	1	8	2		
<b>8. TYPE OF APPLICATION:</b> <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): <span style="border: 1px solid black; padding: 2px;">A</span> <span style="border: 1px solid black; padding: 2px;"> </span>  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) _____										

<b>9. NAME OF FEDERAL AGENCY:</b> U.S. Department of Housing and Urban Development (HUD)
---

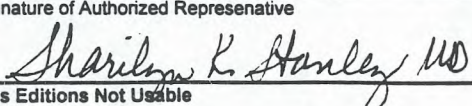
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">.</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">1</span>	<b>11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:</b> <b>Housing Opportunities for Persons with AIDS (HOPWA)</b>
---	--

<b>12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):</b>  <p style="text-align: center;"><b>State of Texas</b></p>
--

<b>13. PROPOSED PROJECT</b> Start Date: <b>02/01/2000</b> Ending Date: <b>01/31/2001</b>	<b>14. CONGRESSIONAL DISTRICTS OF</b> a. Applicant: <b>10</b> b. Project: <b>Statewide</b>
---	---

<b>15. ESTIMATED FUNDING:</b> <table border="1" style="width: 100%;"> <tr> <td>a. Federal</td> <td style="text-align: right;"><b>\$2,086,000</b></td> </tr> <tr> <td>b. Applicant</td> <td> </td> </tr> <tr> <td>c. State</td> <td> </td> </tr> <tr> <td>d. Local</td> <td> </td> </tr> <tr> <td>e. Other</td> <td> </td> </tr> <tr> <td>f. Program Income</td> <td> </td> </tr> <tr> <td>g. TOTAL</td> <td style="text-align: right;"><b>\$2,086,000</b></td> </tr> </table>	a. Federal	<b>\$2,086,000</b>	b. Applicant		c. State		d. Local		e. Other		f. Program Income		g. TOTAL	<b>\$2,086,000</b>	<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROGRESS?</b> 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
a. Federal	<b>\$2,086,000</b>														
b. Applicant															
c. State															
d. Local															
e. Other															
f. Program Income															
g. TOTAL	<b>\$2,086,000</b>														
<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b> <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 <b>Sharilyn K. Stanley, M.D.</b>	b. Title <b>Acting Associate Commissioner                  Disease Control and Prevention</b>	c. Telephone Number <b>(512)458-7729</b>
d. Signature of Authorized Representative 		e. Date Signed <b>10-4-99</b>

## STATE CERTIFICATIONS

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

**Affirmatively Further Fair Housing** – The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, that 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 violations 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 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 purpose 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.

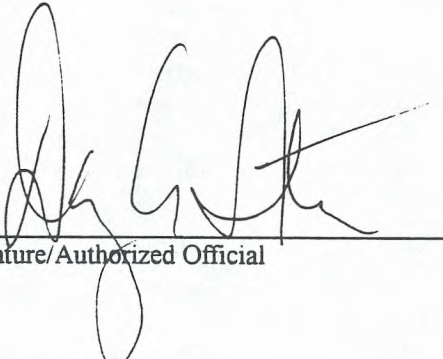
**Ant-Lobbying – To the best of the State's knowledge and belief:**

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 paragraphs 1 and 2 of this 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 State –** The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan 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

12/15/99  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Director  
Title



## Specific CDBG Certifications

The State certifies that:

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

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

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activity selected.

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

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

**Use of Funds** – It has complied with the following criteria:

1. 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) 1998, 1999, and 2000 (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 to the following:

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.

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

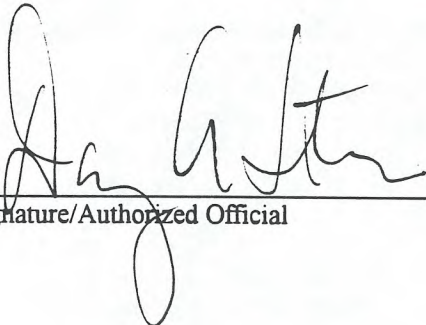
It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an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

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

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to our exit 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 including lead-based paint procedures 24 CFR §91.225 (b)(7)

  
\_\_\_\_\_  
Signature/Authorized Official

12/15/99  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Director  
Title

### ESG Certifications

The State seeking funds under the Emergency Shelter Program (ESG) certifies that it will ensure that its recipients of (ESG) funds comply with the following requirements:

**Major rehabilitation/conversion** – In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

**Essential Services** – Where the assistance involves essential services 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.

**Renovation** – Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

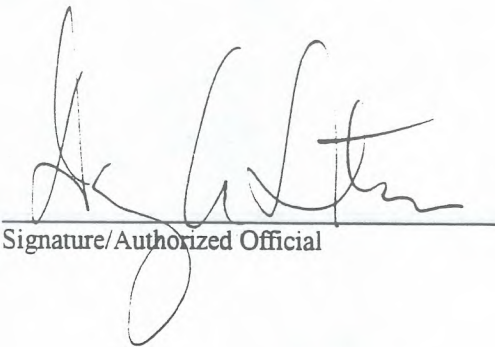
**Supportive Service** – It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance for such individuals.

**Matching Funds** – It will obtain matching amounts required under 24 CFR §576.71.

**Confidentiality** – It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence or treatment services under any project assisted under 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.

**Homeless Persons Involvement** – To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in construction, renovation, maintaining, and operating, facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of such facilities.

**Consolidated Plan** – It is following a current HUD-approved Consolidated Plan or CHAS.



Signature/Authorized Official

12/15/99

Date

Executive Director

Title

**Specific HOME Certifications**

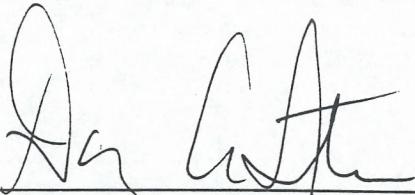
The State certifies that:

**Tenant Based Rental Assistance** – If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based assistance is an essential element of the State's consolidated plan.

**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 Finance Assistance** – Before committing any funds to a project, the State or its recipients 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

12/15/99

\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Director

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.

Sheryl K. Stanley, M.D.  
Signature/Authorized Official

10-4-99  
Date

Acting Associate Commissioner for Disease Control and Prevention  
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 32, 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 Condition

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. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).
4. For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions).
5. 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.
6. 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 hall or radio stations).
7. 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 five).
8. 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):

507 Sabine  
Austin, TX (Travis County) 78711

Check \_\_\_ if there are workplaces on file that are not identified here. The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

9. 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 Substance Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means finding of guilt (including a plea of no 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).

# **Section Three: Program Statements**



**COMMUNITY  
DEVELOPMENT BLOCK  
GRANT  
TEXAS COMMUNITY  
DEVELOPMENT PROGRAM  
2000 ACTION PLAN**

**I. PROGRAM YEAR 2000  
GENERAL PROGRAM INFORMATION**

**A. 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).

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. Non-entitlement cities located within eligible counties that meet other eligibility criteria are also eligible applicants for the TCDP Colonia Economically Distressed Areas Program Fund.

**B. ELIGIBLE ACTIVITIES**

Eligible activities under the Texas Community Development Program are listed in Section 105(a) of the federal Housing and Community Development Act of 1974, as amended [42 U.S.C. Sec. 5305 (a)]. The Texas Department of Housing and Community Affairs (TDHCA) will review all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Economic Development (TDED) will determine the

eligibility of activities included in Texas Capital Fund applications.

**All proposed activities must meet one of the following three National Program Objectives:**

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency.

**C. INELIGIBLE ACTIVITIES**

In general, any type of activity not described or referred to in Section 105(a) of the federal Housing and Community Development Act of 1974, as amended, is ineligible. Specific activities ineligible under the Texas Community Development Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses.

The Texas Capital Fund (TCF) will not accept applications in support of 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.

**D. PRIMARY BENEFICIARIES**

The primary beneficiaries of the Texas Community Development Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (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.

## Section Three: Program Statements

---

### E. 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 seven funding categories under the Texas Community Development Program as indicated below:

1. **Community Development Fund**
2. **Texas Capital Fund**
3. **Colonia Fund**
  - 3a. Colonia Construction Fund
  - 3b. Colonia Economically Distressed Areas Program Fund
  - 3c. Colonia Planning Fund
    - (1) Colonia Area Planning Fund
    - (2) Colonia Comprehensive Planning Fund
  - 3d. Colonia Self-Help Centers Fund
4. **Planning And Capacity Building Fund**
5. **Disaster Relief/Urgent Need Fund**
6. **Housing Fund**
  - 6a. Housing Infrastructure Fund
  - 6b. Housing Rehabilitation Fund
7. **TCDP STEP Fund**

### B. DESCRIPTION OF FUNDS

#### 1. Community Development Fund

This fund is available on a **biennial basis** (primarily for public facilities and housing assistance). Applications received by the 1999 program year application deadline of April 20, 1999, were selected to receive grant awards from the 1999 and 2000 program year allocations through 24 regional competitions. The scoring of the applications was shared between TDHCA and the 24 Regional Review Committees.

The final 1999 program year scoring rankings will be used to determine the 1999 applicants that are selected for funding from the 2000 program year allocation (i.e., the highest ranked applications, to the extent that funds were available, were funded from the 1999 program

year fund allocations; the next highest ranked applications will be funded from the 2000 program year allocation for the Community Development Fund to the extent that funds are available). New applications for the 2000 Community Development Fund allocation will not be accepted during the 2000 program year as the applications received on April 20, 1999, were submitted for the combined 1999 program year and 2000 program year period.

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

- |                                     |     |
|-------------------------------------|-----|
| a. Non-Entitlement Population       | 30% |
| b. Number of Persons in Poverty     | 25% |
| c. Percentage of Poverty Persons    | 25% |
| d. Number of Unemployed Persons     | 10% |
| e. Percentage of Unemployed Persons | 10% |

To the extent possible, the information used to calculate the regional allocations through these factors is 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.

Unless the State's 2000 CDBG allocation is significantly increased or decreased, the amount allocated to the 2000 Community Development Fund will equal the amount allocated to the Community Development Fund for the 1999 program year. The 2000 regional allocations will equal the amounts allocated to each region for the 1999 program year. A significant increase or decrease to the State's 2000 CDBG allocation may result in a corresponding increase or decrease to the 2000 Community Development Fund allocation and higher or lower 2000 regional allocations.

#### 2. Texas Capital Fund

This fund will be available for economic development funding to consider projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons. Responsibility for this fund is contracted to the Texas Department of Economic Development through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in Section 105 (a) of Title I of the Housing and

## Section Three: Program Statements

---

Community Development Act of 1974, as amended, including the following activities.

- a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.
- b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit or a non-profit entity.
- c. Texas Capital Fund Float Loans (referred to as "Float Loan(s)") use undisbursed funds in the line of credit and its CDBG program account that are budgeted in statements or the action plans for one or more other activities that do not need the funds immediately, subject to certain limitations. Such funds shall be referred to as the "float". At no time will a Float Loan be awarded that would cause the Float Loan portfolio balance to exceed seventy-five percent (75%) of the Texas Capital Fund float balance, as calculated at the time of award. Float Loans may provide financing for buildings, equipment, working capital, land and other facilities or improvements to assist a for-profit or a non-profit entity. A unit of local government may apply for a loan to assist 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 award amount. Each activity carried out using the float must meet all of the same requirements that apply to CDBG-assisted activities generally, and must be expected to produce program income in an amount at least equal to the amount of the float so used.

The recipient of a Float Loan must obtain an irrevocable line of credit from a commercial lender, for the full amount of the float-funded activity and accrued interest, for the term of such float-funded activity. To qualify for this purpose, such line of credit must be unconditionally available to the recipient in the amount of any shortfall within 30 days of the date that the float-funded activity fails to generate the projected amount of program income as scheduled.

Any losses experienced by the Texas Capital Fund Float Loan program that are not recovered through the irrevocable line of credit would reduce current and/or future

allocations attributable to the Texas Capital Fund, and would not impact any other CDBG program funding categories.

- d. Infrastructure improvements to assist Texas Main Street Program designated municipalities.
- e. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:
  - (1) creates or retains jobs for low- and moderate-income persons;
  - (2) prevents or eliminates slums or blight;
  - (3) meets urgent needs;
  - (4) creates or retains businesses owned by community residents;
  - (5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
  - (6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for all Real Estate, Float Loan and Infrastructure Program projects, as follows:

- a. Real Estate Development projects require full repayment with no interest accruing;
- b. Float Loans require full repayment of principal and accrued interest; and
- c. Infrastructure Improvements projects:
  - (1) Awards of \$375,000 or less require no repayment.
  - (2) Awards of \$750,000 or less require repayment of fifty percent (50%) of the award amount greater than \$375,000, with no interest accruing.
  - (3) Awards in excess of \$750,000 require repayment of fifty percent (50%) of the award amount greater than \$375,000 plus one hundred percent (100%) of the amount in excess of \$750,000, with no interest accruing.
  - (4) Awards for railroad improvements require full repayment with no interest accruing.

### **3. Colonia Fund**

This fund will be available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition

## Section Three: Program Statements

---

as 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.

### **3a. Colonia Construction Fund**

The allocation will be distributed through an annual competition. Funding priority shall be given to TCDP applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the TCDP project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system. An eligible county applicant may submit one (1) application for the following eligible activities:

- (1) **Assessments for Public Improvements**  
- The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.
- (2) **Other Improvements** - Other activities eligible under section 105 of the Housing and Community Development Act of 1974 designed to meet the needs of colonia residents.

### **3b. 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 (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include taps, meters, 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.

### **3c. 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**.

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.

#### **(1) Colonia Area Planning Fund**

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;

## Section Three: Program Statements

---

- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents;
- and costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

### **(2) Colonia Comprehensive Planning Fund**

To be eligible for this fund, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

### **3d. 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 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 (5) 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. The Department will enter into a Texas Community Development Program contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Program. The Advisory Committee shall advise TDHCA regarding:

- (1) the needs of colonia residents;

## Section Three: Program Statements

---

- (2) appropriate and effective programs that are proposed or are operated through the centers; and
- (3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

- (1) providing assistance in obtaining loans or grants to build a home;
- (2) teaching construction skills necessary to repair or build a home;
- (3) providing model home plans;
- (4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
- (5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
- (6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
- (7) providing credit and debt counseling related to home purchase and finance;
- (8) applying for grants and loans to provide housing and other needed community improvements;
- (9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
- (10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract

- for sale, or other executory contract; and
- (11) monthly programs to educate individuals and families on their rights and responsibilities as property owners.

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.

### **4. 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 1999 program year application deadline of April 20, 1999, were selected through a statewide competition for funding from the 1999 and 2000 program year allocations.

The final 1999 program year scoring rankings will be used to determine the 1999 applicants that are selected for funding from the 2000 program year allocation (i.e., the highest ranked applications, to the extent that funds were available, were funded from the 1999 program year fund allocations; the next highest ranked applications will be funded from the 2000 program year allocation for the Planning and Capacity Building Fund to the extent that funds are available). New applications for the 2000 Planning and Capacity Building Fund allocation will not be accepted during the 2000 program year as the applications received on April 20, 1999, were submitted for the combined 1999 and 2000 program year period.

Unless the State's year 2000 CDBG allocation is significantly increased or decreased, the amount allocated to the year 2000 Planning and Capacity Building Fund will equal the amount allocated to the fund for the 1999 program year.

### **5. 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

## Section Three: Program Statements

---

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 available through this fund for projects that include activities to address water or sewer urgent needs that have resulted in either death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. An application for Urgent Need assistance will not be accepted by the TCDP until discussions between the potential applicant and representatives of TDHCA, the Texas Natural Resource Conservation Commission (TNRCC), 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 or Urgent Need 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 Urgent Need assistance, this means that the situation first occurred or was discovered no more than 18 months prior to the date the potential applicant contacts the TCDP for Urgent Need assistance. 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.
- 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.

**Each applicant for Urgent Need funds must provide matching funds.** If the applicant's 1990 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 1990 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.

### **6. Housing Fund**

Two separate fund categories are available under this fund.

#### **6a. Housing Infrastructure Fund**

Funds will be available to provide grants through **competitive scoring criteria** for the development of single family and multifamily low to moderate income housing. The funds may not be used for the actual construction cost of new housing. Eligible activities under this fund are:

- The provision of public facilities improvements supporting the development of the low to moderate income housing
- Engineering costs associated with the public facilities improvements
- Administrative costs associated with the site clearance, site improvements and public facilities improvements

In accordance with House Bill 2577 (75th Texas Legislative Session), the TCDP encourages the construction of housing units under this fund that incorporate energy efficient construction and appliances.

Eligible projects must leverage public (local, state, or federal) or private resources for the actual housing construction costs and any other project costs that are not eligible for assistance under this fund.

In order to meet a national program objective, at least fifty-one percent (51%) of the housing units built in conjunction with each Housing Infrastructure Fund project must be occupied by low to moderate income persons. In the case of a rental housing construction project, occupancy by low to moderate income persons must be at affordable rents. TCDP funds can be used to finance 100% of the eligible project costs when at least 51% of the units are occupied by low to moderate income persons.

## Section Three: Program Statements

---

There is only one type of project that can qualify for assistance when less than 51% of the units will be occupied by low to moderate income persons. Eligible assistance can also be provided to reduce the cost of new construction of a multifamily non-elderly rental housing project. However, at least twenty percent (20%) of the units must be occupied by persons of low to moderate income at affordable rents. For this type of project, the maximum percentage of TCDP funds available for the eligible project costs is equal to the percentage of the project's units that are occupied by persons of low to moderate income at affordable rents.

### **6b. Housing Rehabilitation Fund**

This fund is available on a **biennial basis** and eligible cities and counties may use the grant funds to provide loan or forgivable loan assistance for the rehabilitation of existing owner-occupied and renter-occupied housing units and, in strictly limited circumstances, the construction of new housing that is accessible to persons with disabilities. Applications received by the 1999 program year application deadline of April 20, 1999, were selected through a statewide competition for funding from the 1999 and 2000 program year allocations.

The final 1999 program year scoring rankings will be used to determine the 1999 applicants that are selected for funding from the 2000 program year allocation (i.e., the highest ranked applications, to the extent that funds were available, were funded from the 1999 program year fund allocations; the next highest ranked applications will be funded from the 2000 program year allocation for the Housing Rehabilitation Fund to the extent that funds are available). ). New applications for the 2000 Housing Rehabilitation Fund allocation will not be accepted during the 2000 program year as the applications received on April 20, 1999, were submitted for the combined 1999 and 2000 program year period.

The 2000 Housing Rehabilitation Fund allocation will decrease from the amount allocated to the fund for the 1999 program year because the TCDP did not receive a sufficient number of applications to utilize an amount equal to the 1999 allocation.

Application selection and scoring criteria for this fund places some emphasis on housing activities that are targeted towards the provision of accessible housing for persons with

disabilities. Housing units that are rehabilitated under this fund must be brought up to HUD Section 8 Existing Housing Quality Standards or local housing codes. Eligible activities under this fund are:

- Loan or forgivable loan assistance for the rehabilitation of owner-occupied housing units that are not inhabited by persons with disabilities.
- Loan or forgivable loan assistance for the rehabilitation of owner-occupied or renter-occupied housing units that are inhabited by persons with disabilities or that will be occupied by persons with disabilities after completion of the housing unit rehabilitation. In this instance, the rehabilitated housing unit must include any improvements necessary to make the housing unit accessible to the actual or projected occupant(s) that are a person or persons with disabilities.
- Loan or forgivable loan assistance for the construction of new housing units that include accessibility amenities for persons with disabilities. Construction of new housing must be provided through an eligible subrecipient such as a neighborhood-based non-profit organization or a non-profit organization serving the development needs of the TCDP-eligible community. In this instance, the applicant must provide documentation that confirms: 1) a need for a housing unit or units, that are accessible to persons with disabilities; and 2) that there is insufficient existing housing currently available in the applicant's jurisdiction that can satisfy or meet the documented need.
- Soft costs associated with the delivery of the housing program assistance including the preparation of work write-ups; required architectural or professional services that are directly attributable to a particular housing unit; interim and final inspections; and inspections for lead-based paint, asbestos, termites, and existing septic systems.
- Administrative costs associated with the housing assistance program.

### **7. TCDP STEP Fund**

Funds will be available for grants on a direct 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 Small Towns Environment Program (STEP) self-help techniques.



## Section Three: Program Statements

Cities and counties receiving 1999 and 2000 Community Development Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2000 STEP Fund grant award. However, TDHCA 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 1999 or 2000 Community Development Fund grant award to finance water and sewer activities that will be addressed through self-help.

The 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.

### C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2000 program year CDBG allocation. It is anticipated that the State's 2000 allocation could be lower than the 1999 allocation of \$84,441,000.

The amount available for TCDP assistance will be the 2000 State CDBG allocation amount plus an estimated \$700,000 in Texas Capital Fund program income. Funds will be allocated according to the following percentages of the State's 2000 allocation:

FUND	2000 PERCENT	AMOUNT AVAILABLE
Community Development Fund	57.29	
Texas Capital Fund (TCF)	14.79 <sup>1</sup>	
TCF Program Income		\$ 700,000
TCF Float Loan Program Income		\$27,300,000 <sup>2</sup>
Colonia Fund		
Colonia Construction Fund	7.09	
Colonia EDAP Fund	2.37	
Colonia Planning Fund	0.54	
Colonia Self-Help Centers Fund	2.50	
Planning And Capacity Building Fund	0.91	
Disaster Relief/Urgent Need Fund	4.27	
Housing Fund		
Housing Infrastructure Fund	2.37	
Housing Rehabilitation Fund	1.45	
TCDP STEP Fund	3.32	
Administration	2.00 + \$100,000	
Technical Assistance	1.00	

<sup>1</sup> Texas Capital Fund Float Loans use undisbursed funds in the line of credit and its CDBG program account that are budgeted in statements or the action plans for one or more other activities that do not need the funds immediately, subject to certain limitations. At no time will a Float Loan be awarded that would cause the Float Loan portfolio balance to exceed seventy-five percent (75%) of the Texas Capital Fund float balance, as calculated at the time of award. Any losses experienced by the Texas Capital Fund Float Loan program that are not recovered through the irrevocable line of credit would reduce current and/or future allocations attributable to the Texas Capital Fund, and would not impact any other CDBG program funding categories.

<sup>2</sup> Unlike other projected program income, Texas Capital Fund Float Loans will average two years to repayment, creating a stream of program income that will be used to fund the undisbursed portion of activities budgeted in this action plan for other Texas Capital Fund activities. This stream of program income, based on seventy-five percent (75%) of the current Texas Capital Fund float balance of \$35,000,000 earning a 2% annual interest rate, would return \$27,300,000 at the end of two years. It is declared that no float loan will be undertaken without obtaining an irrevocable line of credit from a commercial

## Section Three: Program Statements

---

lender for the full amount of float-funded activity and its accrued interest. Such line of credit must be unconditionally available in the amount of any shortfall within 30 days of the date that the float-funded activity fails to generate the projected amount of program income on schedule.

---

Deobligated funds, unobligated funds, and program income (except program income recovered from local revolving loan funds) generated by Texas Capital Fund projects shall be retained for expenditure within the Texas Capital Fund. Program income derived from Texas Capital Fund projects will be used for economic development activities in economically distressed areas to be approved at the discretion of the Executive Director of the Texas Department of Economic Development.

Any deobligated funds, unobligated funds, program income, and unused funds from previous years' allocations derived from any Texas Community Development Program Fund other than the Texas Capital Fund, 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 above fund categories, except the Texas Capital Fund, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the TDHCA Executive Director on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, and the Department's special targeted activities (e.g., colonias, special housing projects, Texas STEP, etc.) as the next highest priority.

If a portion of the State's 2000 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2000 allocation is decreased significantly from the State's 1999 allocation, TDHCA may make corresponding reductions within the fund allocation percentages as required.

### 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 two percent (2%) of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefitting 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, other than Float Loans, 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.

## Section Three: Program Statements

---

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

If an approved RLF is established, the local government must first disburse any funds in the RLF for payment of activities associated with the economic development project prior to accessing state funding draw downs. If the local government receives a subsequent economic development award, all program income in the local RLF not committed must be allocated to the new project. Funds retained in the local RLF must be committed within three years of the original TCDP contract start date and 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. TDHCA and TDED will determine when an activity will be considered to be continued. If the local government has not committed any RLF funds during the three year period, all program income currently retained in the local RLF and any future program income received must be returned to the State for use in the statewide RLF.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/TCDP contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. Program income returned to the state will be placed in a

statewide RLF for the purpose of providing funds for eligible economic development activities.

Float Loans use undisbursed funds in the line of credit and its CDBG program account that are budgeted for one or more other activities that do not need the funds immediately, subject to certain limitations. The expected time period between obligation of assistance for a float-funded activity and receipt of program income in an amount at least equal to the full amount drawn from the float to fund the activity may not exceed 2.5 years. Each activity carried out using the float must meet all of the same requirements that apply to CDBG-assisted activities generally, and must be expected to produce program income in an amount at least equal to the amount of the float so used. Float Loans will accrue interest. All Float Loan program income must be returned to the State for use on a state-wide basis, it is not eligible to be held in a local RLF.

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, and 1992 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, and 1992. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to TDHCA's approval of an RLFP must be returned to the State." 2) "...every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived." 3) "...contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state."

### 2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or TCDP fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by TDHCA, prior to committing and expending any program income. The RLFP shall be approved and must be used

## Section Three: Program Statements

---

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 sixty (60) days prior to the termination date of the contract award generating the program income. **This requirement shall also apply to 1996, 1997, 1998, and 1999 Housing Fund contract awards.** Program income generated by the contract award prior to TDHCA's approval of an RLFP must be returned to the State.

If an approved RLF is established, the local government must first disburse any funds in the RLF for payment of activities associated with the funded TCDP project prior to accessing state funding draw downs. If the local government receives a subsequent TCDP Housing Fund award or an award from another TCDP fund category for housing activities, all program income in the local RLF not committed must be allocated to the new project. Funds retained in the local RLF must be committed within three years of the original TCDP contract start date. 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 TDHCA.

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 TDHCA. Program income returned to TDHCA 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 NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Program:

#### 1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in TCDP application guides, an eligible city may submit an application 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 Texas Department of Housing and Community Affairs 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 Texas Department of Housing and Community Affairs 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

## Section Three: Program Statements

---

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 will be 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 frequency of application submission for various application types:

TYPE OF APPLICATION	SUBMISSION CYCLE
1. Community Development Fund	Biennial <sup>1</sup>
2. Texas Capital Fund	
Real Estate Program	Three times Annually
Float Loan Program	As-needed
Infrastructure Program	Three times Annually
Main Street Improvements Program	Annually
3. Colonia Fund	
Construction Fund	Annually
EDAP Fund	As-needed
Planning Fund	Annually
4. Planning/Capacity Building Fund	Biennial <sup>1</sup>
5. Disaster Relief/ Urgent Need Fund	
Disaster Relief	As needed
Urgent Need	By notification
6. Housing Fund	
Housing Infrastructure Fund	Annually
Housing Rehabilitation Fund	Biennial <sup>1</sup>
7. TCDP STEP Fund	Direct Award

<sup>1</sup> The applications submitted for program year 1999 Community Development Fund, Planning and Capacity Building Fund, and Housing Rehabilitation Fund were scored and placed in rank order. Applications are funded to the extent that allocated 1999 funds are available. The final 1999 program year rankings under the Community Development Fund, Planning and Capacity Building Fund, and Housing Rehabilitation Fund will also be used to determine the 1999 applicants that are selected for funding from the year 2000 program year allocations (i.e., the highest ranked applications, to the extent that funds are available, will be funded from the 1999 program year fund allocations; the next highest ranked applications will be funded from the year 2000 program year allocations for the Community Development Fund, the Planning and Capacity Building Fund, and the Housing Rehabilitation Fund to the extent that funds are available). Only one application for the Community Development Fund, the Planning and Capacity Building Fund, and the Housing Rehabilitation may be submitted for the combined 1999 and year 2000 program year period. Eligible cities and counties could submit an application to the Community Development Fund or the Housing Rehabilitation, but could not submit applications to both of those fund categories.

## Section Three: Program Statements

### C. CONTRACT AWARDS

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

FUND	CONTRACT AWARD	
	MAXIMUM	MINIMUM
<b>Community Development Fund</b>		
Single Applicant	\$ 800,000 <sup>1</sup>	\$ 75,000
Multi-Jurisdiction Application	\$ 800,000 <sup>1</sup>	\$ 75,000
<b>Texas Capital Fund</b>		
Real Estate Program	\$ 750,000 <sup>2</sup>	\$ 50,000
Float Loan Program	\$5,000,000 <sup>3</sup>	\$1,000,000
Infrastructure Program	\$ 750,000 <sup>2</sup>	\$ 50,000
Main Street Improvements Program	\$ 150,000 <sup>4</sup>	\$ 50,000
<b>Colonia Fund</b>		
Construction Fund	\$ 500,000	\$ 75,000
EDAP Fund	\$ 500,000	None
Area Planning Fund	\$ 100,000 <sup>5</sup>	None
Comprehensive Planning Fund	\$ 200,000 <sup>5</sup>	None
<b>Planning/Capacity Building Fund</b>	\$ 50,000	None
<b>Disaster Relief/Urgent Need Fund</b>	\$ 350,000	\$ 50,000
<b>Housing Fund</b>		
Housing Infrastructure Fund	\$ 400,000	\$ 75,000
Housing Rehabilitation Fund	\$ 250,000	None
<b>TCDP STEP Fund</b>	\$ 350,000	None

<sup>1</sup> 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.

<sup>2</sup> 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 \$1,500,000, 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 \$1,500,000 increased maximum grant amount, however, projects that receive an amount greater than \$750,000 may not exceed \$4,500,000 in total awards during the program year, unless a jumbo award is deobligated during the program year, in which case another jumbo award, of up to \$1,500,000, may be awarded as a replacement.

<sup>3</sup> The maximum Float Loan amount allows for administrative costs as outlined in the Texas Capital Fund Float Loan Application Guidelines. The Loan amount will not be for less than \$1,000,000, but not more than \$5,000,000. A unit of local government may apply for a loan to provide financing for buildings, equipment, working capital, land and other facilities or improvements to assist 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 award amount. 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 Float Loan will be defined in Texas Capital Fund

## Section Three: Program Statements

---

Float Loan Application Guidelines. The maximum loan made to a non-manufacturing business is limited to \$1,000,000, with an overall portfolio maximum of twenty-five percent (25%) to non-manufacturing businesses.

- 4 Texas Capital Funds are not specifically reserved for Main Street infrastructure activities; however, Main Street Improvements Program projects may not exceed \$600,000 in total awards.
  - 5 For the Colonia Planning Fund thirty-three percent (33%) of the total allocation is allocated to the Colonia Area Planning Fund and sixty-seven percent (67%) is allocated to the Colonia Comprehensive Planning Fund. Any unobligated funds under either of these two funds may be allocated to the other Colonia Planning Fund category 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 (according to the 1990 Census)
- 

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 TDHCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Economic Development and the applicant regarding the final award amount.

### D. PROJECT LENGTH

All funded projects, except the Texas Capital Fund, TCDP STEP Fund, Housing Infrastructure 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 program awards will be made for a twenty-four (24) month term. The other Texas Capital Fund programs, TCDP STEP Fund, and Housing Infrastructure 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 TDHCA or TDED (for Texas Capital Fund contracts) and TDHCA or TDED 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

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. 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 and comments on other applications are forwarded to TDHCA.

#### 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, will oversee the Community Development Fund and Planning And Capacity Building Fund and may provide recommendations to the TDHCA Executive Director. The role of the State Review Committee consists of reviewing recommendations for funding under the Community Development Fund and Planning And Capacity Building Fund for consistency and adherence with Department policies regarding appeals procedures as identified in procedures for the programs.

#### 3. Texas Capital Fund Review Process

The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Economic Development staff in accordance with the established selection criteria. Recommendations will be made to the Executive Director of the Texas Department of Economic Development 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

## Section Three: Program Statements

---

Review and Comment System and Chapter 391, Texas Local Government Code.

### 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.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project.
3. Levy a local property (ad valorem) tax or local sales tax option.
4. Demonstrate satisfactory performance on previously awarded Texas Community Development Program contracts.
5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Program contracts and other TDHCA contracts.
6. Submit any past due audit to TDHCA in accordance with Title 10, Chapter 1, Subchapter A, Section 1.3 of the Texas Administrative Code.
7. Obligate at least 50 percent of the total funds awarded under a contract (a TCDP contract with an original 24-month contract period) executed at least 12 months prior to 2000 application deadlines.

Obligate at least 50 percent of the total funds awarded under a contract (a TCDP contract with an original 36-month contract period) executed at least 18 months prior to 2000 application deadlines.

This threshold requirement does not apply to previously awarded Texas Capital Fund contracts, Colonia Self-Help Centers contracts, Housing Fund contracts, Texas STEP contracts, Colonia Economically Distressed Areas contracts, and Young V Cuomo contracts, or when an applicant meets the eligibility criteria for Disaster Relief funds.

8. For a previously awarded TCDP contract with an original 24-month contract period), expend all but the reserved audit funds, or other reserved funds that are pre-approved by TCDP staff, awarded under a contract executed at least 24 months prior to 2000 application deadlines and submit to TDHCA the Certificate of Completion required by the most recent edition of the Texas Community Development Program Project Implementation Manual.

For a previously awarded TCDP contract with an original 36-month contract period), expend all but the reserved audit funds, or other reserved funds that are pre-approved by TCDP staff, awarded under a contract executed at least 36 months prior to 2000 application deadlines and submit to TDHCA the Certificate of Completion required by the most recent edition of the Texas Community Development Program Project Implementation Manual.

This threshold requirement does not apply to previously awarded Texas Capital Fund contracts, Colonia Self-Help Centers contracts, Housing Fund contracts, Texas STEP contracts, Colonia Economically Distressed Areas contracts, and Young V Cuomo contracts, or when an applicant meets the eligibility criteria for Disaster Relief funds.

9. 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.
10. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Economic Development staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadlines and submit to the Texas Department of Economic Development the Certificate of Completion required by the most recent edition of the Texas Capital Fund Implementation Manual.



## Section Three: Program Statements

### IV. APPLICATION SELECTION CRITERIA

#### A. GENERAL DESCRIPTION

All projects under the Community Development Fund, Housing Rehabilitation Fund, Colonia Fund (except for the Colonia Economically Distressed Areas Program Fund and Colonia Self-Help Centers 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 TDHCA (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, Float Loan Program and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

- (1) Jobs
- (2) Business Emphasis
- (3) Leverage/Match Ratio
- (4) Feasibility
- (5) Community Need

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

- (1) Community Profile
- (2) Project Feasibility
- (3) Leverage Ratio
- (4) Reinvestment Statistics

The final assignment of points for an applicant to the Community Development Fund, Colonia Fund, Housing 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 1999 and PY 2000 Community Development Fund and

Planning And Capacity Building Fund are provided to the State Community Development Review Committee for their recommendations, and are then provided to TDHCA's Executive Director for final award.

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

In accordance with Senate Bill 226 (75th Texas Legislative Session), 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 fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote TCDP-eligible economic development in the community or for TCDP-eligible construction, improvement, extension, repair, or maintenance of TCDP-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description Of Funds" section.

#### B. 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 20 points
- Per Capita Income 20 points
- Unemployment Rate 15 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

## Section Three: Program Statements

least 60 percent of the TCDP funds benefit low/moderate-income persons will receive 40 points.

### **c. Project Impact -- 0 - 195 Points (Maximum)**

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

Ten of the 195 points are awarded to each applicant that did not receive a 1997 or 1998 Community Development Fund contract award or a 1997 or 1998 Housing Rehabilitation Fund contract award.

Ten of the 195 points are awarded to each applicant that does not have any open Community Development Fund contracts, with the exception of a 1997 or a 1998 contract, on the application deadline date. To receive the ten points, all previously awarded Community

Development Fund contracts, except 1997 and 1998 program year contracts, must be closed by the 1999/2000 Community Development Fund application deadline. A contract is considered to be closed when: all of the TCDP funds needed to complete the contract activities, except for the reserved audit funds and other pre-approved reserved funds, have been expended, and the Certificate of Completion required by the most recent edition of the TCDP Project Implementation Manual has been submitted to the Department (the Certificate of Completion must be complete and must meet standards for acceptability).

For the remaining 175 points, each application is scored by a committee composed of TCDP staff. Each committee member 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
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 - 145
• Street Paving, Drainage, and Flood Control	150 - 130
• Handicapped Accessibility	150 - 130
• Gas/Electrical Facilities and Solid Waste Disposal	145 - 125
• Fire Protection and Health Clinics	145 - 125
• Community/Senior/Social Services Centers	135 - 115
• Demolition/Clearance, Code Enforcement	135 - 115
• Jails, Detention Facilities	125 - 105
• All Other Eligible Activities	115 - 85

Multi-activity projects which 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 that address basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.
- Projects that provide 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 that provide a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.

### Section Three: Program Statements

- 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 that provide 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.

- Flood and drainage projects in areas impacted by 1998 calendar year flooding disasters that were named in a Federal Disaster Declaration are given additional consideration and are scored in the 145 point to 175 point scoring range.

#### **d. Matching Funds – 60 Points (Maximum)**

Applicant(s) population equal to or fewer than 750 according to the 1990 Census:

- |  |           |
|--|-----------|
| • Match equal to or greater than 5% of grant request   | 60 points |
| • Match at least 4% but less than 5% of grant request  | 40 points |
| • Match at least 3%, but less than 4% of grant request | 20 points |
| • Match at least 2%, but less than 3% of grant request | 10 points |
| • Match less than 2% of grant request                  | 0 points  |

Applicant(s) population equal to or fewer than 1,500 but over 750 according to the 1990 Census:

- |  |           |
|--|-----------|
| • Match equal to or greater than 10% of grant request    | 60 points |
| • Match at least 7.5% but less than 10% of grant request | 40 points |
| • Match at least 5%, but less than 7.5% of grant request | 20 points |
| • Match at least 2.5%, but less than 5% of grant request | 10 points |
| • Match less than 2.5% of grant request                  | 0 points  |

Applicant(s) population equal to or fewer than 5,000 but over 1,500 according to the 1990 Census:

- |   |           |
|---|-----------|
| • Match equal to or greater than 15% of grant request       | 60 points |
| • Match at least 11.5% but less than 15% of grant request   | 40 points |
| • Match at least 7.5%, but less than 11.5% of grant request | 20 points |
| • Match at least 3.5%, but less than 7.5% of grant request  | 10 points |
| • Match less than 3.5% of grant request                     | 0 points  |

Applicant(s) population over 5,000 according to the 1990 Census:

- |  |           |
|--|-----------|
| • Match equal to or greater than 20% of grant request    | 60 points |
| • Match at least 15% but less than 20% of grant request  | 40 points |
| • Match at least 10%, but less than 15% of grant request | 20 points |
| • Match at least 5%, but less than 10% of grant request  | 10 points |
| • Match less than 5% of grant request                    | 0 points  |

TCDP funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or

private service provider unless the applicant provides matching funds equal to at least fifty percent (50%) of the total construction cost budgeted for the street/road improvements.

## Section Three: Program Statements

---

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 1990 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.

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. Regional Review Committee -- 350 Points (Maximum)**

- Project Priorities
- Local Effort
- Continuation of Need 50 points (Maximum)
- Merits of Project 175 points (Maximum)

Further instructions concerning the Regional Review Committee points are included in the RRC Guidebook. However, maximum points of 50 under Continuation of Need and 175 points on Merits of Project have been established.

### **Community Development Fund Marginal Competition**

Due to the two-year funding cycle proposed for program years 1999 and 2000, a Community Development Fund marginal competition was not conducted for program year 1999. A marginal competition will be conducted for program year 2000 if the State's 2000 allocation is not decreased significantly from the State's 1999 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 TDHCA's Community Development Fund scoring factors (maximum of 350 points).

## Section Three: Program Statements

Applicants' scores on the TDHCA 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 and Matching Funds scores are part of the total score received in this competition, but they are not rescored.

### **2. TEXAS CAPITAL FUND Real Estate, Float Loan And Infrastructure Improvements Programs**

The selection criteria for the Real Estate, Float Loan and Infrastructure Improvements 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.

### **3. TEXAS CAPITAL FUND Main Street Improvements Program**

The selection criteria for the Main Street Improvements 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.

### **4. COLONIA CONSTRUCTION FUND 440 Total Points Maximum**

#### **a. Community Distress -- 60 Points (Maximum)**

- Percentage of persons living in 15 points poverty
- Per Capita Income 15 points
- Percentage of housing units without 15 points public sewer service
- Percentage of housing units without 15 points public water service

#### **b. Benefit To Low/Moderate Income Persons -- 50 Points (Maximum)**

A formula will be used to determine the percentage of TCDP funds benefiting low to moderate income persons. The percentage of low- to moderate-income persons benefiting from the proposed project is multiplied by the amount of TCDP funds requested for construction activities (total TCDP request minus the amounts of TCDP funds requested for engineering and administration). The resulting dollar amount is then divided by the total amount of TCDP funds requested to determine the percentage of TCDP funds benefiting low- to moderate-income persons. Points will be awarded based on the percentage of TCDP funds benefiting low- to moderate-income persons in accordance with the following scale:

## Section Three: Program Statements

• 100% to 90% of TCDP funds benefiting low- to moderate-income persons	50
• 89.99% to 80% of TCDP funds benefiting low- to moderate-income persons	40
• 79.99% to 70% of TCDP funds benefiting low- to moderate-income persons	25
• 69.99% to 60% of TCDP funds benefiting low- to moderate-income persons	10
• 59.99% to 51% of TCDP funds benefiting low- to moderate-income persons	0

### **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 and/or Sewer service and Housing activities	145
• First time Water and/or Sewer service through a privately-owned for-profit utility	135
• Installation of approved residential on-site wastewater disposal systems	110
• Expansion or improvement of existing Water and/or Sewer service	95
• Street Paving and Drainage activities	75
• All Other eligible activities	20

A weighted average will be used to assign scores to applications which 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 will determine the composite Project Priorities score.

### **d. Project Design -- 135 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 within the colonia area(s) and how the proposed project resolves the identified need.
- 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.

### **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

## Section Three: Program Statements

---

\$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.

### **5. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM FUND**

The allocation will be 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).

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include taps, meters, yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible 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

### **6. COLONIA AREA PLANNING FUND 350 Total Points Maximum**

#### **a. Community Distress -- 60 Points (Maximum)**

- Percentage of persons living in poverty 15 points
- Per Capita Income 15 points
- Percentage of housing units without public sewer service 15 points
- Percentage of housing units without public water service 15 points

#### **b. Benefit To Low/Moderate Income Persons -- 40 Points (Maximum)**

Points will be awarded based on the low- to moderate-income percentage for the entire colonia area(s) where project planning activities are located according to the following scale:

- 100% to 90% low/mod colonia area(s) 40
- 89.99% to 80% low/mod colonia area(s) 30
- 79.99% to 70% low/mod colonia area(s) 20
- 69.99% to 60% low/mod colonia area(s) 10
- 59.99% to 51% low/mod colonia area(s) 0

#### **c. Project Design -- 250 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 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.

## Section Three: Program Statements

- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

### 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.

### **7. COLONIA COMPREHENSIVE PLANNING FUND 200 Total Points Maximum**

#### **a. Community Distress -- 25 Points (Maximum)**

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

#### **b. Project Design -- 175 Points (Maximum)**

Each application will be scored by a committee composed of TDHCA 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.

### **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.

### **8. PLANNING AND CAPACITY BUILDING FUND 430 Total Points Maximum**

#### **a. Community Distress -- 55 Points (Maximum)**

- Percentage of persons living in poverty 20 points
- Per Capita Income 20 points
- Unemployment rate 15 points

#### **b. Benefit To Low/Moderate Income Persons -- -0- Points**

Applicants are required to meet the 51% low/moderate-income benefit as a threshold requirement, but no score is awarded on this factor.

#### **c. Project Design -- 375 Points (Maximum)**

- (1) Program Priority 50 points

Applicant chooses its own priorities here.

- (2) Base Match 0 points

- Five percent match required from applicants with population equal to or less than 750.
- Ten percent match required from applicants with population over 750 but equal to or less than 1,500.
- Fifteen percent match required from applicants with population over 1,500 but equal to or less than 5,000.



## Section Three: Program Statements

- Twenty percent match required from applicants with population over 5,000.

### (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 is being considered as an option. Proof of efforts to incorporate would be required).

### (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 1990 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:
  - The extent to which any previous planning efforts have been implemented or accomplished;
  - How clearly the proposed planning effort will resolve community development needs addressed in the application;
  - Whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
  - Demonstration of local commitment.

- c. Affordable housing solutions 30 points
- d. Organizational capacity 25 points
- e. Program consideration 35 points
- f. Project design 10 points
- g. Community support 10 points
- h. Rural project (Project is located in a community with a population of 10,000 persons or less) 5 points

## 10. HOUSING REHABILITATION FUND

### 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:

- How the proposed project will resolve the identified housing needs and the severity of the needs within the applying jurisdiction.
- Applications that include a commitment to rehabilitate existing housing units that will address the needs of persons with disabilities or to provide housing units addressing the needs of persons with disabilities will generally be scored higher than applications that do not include an accessible housing element in the housing program design.
- Whether the applicant has provided any local matching funds for the administration or service delivery (soft costs) activities.
- The applicant's past performance on previously awarded TCDP contracts.

## 9. HOUSING INFRASTRUCTURE FUND

Funds are available to provide grants through a **competitive scoring process** for the development of single family and multifamily low to moderate income housing. The funds may not be used for the actual construction cost of new housing. The following is an outline of the selection criteria used by the Department for scoring applications under this fund:

- a. Financial feasibility 20 points
- b. Market assessment 30 points

## 11. TCDP STEP FUND

Funds will be available for grants on a direct 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 Small Towns Environment Program (STEP) self-help techniques.

## **Section Three: Program Statements**

---

"What can we afford?" and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem. 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 (average cost savings of more than 40% have been achieved on completed projects) from the cost for the installation of the same improvements through conventional construction methods. TCDP STEP funds can be used to cover materials, certain engineering and administrative costs.

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. Staff will determine a community's readiness to begin a self-help project through evaluation of the following factors:

- 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 strongly competing priority
- Local government is supportive and understands the urgency
- Public and private willingness to pay increased costs
- 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.

### **V. OTHER 2000 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 or the Housing Rehabilitation 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. MINORITY HIRING/PARTICIPATION**

It is the policy of TDHCA to encourage 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.

#### **C. 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.

## Section Three: Program Statements

---

### EMERGENCY SHELTER GRANTS PROGRAM (ESGP)

---

**CONTACT:** Eddie Fariss

**PHONE #:** 512/475-3897

#### **Federal Resources Expected 2000:**

Confirmation of the PY 2000 Emergency Shelter Grants allocation has not yet been received. In PY 1999 Texas was awarded \$4,808,000 which includes the State's allocation of \$4,721,000 and the supplemental allocation \$87,000 from the City of Irving. The funds were used to address the priority needs as outlined in the 1999 State of Texas Consolidated Plan - One-Year Action Plan.

#### **Recipients:**

Units of general local government; private nonprofit organizations

#### **ESTIMATED PY 1999 BENEFICIARIES**

- The number of estimated beneficiaries is pending final allocation amount from HUD.
- There were 154,489 beneficiaries for state fiscal year 1999. This number is calculated as of September 28, 1999 and may change as the final reports for all PY 1999 ESGP contractors are submitted.

#### **Targeted User:**

Homeless Persons

#### **Fund Distribution:**

The Texas Department of Housing and Community Affairs (TDHCA) has administered the Emergency Shelter Grants Program (ESGP) since the spring of 1987.

The Texas Department of Housing and Community Affairs will administer the S-00-DC-48-0001 ESGP funds in a manner consistent with the Stewart B. McKinney Homeless Assistance Act of 1987, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate the PY 2000 ESGP funds through a statewide competitive application process.

TDHCA will obligate 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 PY 2000 ESGP funds to be distributed equitably throughout the State.

#### **The objectives of the ESGP shall be to:**

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; and
5. Provide emergency intervention assistance to prevent homelessness.

#### **Eligible activities shall be limited to:**

1. Provision of funds for the 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):
  - a) Assistance in obtaining permanent housing;
  - b) Medical and psychological counseling and supervision;
  - c) Employment counseling;
  - d) Nutritional counseling;
  - e) Substance abuse treatment and counseling;

### Section Three: Program Statements

---

- f) Assistance in obtaining other Federal, State, and local assistance;
- g) Other services such as child care, transportation, job placement, and job training; and
- h) Staff salaries necessary to provide the above services.

These services may be provided only as pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374).

- 3. Payment of maintenance, operation, and furnishings, except that not more than 10% of the amount of any grant received under this subtitle may be used for 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.

No ineligible activities as described in 24 CFR 576.22 shall be undertaken.

**Recipients of ESGP funding will be required to meet certain minimum specifications that will include, but will not be limited to:**

- 1. Being eligible units of general local government or private nonprofit organizations;
- 2. In the case of a private nonprofit organization, providing documentation of certification of approval of the project from the unit of local government in which the project is located;
- 3. Providing for the participation of homeless or formerly homeless individuals on its board of directors or other policy-making entity;
- 4. Assuring that ESGP funds will be obligated 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. Demonstrated 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, to the maximum extent feasible through employment, volunteer services, or otherwise, in providing services that are assisted under ESGP; in renovating, maintaining, and operating facilities assisted under ESGP, and in providing services for occupants of facilities assisted under ESGP;
- 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; and
- 13. Proposing a sound plan consistent with the State of Texas Consolidated Plan, the Stewart B. McKinney Homeless Assistance Act, and all other assurances and certifications.

In FY 1999, the amount of ESGP funds allocated statewide to eligible entities was \$4,643,950, which included unliquidated funds from previous state allocations. ESGP funds were distributed to 11 TDHCA service regions throughout the State based on the percentage of poverty population in each region (i.e. Region 1, with 4.54% of the State's poverty population, was awarded 4.54% of the available funds).

## Section Three: Program Statements

---

The Department issued a notice of funding availability (NOFA) and an application was distributed to each city, county, private nonprofit organization, or individual that requested one. In PY 1999, the Department received 123 applications prior to the deadline. As the applications were received, they were sorted by Region and numbered consecutively. Four review teams were established, and each team reviewed the applications according to assigned Regions. Each team reviewed approximately 31 applications using a standardized review instrument. The instrument permitted the awarding of a maximum of 114 points. A variety of factors, as per the application instructions, were 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 were recommended for funding, based on the amount of funds available for that Region. Any application that received a score below 70% of the highest raw score from the Region was not considered for funding. TDHCA obligated funds to 68 projects in PY 1998.

The Department intends to use the same method utilized in PY 1999 to distribute the PY 2000 ESGP funds.

### **Applicable Federal and State Regulations:**

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the Stewart B. McKinney Homeless Assistance Act of 1987, as amended (42 U.S.C. sec. 11371 et seq.)

### *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 for homeless person throughout the State; increasing the flow of information among service providers and appropriate authorities; developing guidelines to monitor services for 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; and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission. There are currently 3 HUD Community Builders that are advisory members of the TICH.

The Department supports the activities of the Homeless Resource Center through a Community Services Block Grant contract with the Texas Homeless Network (THN). These funds support many THN activities, including the provision of technical assistance to develop and strengthen homeless coalitions throughout Texas, a statewide bi-monthly newsletter on homelessness, an information resource center, and a statewide homeless conference. As a Homelessness Prevention activity through an ESGP contract with THN, the Department also supports the provision of technical assistance to communities and organizations throughout the State for the development and submission of Continuum of Care Homeless applications. HUD Community Builders have participated in previous TA workshops and our plan is to continue to partner with the Community Builders.

## Section Three: Program Statements

### HOME INVESTMENT PARTNERSHIPS PROGRAM

**CONTACT:** Robert Chavira

**PHONE #:** 512/475-3969

#### Federal Resources Expected PY 2000

The State of Texas HOME program is applying for \$37,000,000 for Program Year 2000.

#### Allocation of Funds

The Department will use the following method for allocating funds:

Total HOME Allocation:

- Less Administration Funds (10% of the total allocation)
- Less CHDO Set-Aside (15% of the total allocation)
- Less CHDO Operating Expenses (5% of the CHDO set-aside)
- Less Special Needs Set-Aside (10% of the total allocation)
- Less Funds Legislative Mandates (Refer to Special Initiatives)

Equals Project Budget for Housing Activities (Refer to Program Descriptions of Owner-Occupied Housing Assistance, Homebuyer Assistance, Rental Housing Development, Tenant Based Rental Assistance, and the Demonstration Fund)

#### Recipients

Local Service Providers (e.g., units of local government, Public Housing Authorities (PHAs), Community Housing Development Organizations (CHDOs), nonprofits, and for-profit organizations), and Lending Institutions.

#### ESTIMATED PY 2000 BENEFICIARIES

The number of estimated beneficiaries is pending final allocation amount from HUD; however, the Department estimates that it will assist approximately 2,106 households.

#### Targeted Use

Low, very low, and extremely low-income individuals and families.

**Definition:** 51-80% (low-income), 31-50% (very low-income), and 0-30% (extremely low-income) HUD Adjusted Median Family Income. 24 CFR §92.

#### Fund Distribution

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 State of Texas receives an annual allocation from HUD. Units of Local Government, Public Housing Authorities (PHAs), Community Housing Development Organizations (CHDOs), and other nonprofits and for-profits organizations are eligible to apply for HOME funds through the Department. Lending Institutions designated by the Department may participate in a homebuyer down payment assistance program. The Department provides technical assistance through implementation and application workshops to all recipients of the HOME program in order to ensure that all participants meet and follow State implementation guidelines and federal regulations.

#### SELECTION PROCESS

The flexibility of the regulations governing the HOME Program allows for a variety of activities such as owner-occupied housing rehabilitation and reconstruction; homebuyer down payment and closing cost assistance; rental housing acquisition, rehabilitation, new construction, and conversion; and tenant-based rental assistance. A minimum of fifteen percent (15%) of the annual HOME allocation is reserved for Community Housing Development Organizations (CHDOs) for the development of housing sponsored or owned by the CHDO.

## Section Three: Program Statements

---

The Department distributes HOME funds through statewide or regional competitions or by direct award as per State of Texas HOME Program Rules, 10 TAC Sections 53.50-53.62. Applications for funds distributed on a competitive basis are reviewed and ranked using scoring criteria that reflect the Department's housing priorities. Applications for funds distributed by direct award will be scored and funded only if the score exceeds the threshold established in the State of Texas HOME Program rules. The Department will consider applications for HOME funds from Participating Jurisdictions, but such applications will be given lower priority for funding than non-Participating Jurisdictions. A Participating Jurisdiction is one that receives funding directly from HUD.

State HOME funds for owner-occupied housing assistance may be distributed equally among each of the eleven planning regions, described in the 1996 State of Texas Consolidated Plan. Additional funds may be allocated to those regions with a high level of poverty and substandard housing. Tenant-based rental assistance, rental housing development and homebuyer assistance may be distributed through statewide allocations. HOME regional allocations will serve as targets or goals, not absolute limits, on the amount of funds for which communities within a region may apply.

Homebuyer down payment assistance will be provided statewide on an award basis and first-come-first-served basis with a limit of \$500,000 per designated organization or lending institution.

### Program Descriptions

#### Owner-Occupied Housing Assistance

Funds are available to nonprofit organizations, CHDOs, units of general local government, and public housing authorities to assist low, very low, and extremely low-income owners in repairing or rebuilding their existing owner-occupied homes. At the completion of the assistance, all properties must meet Section 8 Housing Quality Standards and local codes. In addition, all construction work must meet the State of Texas Minimum Construction Standards. The present allocation for this fund is approximately forty

percent (40%) of the Project Budget for Housing Activities (Refer to Allocation of Funds)

#### Homebuyer Assistance

Downpayment and closing assistance is provided to homebuyers for the acquisition of affordable single family housing. Eligible homebuyers may receive loans up to \$10,000 per household, depending on the location of the property. 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.

Two methods are utilized for the distribution of Homebuyer Assistance funds to eligible applicants who in turn make these funds available to eligible homebuyers.

The first method of distribution is through a competitive application process. Eligible applicants may apply for Homebuyer Assistance funds for their service area. Eligible applicants include: nonprofit organizations, CHDOs, units of general local government, public housing authorities, and financial lending institutions.

The second method of distribution is through a statewide reservation process. Organizations approved by the Department can reserve Homebuyer Assistance funds for individual homebuyers on a first-come first-serve basis. The funds will be reserved for a specified period of time for the future purchase of the Homebuyer loan originated by the Organization. Eligible Organizations include: nonprofit organizations, CHDOs, units of general local government, public housing authorities, and financial lending institutions. The amount of funds reserved per Organization will be limited to \$500,000. Primary focus for these funds will be in Non-participation jurisdictions for period not to exceed 12 months.

The present allocation for Homebuyer Assistance is approximately twenty percent (20%) of the Project Budget for Housing Activities (Refer to Allocation of Funds). Approximately \$3 million will be allocated for competition (Method 1) and the remaining funds will be allocated for reservation (Method 2).

#### Rental Housing Development

The Department funds loans to nonprofit organizations, CHDOs, units of general local government, for-profit housing development

## Section Three: Program Statements

---

organizations, sole proprietors, and public housing authorities for the acquisition, rehabilitation, or new construction of affordable rental housing units. Owners are required to make the units available to low, very low, and extremely low income families and must meet long-term rent restrictions. The Department underwrites applications. 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 required by HUD. Housing assisted with HOME funds must meet all applicable local codes and standards. Rental Housing Development is a CHDO set-aside eligible activity. Terms of the loans provided under this activity are recommended by the Department's Underwriting Section. All multifamily units created through this program must comply with Section 504. The present allocation for this fund is approximately twenty-seven percent (27%) of the Project Budget for Housing Activities (Refer to Allocation of Funds)

### **Tenant Based Rental Assistance**

Tenant Based Rental Assistance (TBRA) is provided to qualified low, very low, and extremely low-income families, 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. Assisted families must participate in a Self-Sufficiency Program. Funds are available to nonprofit organizations, units of general local government, and public housing agencies. The present allocation for Tenant Based Rental Assistance is approximately eight percent (8%) of the Project Budget for Housing Activities (Refer to Allocation of Funds). Additional scoring criteria will be established to assist with the implementation of Senate Bill 358 "Supported Housing Services to Individuals with Mental Illness," as well as HB 3340 "Rental Pilot Program to Expand Long-Term Care Housing Options for Elderly Residents."

### **HOME Demonstration Fund**

The Department, with the approval of the Board, may reserve HOME funds to combine with other programs administered by the Department as outlined in the 1996 State of Texas Consolidated Plan. Such programs include the Weatherization Assistance Program, the Low Income Housing Tax Credit Program, and other programs as

developed by staff and presented to the Board for approval.

This fund allows for out of cycle funding, which has proven to be an excellent way of leveraging limited resources. Due to the fact that housing providers other than TDHCA have differing funding cycles, there would be no way to maximize the leveraging of funds without the HOME Demonstration Fund. This fund also allows for special initiatives and implementation of various senate and house bills as dictated by our Texas Legislature, as well as assisting the Department with achieving agency goals and performance measures. The best component and basic concept of any demonstration fund is its ability to demonstrate. The flexibility of this fund allows Department investment in innovative demonstration projects throughout the year. This enables the Department to better meet ever changing and varying housing needs.

The present allocation of the HOME Demonstration Fund is five percent (5%) of Project Budget for Housing Activities (Refer to Allocation of Funds). Of the 5% set-aside, funds will be reserved for eligible applicants applying for HOME funds to be used in conjunction with either a 4% or 9% Low Income Housing Tax Credit application through TDHCA.

Another example of how performance can be enhanced through this program is seen through the use of demonstration fund dollars with the Department's Weatherization Assistance Program (WAP). Funds from HOME to bring houses up to Texas Minimum Construction Standards are directed to the recipients of certain WAP funds, used for weatherization assistance. If HOME funds are used in conjunction with the Weatherization Assistance Program, the units must comply with the Texas Minimum Construction Standards. This coordination allows for a home to be worked on once versus once for owner occupied rehabilitation through HOME, and once for weatherization assistance.

Applications for this program will undergo standard underwriting procedures and will be scored using the same criteria as are all other applications for HOME Program funding.



## Section Three: Program Statements

---

### Special Initiatives

#### Special Needs:

Ten percent (10%) of the HOME project allocation is reserved for applicants that target persons with special needs. Nonprofits, local governments, and PHAs with documented histories of working with special needs populations may apply. Additional scoring criteria will be established to assist with the implementation of Senate Bill 358 "Supported Housing Services to Individuals with Mental Illness", and House Bill 3340 "Rental Housing Pilot Program to Extend Long Term Care Options for the Elderly". Rules as dictated by Senate Bill 623 "Construction Requirements for Single Family Affordable Housing" regarding minimal Basic Access standards, will be required for new construction of single family housing.

#### Texas Home of You Own (HOYO):

The HOME Program strongly encourages partnerships between state and local governments and the private sector. An example of HOME's dedication to strengthening partnerships is the collaboration with the Texas Home of Your Own (HOYO) Coalition. The HOYO Coalition is a partnership of state and local direct service providers, state government agencies, disability advocacy groups, community groups, and statewide lending institutions. The participation of the Department's HOME division allows the HOYO Coalition to provide down payment assistance and architectural barrier removal funds to low income homebuyers with disabilities. In doing so, it helps bring houses up to Texas Minimum Construction Standards. The program coordinates existing homeownership services which streamlines the process homebuyers must follow. HOYO also provides easier access to information and assistance, and it enhances opportunities for homeownership. HOYO combines homebuyer counseling, down payment assistance, and architectural barrier removal. The unique partnerships developed through this coalition allows HOYO to ensure that individuals receive comprehensive assistance in support of their goal of homeownership.

#### Texas YouthWorks:

Texas YouthWorks seeks to increase the supply of affordable housing throughout Texas while providing job training and educational opportunities for at-risk youth. YouthWorks participants receive traditional schooling in preparation for the high school equivalency examination (GED), work site training at construction sites, as well as leadership training, counseling, and job placement assistance. The funds awarded by TDHCA can be used only for construction and related administration costs. Participating organizations provide matching funds from other sources to cover the educational component of Texas YouthWorks.

#### Contract for Deed Conversions:

As required by the Texas Legislature through Appropriations Rider 14 and Senate Bill 867 "Contract for Deed Conversion Program", TDHCA is to expend not less than \$4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60% or less of the applicable area median family income. A total of \$2,000,000 will be available for this activity.

#### Texas Bootstrap Loan Program:

The Texas Bootstrap Loan Program is a new program as defined by Senate Bill 1287 "Owner/Builder Loan Program" passed during the 76<sup>th</sup> Legislative Session. It is designed to promote and enhance homeownership opportunities to very low income Texans by providing loan funds to purchase and/or refinance real estate property and to build their own home, reconstruct or renovate single family housing. The owner/builder must contribute a minimum of 60% of the labor for construction. Eligible applicants under this program include TDHCA Colonia Self-Help Centers and/or non-profit organizations as certified by the Department. A total of \$2,800,000 will be available for this activity for the next biennium.

#### Builder Incentive Partnership Program:

Through the 76<sup>th</sup> Legislative Session, the Department is required to implement a pilot program as defined by Senate Bill 2281 "Builder Incentive Partnership Program" to encourage building of affordable housing stock by offering incentives to builders. A portion of funds will also be set-aside for this activity.

## Section Three: Program Statements

---

### **Public Participation**

The Consolidated Plan requires one annual public hearing. The Department will hold three public hearings at which citizens will be given an opportunity to comment on the HOME Program. In addition, amendments made to the HOME Program Rules are published in the Texas Register for a thirty-day comment period. The Department will accept comment on the amendments. The HOME Program also receives public comment during the Department Board of Director's Meetings.

### **Competitive Review of Applications**

The State may review applications for funds on a competitive basis. Criteria listed in the 1996 State of Texas Consolidated Plan formed the basis for the State's development of scoring criteria for each activity. The State may conduct the review and scoring of all applications, by region where applicable, and make recommendations for funding. Scoring criteria will include activities that assist with the implementation of various bills, riders, and agency goals, which will be defined in the application process.

If this funding structure encounters proposed changes, TDHCA will submit notification in the Texas Register and send a mail-out to the Housing Resource Center's notification list recipients.

### **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. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations.

### **Areas Where HOME Funds will be Used**

The Department intends to distribute HOME funds to both metropolitan and non-metropolitan areas, giving higher priority to the latter. The State will conduct broad outreach to communities throughout the State in order to make them aware of the availability of HOME funds. This outreach effort has been underway since the 1996 State of Texas Consolidated Plan was completed and has resulted in

significant interest in the HOME Program throughout all areas of Texas.

The Department will primarily assist Non-Participating Jurisdictions. These areas do not receive a direct allocation of HOME funds from HUD; and therefore, only have access to HOME funds through the State. The State will consider applications for HOME funds from Participating Jurisdictions, but such applications will be given lower priority for funding and a strong match requirement is encouraged.

### **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 twenty-five percent (25%) 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.

### **Program Administration**

The Department will reserve HOME funds in an amount not to exceed ten percent (10%) of the State's federal allocation for program administration. A portion of this 10% will be made available to eligible administrators who participate in the State's HOME Program.

### **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 § 92.254(a)(ii);*

### Section Three: Program Statements

The Department has elected to utilize option (ii) under 24 CFR 92.254(a)(5)(ii), as its method of recapturing HOME funds under any Homebuyer Program the State administers.

(A) The following methods of recapture would be acceptable to the Department:

- (1) Recapture the entire amount of the HOME investment, except that the HOME investment amount may be reduced or prorated based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
- (2) If the net proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the full (or a reduced amount as provided for in paragraph 24 CFR (a)(4)(ii)(A)(1)) HOME investment plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment, the participating jurisdiction's recapture provisions may share the net proceeds. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

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

Homeowner investment
$\frac{\text{Homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net Proceeds}$
=Amount to Homeowner

\* Note: recapture provisions are currently being discussed among the Department's Program's Committee.

- (3) Alternatively, the Department may also allow the homebuyer to recover all the homebuyer's investment (down payment and capital improvements) first before recapturing the HOME investment

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

- A. 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

## Section Three: Program Statements

---

requirements. The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of a FHA insured mortgage to HUD. The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. 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.

- B. Certain housing may be presumed to meet the resale restrictions (i.e., the housing will be available and affordable to a reasonable range of low income homebuyers; a low income homebuyer will occupy the housing as the family's principal residence; and the original owner will be afforded a fair return on investment) during the period of affordability without the imposition of enforcement mechanisms by the participating jurisdiction. The presumption must be based upon a market analysis of the neighborhood in which the housing is located. The market analysis must include an evaluation of the location and characteristics of the housing and residents in the neighborhood (e.g., sale prices, age and amenities of the housing stock, incomes of residents, percentage of owner-occupants) in relation to housing and incomes in the housing market area. An analysis of the current and projected incomes of neighborhood residents for an average period of affordability for homebuyers in the neighborhood must support the conclusion that a reasonable range of low income families will continue to qualify for mortgage financing. For example, an analysis shows that the housing is modestly priced within the housing market area and

that families with incomes of 65% to 80% of area median can afford monthly payments under average FHA terms without other government assistance and housing will remain affordable at least during the next five to seven years compared to other housing in the market area; the size and amenities of the housing are modest and substantial rehabilitation will not significantly increase the market value; the neighborhood has housing that is not currently owned by the occupants, but the participating jurisdiction is encouraging homeownership in the neighborhood by providing homeownership assistance and by making improvements to the streets, sidewalks, and other public facilities and services. If a participating jurisdiction in preparing a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) of its consolidated plan or Empowerment Zone or Enterprise Community application under 24 CFR Part 597 has incorporated the type of market data described above, that submission may serve as the required analysis under this section. If the participating jurisdiction continues to provide homeownership assistance for housing in the neighborhood, it must periodically update the market analysis to verify the original presumption of continued affordability.

### **Procedures for Tenant-Based Rental Assistance**

*If the participating jurisdiction intends to use HOME funds for tenant-based rental assistance, a description of how the program will be administered consistent with the minimum guidelines described in § 92.209.*

### Program Administration

Entities with the capacity to operate a rental assistance program will be eligible to apply for HOME funds to administer the tenant-based

## Section Three: Program Statements

---

rental assistance program in accordance with 24 CFR 92.209.

### Tenant Selection and Procedures

The Department intends to utilize tenant-based rental assistance in accordance with written tenant selection policies and criteria that are consistent with the purposes of providing housing to extremely low and very low-income households or providing housing and services to special needs populations. The Department intends to set-aside funds for individuals with special-needs as defined by the 1996 State of Texas Consolidated Plan. The applicants for this activity must have documented history of serving the special needs groups their programs target and must have housing-related experience.

### Payment Process

The Department will offer tenant-based rental assistance in both the Section 8 Certificate and Voucher models.

### Terms of Rental Assistance Contract

In accordance with HOME requirements, the term of the tenant-based rental assistance contracts will be limited to 24 months. The Department will limit the portability of HOME funded tenant-based assistance to the boundaries of the State of Texas.

### Procedures for Determining Rent Reasonableness

The Department will ensure rent reasonableness in accordance with current HUD rules for the Voucher and Certificate programs. In general, rent reasonableness will be determined based on HUD's schedule of maximum fair market rents for the area. The Department may also require administering agencies to survey housing costs of comparable unassisted rental units in order to ensure rent reasonableness.

### Maximum Subsidy Amounts

Procedures for determining rent standards and the minimum tenant contribution will follow the same procedures used under the Section 8 Certificate and Voucher programs and will comply with requirements of 24 CFR 92.209(h).

### Lease Requirements

Under the HOME funded tenant-based rental assistance program, the Department will require that leases comply with the requirements of 24 CFR 92.253(a) and (b). These sections of the HOME rules ensure that leases not include provisions that waive tenants' rights.

### Property Standards

Housing occupied by a family receiving tenant-based rental assistance through the State HOME program will be required to meet Texas Minimum Construction Standards (TMCS) or Colonia Housing Standards (CHS).

### Eligibility for Section 8 Assistance

Eligibility for Section 8 rental assistance will not be jeopardized as a result of receiving HOME assistance. Recipients of HOME funded tenant-based rental assistance who are selected from Section 8 waiting lists will qualify for tenant selection preferences to the same extent as when they received tenant-based rental assistance under HOME.

### **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.*

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 housing that is being rehabilitated with HOME funds as described in § 92.206(b).

# **2000 State of Texas Consolidated Plan-One Year Action Plan**

## **Application for Housing Opportunities for Persons with AIDS**

**Program Year 2000  
(February 1, 2000 through January 31, 2001)**

**NINTH YEAR FUNDING**

**SUBMITTED TO**

**U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**THROUGH**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**SUBMITTED BY**

**Casey S. Blass, Director  
HIV/STD Health Resources Division  
The Texas Department of Health  
1100 W. 49th Street  
Austin, Texas 78756**

## Section Three: Program Statements

---

### INTRODUCTION

This grant application for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2000 State of Texas Consolidated Plan One-Year Action Plan for program year 2000 (February 1, 2000 through January 31, 2001). Although this application is part of the Consolidated Plan One-Year Action Plan submitted to U.S. 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 Health (TDH) for the HOPWA program as it has done since 1992.

### NEEDS STATEMENT

While TDH distributes approximately \$16.7 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. 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 need for housing continues to grow as AIDS increasingly becomes a disease of the poor. AIDS cases are growing faster among women, children, and minorities, who already are over-represented among the poor. The HOPWA program will continue to fill this 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 of critical assistance in addressing the future threat of homelessness for persons with HIV/AIDS in Texas. The public resources available in connection with the proposed HOPWA-supported activities come from the Ryan White and the State Services grants for services provided to HIV/AIDS persons.

### PROPOSED ACTIVITIES

The Texas Department of Health (TDH) proposes to continue the following two 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 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% of gross income or 30% 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.

The TDH proposes to add the following 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).

## Section Three: Program Statements

---

### 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.

### PROGRAM PLAN

TDH estimates that 980 persons can be provided with short-term rent, mortgage, and utility payments and 950 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 acquired immunodeficiency syndrome (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 seven percent of its allocation for administration of the program. Project sponsors are required to provide case management. 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 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:

- a). Each HSDA's proportion of the total number of Texas AIDS cases reported during the most recent two-

year period, as collected by TDH's HIV/AIDS Surveillance System;

- b). Each HSDA's proportion of the total Texas population, using estimates from the Texas A&M University Texas State Data Center; and
- c). 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 EMSAs (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.

Twenty-five of the state's 26 HSDAs will receive HOPWA funding through a contract with the administrative agency serving the HIV CARE Consortia located in those HSDAs. 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 consortium 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 an acceptable plan of action. 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. The TDH reserves three percent of total award for administrative and indirect cost combined.



## Section Three: Program Statements

---

### HIV Service Delivery Areas with State HOPWA funding

Abilene	El Paso	Sherman-Denison
Amarillo	Fort Worth	Temple-Killeen
Austin	Galveston	Texarkana
Beaumont-Port Arthur	Houston	Tyler
Brownsville	Laredo	Uvalde
Bryan-College Station	Lubbock	Victoria
Concho Plateau	Lufkin	Waco
Corpus Christi	Permian Basin	Wichita Falls
	San Antonio	

### 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 are selected based on additional criteria established by the project sponsor. Waiting lists exist in most jurisdictions.

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 have been 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 TDH is the state agency which administers assistance provided under the Ryan White CARE Act as well as state funds appropriated for that purpose, this ensures the coordination of HOPWA assistance with agencies responsible for providing services to persons with AIDS or related diseases and their families.

TDH contracts directly with the project sponsors who also administer the state and federal funds for HIV health and social services administered by TDH, including the Ryan White and the State Services Grants. The fundamental purpose of the consortia concept 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.

### Section Three: Program Statements

---

#### PROJECT SPONSORS

TDH contracts with the following entities for HOPWA:

- (1) AIDS Resource Center of Texoma, Inc.  
P. O. Box 367  
Sherman, Texas 76091
- (2) Abilene Public Health Department  
P. O. Box 6489  
Abilene, Texas 79608-6489
- (3) Austin Health and Human Services, TCHD  
2100 E. St. Elmo Road, Bldg. 30E  
Austin, Texas 78744-1886
- (4) Brazos Valley Community Action Agency  
504 E. 27th St.  
Bryan, Texas 77803-4023
- (5) Coastal Bend AIDS Foundation, Inc.  
P. O. Box 331416  
Corpus Christi, Texas 78463-1416
- (6) Galveston County Health District  
P. O. Box 939  
La Marque, Texas 77568-0939
- (7) Health Horizons of East Texas, Inc.  
P. O. Box 631346  
Nacogdoches, Texas 75963-1346
- (8) Houston Regional HIV/AIDS Resources Group Inc.  
811 Westheimer, #201  
Houston, Texas 77006
- (9) Laredo (City of) Health Department  
P. O. Box 2337  
Laredo, Texas 78044-2337(10).
- (10). Panhandle AIDS Support Org., Inc.  
P. O. Box 2582  
Amarillo, Texas 79105-2582
- (11). Clover House, Inc.  
1118-B West 12th  
Odessa, Texas 79763
- (12). San Angelo AIDS Foundation, Inc.  
P. O. Box 62474  
San Angelo, Texas 76906
- (13). San Antonio Metropolitan Health District  
332 West Commerce  
San Antonio, Texas 78285-5201
- (14). South Plains AIDS Resource Center  
P. O. Box 6949  
Lubbock, Texas 79493
- (15). Hospice of El Paso, Inc.  
3901 North Mesa, Suite 400  
El Paso, Texas 79902
- (16). Special Health Resources of East Texas  
P. O. Box 2709  
Longview, Texas 75606-2709
- (17). Special Health Resources of East Texas--Texarkana  
P. O. Box 2709  
Longview, Texas 75606-2709
- (18). Tarrant County Health Department  
1800 University Drive  
Fort Worth, Texas 76107
- (19). Triangle AIDS Network  
P. O. Box 12279  
Beaumont, Texas 77726
- (20). United Medical Centers  
P. O. Box 921  
Eagle Pass, Texas 78853-0921
- (21). United Way of Greater Fort Hood Area  
P. O. Box 1793  
Killeen, Texas 76503
- (22). Valley AIDS Council  
2220 Haine Drive, Suite 33  
Harlingen, Texas 78550
- (23). Victoria City-County Health Department  
P. O. Box 2350  
Victoria, Texas 77902-2350

### Section Three: Program Statements

---

(24). Waco-McLennan County Public Health  
District  
225 West Waco Drive  
Waco, Texas 76707

(25). Wichita Falls-Wichita County P.H.  
District  
1700 Third Street  
Wichita Falls, Texas 76301-2199

# **Section Four: Other Actions**

## Section Four: 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 Compliance Monitoring 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 LIHTC 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 Tax Exempt Bonds. The Compliance Division is also responsible for the post-construction or post-rehabilitation monitoring of multi-family properties.

### Low Income Housing Tax Credit (LIHTC) Program

The LIHTC Program directs private capital towards the creation of affordable rental housing by providing financial incentives to nonprofit and for-profit developers of multifamily housing and single family housing. LIHTC funding distribution is outlined in the goals & objectives found in Section One, Introduction. For a more detailed description call the LIHTC Division for the Qualified Allocation Plan and Rules (QAP). (512) 475-3340 or visit the Department's website at [www.tdhca.state.tx.us](http://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 LIHTC Program, by providing financial incentives to nonprofit and for-profit developers of transitional housing, addresses some of the needs of homeless persons. See QAP §50.6(c)(6)(C), Exhibit 212. Because transitional housing falls within the definition of "Special Housing Project", QAP §50.2, such housing receives special consideration in the LIHTC Program, as stated in QAP §50.6(d)(3).

#### Homelessness prevention

The LIHTC 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 foregoing verbiage is from QAP §50.6(c)(6)(C), within the description of Exhibit 212. QAP §§50.6(c)(3)(A) and (B), Exhibits 202 and 203, award points to low income buildings in danger of foreclosure, with consequent loss of low income rental units. Maintaining the low income status of these buildings aids in preventing the homelessness of the tenants.

## Section Four: Other Actions

---

### **Special needs of homeless persons**

The program awards points to encourage the development of projects specifically for homeless persons, as indicated in QAP §50.6(c)(6)(C), under the description of Exhibit 212. The exhibit provides for appropriate supportive services to this population.

TDHCA's board of Directors requested that the executive Director work with advocates and developers to produce acceptable standards to address the affordable housing needs of persons with disabilities. These standards are included in the current Qualified Allocation Plan.

### **Meeting underserved needs**

The program awards points and sets priorities to encourage developments that serve the groups with the most need. QAP §50.6(c)(1)(A), and §50.6(c)(2)(A) and (B) are examples of how such developments are encouraged. The discussion of Final Rankings in QAP §50.6(d)(1), (3) and (7) concerns the priority of allocating tax credits to projects that house the lowest income tenants, special housing projects, and projects that have the highest percentage of three bedroom or larger units. These priorities and the concern of dispersing the credits over a wide geographic area as expressed in QAP §50.1, exist primarily to assure that underserved needs receive attention. There are numerous other associated provisions within the QAP.

### **Fostering and maintaining affordable housing**

The fundamental purpose of the LIHTC Program is fostering and maintaining affordable housing. As stated in §50.1 (Scope), "The foregoing (goals and objectives) shall be implemented to be consistent with ensuring that the tax credits are allocated to owners of Projects that will serve the Department's public policy objectives and federal requirements to provide housing to persons and families of very low and low income."

### **Removing barriers to affordable housing**

This activity is indirectly addressed by building projects, which are comparable to market rate properties in construction and amenities. Furthermore, overcoming the "NIMBY" (not in my backyard) syndrome is frequently discussed in LIHTC literature, seminars and workshops. The LIHTC Program also encourages its developers to accept tenants on the waiting lists

of public housing authorities. Points are awarded for marketing LIHTC projects to such tenants. See QAP, §50.6 (c)(7), Exhibit 213.

### **Reducing lead-based paint hazards**

The Department's LIHTC 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 (LBP). The engineers performing ESA's have a very high level of awareness of the LBP issue because of the prevalence of the problem. See QAP §50.4(b).

### **Reducing the number of poverty-level families**

This issue is addressed as a byproduct of the supportive tenant services encouraged by awarding points for such services. See QAP §50.6(c)(5), Exhibit 210 as an example. The supportive services that developers actually provide often include education related to obtaining employment.

### **Developing institutional structure**

Though not explicitly addressed, the existence of the program's nonprofit set-aside, QAP §50.5(a) and points given for nonprofit participation, QAP §50.6(c)(5), 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 & social service agencies**

The provision of supportive services is encouraged by awarding points for such services, QAP §50.6(c)(5), Exhibit 210. Supportive services are frequently a part of tax credit projects developed by public housing agencies such as the San Antonio Housing Authority and private builders. The LIHTC 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. See QAP §50.1, regarding geographic location of projects within the state.

## Section Four: Other Actions

### Fostering public housing resident initiatives

Public housing resident initiatives are implicitly addressed in QAP §50.6(9)(A) which provides points to owners who enter into an agreement to sell a tax credit project 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 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	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 the Housing Trust Fund (HTF) program, funding for the acquisition, new development, or rehabilitation of transitional housing for the homeless is an eligible activity.

### Special Needs of Homeless Persons

Under the Housing Trust Fund (HTF) program, funding for the acquisition, new development, or rehabilitation of transitional housing for the homeless is an eligible activity. The homeless are considered a Special Needs group under the 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, the 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, childcare, 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). The HTF strives for a broad geographic distribution of projects, with a focus on rural underserved areas. Ten percent (10%) of housing units assisted with HTF funds must be set aside for special needs populations.

## Section Four: Other Actions

### Fostering and Maintaining Affordable Housing

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

The 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.

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

The HTF/SECO Housing Partnership Program has provided dollar for dollar match funding to affordable housing providers for the purpose of including energy efficiency measures in the

construction or rehabilitation of affordable housing. These funds are awarded as grants and the match portion may be met with cash or approved in-kind contributions.

### Remove Barriers to Affordable Housing

This activity is indirectly addressed by building projects, which 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 Tax-Exempt Revenue Bond Programs provide 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



## Section Four: Other Actions

### Fostering and maintaining affordable housing

The Multi-Family Bond Programs 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 tax-exempt mortgage revenue bonds.

### Single Family Bond Programs

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

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

### Fostering and maintaining affordable housing

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

### Removing barriers to affordable housing

Single Family programs assist in overcoming barriers to mortgage financing by offering the Downpayment Assistance programs. Qualified individuals and families (80% or less of AMFI) receive 0% subordinate financing to cover between \$5000 and \$10,000 in downpayment 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

These programs provide housing-related assistance by reducing energy expenses and energy consumption through assistance with utility payments and weatherizations. 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

## Section Four: Other Actions

Remove barriers to affordable housing			X
Reduce lead-based paint hazards			X
Reduce the number of poverty-level families		X	
Develop institutional structure			X
Enhance coordination between public and private housing and social service agencies		X	
Foster public housing resident initiatives			X

### Homelessness prevention

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

### Meeting underserved needs

Community assessments conducted by Community Action Agencies (CAA's) indicate that energy assistance programs are greatly needed in low income areas. The TDHCA programs, if not the only energy assistance programs available in these communities, are certainly the most comprehensive programs to

address all the energy needs of low income households.

### Reducing the number of poverty-level families

The 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 & private housing & 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 an unincorporated community located within 150 miles of the Texas-Mexico border, or a city or town within said 150 mile region with a population of less than 10,000 according to the latest U.S. Census, that has a majority population composed of individuals and families of low, very low, and extremely low income, who lack safe, sanitary, and sound housing together with basic services such as potable water, adequate sewage systems, drainage, streets, and utilities.

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

## Section Four: Other Actions

---

### **Meeting underserved needs**

The Office of Colonia Initiatives meets the need of underserved populations by virtue of the programs' geographical area. By focusing on extremely low and very low income households (at or below 60% 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 76<sup>th</sup> Texas Legislature to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing, 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 Initiative, 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. The Department is mandated to convert a minimum of 400 contracts for deed and spend no less than \$4 million on contract for deed conversions for the fiscal year 2000-2001 biennium.

### **Removing barriers to affordable housing**

There are presently five counties (El Paso, Webb, Starr, Hidalgo, 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, the 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' colonias. This new set of minimum standards, known as the Colonia Housing Standards (CHS), were 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, the 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, the OCI created a The Border Resource Guide containing up to date program funding information for federal, state, local, and bi-national organizations. The Border Resource Guide is distributed throughout the Texas-Mexico border, to inform and assist organizations of funding opportunities.

In addition, the OCI, along with the U.S. Department of Agriculture – Food and Nutrition Services developed a forum known as the "Partnership for Change", to enhance the health, nutrition and living condition of colonia residents in Texas. The partnership has fostered several pilot projects in Webb county and is looking to expand its success to other counties along the border.

Another effort managed by the OCI includes the operation of three Border Field Offices located in Edinburg, Laredo and El Paso. Through the efforts of a Border Field Representatives, 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.

## Section Four: Other Actions

---

### Community Services Block Grant

The Community Services Block Grant (CSBG) provides administrative support to a network of Community Action Agencies (CAAs) which provide services to very low and extremely low income persons in all areas of the state.

	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

#### Reducing the number of poverty-level families

Reducing the number of poverty-level families is the primary goal of the Community Services Block Grant. The Texas Department of Housing and Community Affairs provides funding to 51 eligible entities throughout the state. The objective of these agencies is to provide low, very low, and extremely low income families with an array of services that not only address emergency needs, including housing needs, but which also establishes a plan of action to create long-term change so that they no longer require government subsidy to meet basic needs.

CSBG supported housing programs include the provision of transitional housing, temporary shelter for victims of natural disaster, and emergency assistance (rent or mortgage payments) to assist families in maintaining an adequate living environment. On a monthly and annual basis, CSBG providers report the number of persons they assist in transition from poverty.

In accordance with the new results oriented Management and Accountability requirements, CSBG providers report program outcomes quarterly to TDCHA.

# **Section Five: Public Comment**

## Section Five: Public Comment

---

The public comments received for the 2000 State of Texas Consolidated Plan – One-Year Action Plan were received via mail, faxes, email, the internet, and through testimony given at public hearings. As required by §91.115(b), this section contains summaries of comments or views expressed during the public comment period. Responses to views/comments, which were directly relevant to the Consolidated Plan, that were not accepted and the reasons therefore are included. Comments that were related to programs other than HOME, CDBG, ESG, and HOPWA, or were directed toward program rules and procedures outside the scope of the Consolidated Plan were accepted, but will be addressed in the 2000 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The SLIHP is a comprehensive and integrated plan concerning statewide housing needs, housing resources, and performance-based patterns of funding allocation for the approximately twenty-five (25) programs administered by TDHCA.

Below are the program specific responses to public comment followed by the summaries of comments:

### TDHCA Responses to Public Comment

#### **CDBG Program:**

##### **Comment:**

**Yolanda Moran (Nueces County):** One of the projects we proposed involved several entities collaborating to come up with some matching funds for a proposed project that we submitted. I feel that something like that, especially with the philosophy that the federal and state governments are going into collaborating resources because of the dwindling resources at the federal and state level, that specific consideration should be given to projects that include other entities that come up with matching funds.

##### **Response:**

TDHCA supports the idea of collaboration between federal, state, and local entities for the financing needed to complete certain projects. As far as giving additional consideration to projects that include matching funds from multiple sources, we are not currently considering any changes that would give additional matching funds scoring consideration to projects that include financing from multiple entities. However, we are considering an idea to give additional consideration to applications that have already secured all of the matching funds needed to complete the application activities.

##### **Comment:**

**Chuck Lucas (Consultant):** I didn't hear it mentioned but is there going to be anything done on the regional review process? What I mean is the regional scoring. We would like to see the state have more points than the regional committee, I guess, what I'm getting at. If you don't regulate the number of points the regional review committees can give, at least maybe you can define them more so that they've got some more rigid standards.

##### **Response:**

We have not proposed that the scoring process for the Community Development Fund be changed to give the State more points than the Regional Review Committees. So we will not consider decreasing the importance of the Regional Review Committee scoring without first presenting such a change for public comment. We have received other comments for changes to the Regional Review Committee scoring factors and procedures. We will try to address your comments and the comments of others through additional training for Regional Review Committee members.

##### **Comment:**

**Judy Langford (Langford Community Management Services):** On Capital Fund, I'd really like to not see the over 375 go to 50 percent repay. I think the 25 percent is an adequate amount.

## Section Five: Public Comment

---

### Response:

The comment on the Texas Capital Fund repayment provision that infrastructure award amounts over \$375,000 remain at 25 percent instead of the proposed change to 50 percent has been considered. But the proposal in the plan will be adopted and the repayment percentage for amounts over \$375,000 will be increased to 50 percent. TDHCA and TDED agree that the small number of comments received opposing the changes to the Texas Capital Fund repayment provisions for the 2000 program year will not affect the adoption of the new repayment provisions.

### Comment:

#### LETTER 1, LETTER 2, LETTER 3, LETTER 4, LETTER 5, LETTER 6, and LETTER 11

I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.

### Response:

The TCDP is not considering the requested changes to the fund allocations for the 2000 program year because the 2000 program year is the second year of the biennial funding design for the Community Development Fund, the Planning and Capacity Building Fund and the Housing Rehabilitation Fund. The changes to the fund allocations recommended here could alter the 2000 program year funding recommendations for the Community Development Fund, the Planning and Capacity Building Fund and the Housing Rehabilitation Fund and create confusion among the entities recommended for 2000 grant awards from these fund categories. In addition, the 2000 State CDBG allocation is not yet available and without knowing the allocation the impact of changes to the fund allocations for the 2000 program year cannot be assessed at this time. Changes like those proposed in the comment will be considered for the 2001 program year fund allocations.

### Comment:

#### LETTER 7, LETTER 8, and LETTER 9

I urge TDHCA to work with the Governor's Office to open-up the RRC appointment process. The staff of the RRC should be required to follow an established process in recommending appointments and that process should be made available to everyone. Also, every local government should be represented during the course of a five-year period. There should be no reappointment until every local government has had the opportunity to serve on the RRC.

### Response:

The opinions expressed here will be forwarded to the Governor's Office and to the 24 State Planning Regions. The TCDP does not disagree with these comments. However, we cannot guarantee that these comments will be implemented.

### Comment:

#### LETTER 15:

You have asked for comments on the 2000 State of Texas Consolidated Plan One Year Action Plan. My only comment is that in the Small Cities competition for a grant, the approved grant activities are so skewed, that water main and sewer main replacements are the only fundable activities that can be proposed, if a city has any hope of getting a grant. This means that badly needed housing rehabilitation and housing demolition programs cannot be proposed because they stand no chance of being funded. Yet, our larger, neighboring cities of Sherman and Denison run CDBG-funded housing rehabilitation and demolition programs every year from their entitlement grants. Bonham citizens cannot understand why Bonham does not have a similar program. As it is set up now, the CDBG small cities competition discourages any grant with imagination, historic preservation, or any type of housing assistance, given its emphasis on water and sewer main replacements. In 20 years of local government planning in four different states, this is the most inflexible, unimaginative, and disappointing grant program I have ever worked with.

## Section Five: Public Comment

---

### Response:

We disagree with these comments because the TCDP Project Impact scoring for Community Development Fund applications would also score a combined housing rehabilitation and demolition/clearance project in the 175-145 point range used for scoring water and sewer activities. Housing activity projects have historically received high scores on the 350 points scored by the TCDP. If there is any impediment to an application for housing activities receiving a combined score (TCDP score and Regional Review Committee score) high enough for funding, then that impediment is a result of the lower scores that Regional Review Committees give to applications with housing activities.

### Comment:

#### LETTER 23:

Raise the Community Development Fund allocation to approximately 60% of TCDP allocation. This Fund addresses proven health-related needs and has historically been under-funded. Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund.

### Response:

The TCDP is not considering the requested changes to the fund allocations for the 2000 program year because the 2000 program year is the second year of the biennial funding design for the Community Development Fund and because the State's 2000 CDBG allocation is not yet available. Without knowing the allocation the impact of changes to the fund allocations for the 2000 program year cannot be assessed at this time. Changes like those proposed in the comments will be considered for the 2001 program year fund allocations.

### Comment:

#### LETTER 24:

Raise the Community Development Fund allocation to approximately 60% of TCDP allocation. This Fund addresses proven health-related needs and has historically been under-funded. Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund and Disaster Relief/Urgent Need Funds. This program over the past several years has failed to appropriately address the program's intent of assisting communities in the greatest need. With current and proposed repayment requirements, smaller communities have much more limited capacity to participate in the program. It appears the applications with the least need are the communities receiving the funding. Increase funding for the Disaster Relief/Urgent Need Programs. Demand has historically been much greater than available funds.

### Response:

The TCDP is not considering the requested changes to the fund allocations for the 2000 program year because the 2000 program year is the second year of the biennial funding design for the Community Development Fund and because the State's 2000 CDBG allocation is not yet available. Without knowing the allocation the impact of changes to the fund allocations for the 2000 program year cannot be assessed at this time. Changes like those proposed in the comments will be considered for the 2001 program year fund allocations.

### Comment:

#### LETTER 25:

Raise the Community Development Fund allocation to at least 60% of the TCDP allocation. It appears in the past to have been under-funded.

### Response:

The TCDP is not considering the requested changes to the fund allocations for the 2000 program year because the 2000 program year is the second year of the biennial funding design for the Community Development Fund and because the State's 2000 CDBG allocation is not yet available. Without knowing the allocation the impact of changes to the fund allocations for the 2000 program year cannot be



## Section Five: Public Comment

---

assessed at this time. The change proposed in the comment will be considered for the 2001 program year fund allocations.

### **Comment:**

#### **LETTER 32:**

Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund and Disaster Relief/Urgent Need Funds. This program over the past several years has failed to appropriately address the program's intent of assisting communities in the greatest need. With current and proposed repayment requirements, smaller communities have much more limited capacity to participate in the program. It appears the applications with the least need are the communities receiving the funding.

### **Response:**

The TCDP is not considering the requested changes to the fund allocations for the 2000 program year because the 2000 program year is the second year of the biennial funding design for the Community Development Fund and because the State's 2000 CDBG allocation is not yet available. Without knowing the allocation the impact of changes to the fund allocations for the 2000 program year cannot be assessed at this time. The change proposed in the comments will be considered for the 2001 program year fund allocations.

### **HOME Program:**

**Comment:** Increase funding for architectural barrier removal, and provide technical assistance for this program.

**Response:** Architectural barrier removal is not a specific program, but may be carried out through Owner Occupied Housing Assistance, which increased 5% from 1999; or through the Texas Bootstrap Loan Program, which is a new initiative. Technical Assistance providers may apply for funding through the Housing Trust Fund Capacity Building Program.

**Comment:** A portion of the special needs set-aside should be dedicated specifically to persons with disabilities.

**Response:** The HOME Program sets aside twice the required funds for special needs populations (10% rather than 5%). It is the opinion of TDHCA that it would be unfair toward other special needs populations to have an additional set aside for persons with disabilities.

**Comment:** Interim construction and land acquisition should remain as eligible activities.

**Response:** These activities are eligible through TDHCA's Builder Incentive Program and the Housing Trust Fund.

**Comment:** Conduct public hearings and notify all interested parties when considering a regional allocation policy.

**Response:** This will be done in the coming year, in accordance with Section 2306.111, Texas Government Code.

### **ESG Program:**

**Comment:** There needs to be a base allocation for the low poverty regions so that there is enough funding to cover all the areas within that region. In rural areas, there may not be a great percentage of

## Section Five: Public Comment

---

the population at poverty level, but most of the population is barely above the poverty line, precariously close to homelessness. The current distribution formula does not take this into account.

**Response:** A base allocation would make more funds available in a particular region, but would not guarantee that those funds would actually be available in rural areas, since TDHCA funds are awarded on a competitive basis.

In an attempt to meet the need of areas with a higher concentration of persons living in poverty, the US Department of Housing and Urban Development (HUD) has identified several regions in Texas as entitlement areas to which additional ESG funds are distributed. Entitlement funds are issued to these areas directly from HUD.

The issue of homelessness is massive, and no one source of funding can begin to meet the need. This is a primary reason that the ESG application process emphasizes the need for organizations to work together to maximize resources. We cannot hope to use ESG alone to address all the needs across the state.

**Comment:** For small nonprofits to receive ESG funds for one year and not the next is a grenade in their budgeting and planning...If funding were awarded on a 2-year cycle it would...allow more time for organizations to concentrate on program development. The annual application does take valuable time from program planners and administrators.

**Response:** TDHCA will consider awarding funds on a biennial basis in the next program year.

**Comment:** TDHCA needs to provide more training and more than one example on what is meant by "outcomes" and "outputs"..

**Response:** "Outcomes", as defined by this Department, are the specific, measurable **benefits (or results)** the agency expects to help their clients to achieve to overcome homelessness. "Outputs" are the specific services that the applicant agency proposes to provide to achieve the **goal (outcomes)**. This information is used during the application review as one method to project how effectively the organization will assist clients to overcome homelessness.

TDHCA annually sponsors a Technical Assistance Workshop as opportunity for potential ESG applicants to ask for detailed information on any aspect of the application process.

**Comment:** ...It appears (that ESG funding) goes to major groups rather than poor grassroots organizations.

**Response:** TDHCA has no better tool with which to evaluate an applicant organization than the written application. The successful application, therefore, must demonstrate that the applicant organization has the capacity to administer a federal program, as well as the capacity to provide services as proposed. The allocation of ESG funds is based on how well any application competes against all applications submitted from that region.

**Comment:** Increase funding to at least 15-20% to minority-based community-based organizations providing services to HIV and AIDS clients.

**Response:** "Homeless" persons have been identified as a "special needs population", and ESG funds are provided to address the needs of this population. Funds reserved to address the needs of one category of homeless persons could serve to abandon the needs of another.

In the most recent round of funding, TDHCA received 123 applications. Of those, only two applications came from organizations that serve homeless HIV and AIDS clients. One of those applicants was selected to receive funding.

## **Section Five: Public Comment**

---

**Comment:** Having to identify the individual on the Board of Directors who was formerly homeless is very difficult. It could be considered a breach of confidentiality.

**Response:** According to 24 CFR Section 576.56(b), each unit of local government, Indian tribe, and nonprofit recipient that receives Emergency Shelter Grants Program funds must provide for the participation of homeless individuals on its policymaking entity. Since this is a requirement of funding, TDHCA has the responsibility to ensure compliance.

**Comment:** An automatic disbursement of 1/12 of the grant, upon contract execution, would greatly enhance our ability to deliver services in a timely manner.

**Response:** ESG contractors are encouraged to request a fund advance upon contract execution, however, the amount of the advance must be based on projected need rather than contract amount. Therefore, contractors are required to complete and submit an ESGP financial report and a State of Texas Purchase Voucher to request funding. ESG funds may not be expended by "automatic disbursement".

## Summary of Public Comment for 2000 State of Texas Consolidated Plan One-Year Action Plan

### PUBLIC HEARINGS

#### FORT WORTH PUBLIC HEARING

November 15, 1999

Attendees: 46  
Speakers: 10

#### Gary Traylor

Consultant

I had two comments that I want to make. One, at the time I filled out my comment form, was regarding the [indiscernible] set-aside, but also after listening to some of the comments, I also wanted to mention something about the proposed change in infrastructure payback on the Texas Capital Fund Program.

With regard to the changing of the percentages on the infrastructure payback that I oppose the increase in those percentages, not because -- I know that that helps you get the money back where you can turn it around and use it once again, but it seems to me that you are at the levels that are currently being proposed for next time, that you're actually getting to the point that you're discouraging the development of infrastructure applications through the payback requirement.

There is a real problem in getting the businesses that are being assisted with these improvements to agree to repayment at the levels that are currently proposed, and I think that increasing those percentages, as you proposed in the plan here, is going to make that an even more difficult problem. And then the second reason why that's difficult is that you are, I believe, if I'm understanding correctly, requiring that those funds generally be paid back to you directly from the business.

And if you're going to increase the payback, then I think there should be a greater attention given to describing either ways that the applicant community itself could shoulder a portion of that payback, and I know that has its own problems with it, with respect to access cost for low and moderate income people via utility rates and that type of thing.

All I'm saying is, at the level that is currently proposed we're working with it, but if you continue to increase it, you're either going to make it where people will not apply for infrastructure grants at all through the Capital Fund, or it's going to greatly limit the projects that are feasible to use that approach to.

Now, I want to speak with regard to the Young v. Cuomo set-aside.

There is an idea generally, I think, among the rest of the state that somehow the local east Texas communities are themselves responsible for this lawsuit. And that is just not the case. The facts show that that's not the case, and I don't think these men behind me who are with HUD would say that either.

Also, we have communities in east Texas that once this problem was made known to them, as far back as 1989 when the desegregation task force went out and began to collect information about the housing authority, the local communities -- many of them immediately responded and filed regular Texas Community Development applications, trying to correct or address needs that were identified in those plans. A number of communities actually addressed activities before the Department of Housing and Community Affairs ever established a set-aside.

Now, you established a set-aside back in '94. And there were a number of communities who at that time then came in and submitted applications for that set-aside. And there are communities that since that set-aside was exhausted have continued to come back and apply through the regular Texas Community Development Program cycle on a number of occasions for projects that address their outstanding Young v. Cuomo obligations.

Communities are being forced to address these needs and to give them priority attention at this time to the detriment of other community development needs that exist in the community and other populations of low-income people that do not live in neighborhoods impacted by these PHA [phonetic] sites and the problems attendant to them.

## Section Five: Public Comment

---

And your proposal to create this set-aside is very much welcomed by the communities in east Texas. We appreciate the help that you're providing here. We know that the court says there's about – apparently about \$2.5 million worth of work that needs to be done and court-imposed deadline of March of 2002 in which to get funds obligated for those activities.

The attitude of the communities that we represent is that we're not real concerned about the amount of money that you allocate to this, because we don't believe that the needs are finally defined, because I'm convinced that up to and until the final bell sounds on this lawsuit, if it ever does, there is going to be additional things, additional activities that are being urged by the Plaintiff's attorney, and the federal judge seems to be fairly willing to go along with that.

So with that in mind – it's not the amount of money that you're proposing that is important. What is important is that you are setting up a process so that a community can demonstrate its cooperation with the lawsuit by providing a venue where it can apply for funds for those activities without being treated punitively or penalized, or having to prevent the remainder of the low-income population from being able to benefit from TCB activities in their locations.

### **Jerome H. Mossman**

Arlington Human Service Planners

Number one, median rent in Arlington has increased 30 percent, from \$444 to \$575 per month. It requires an annual income of 23,000 or an hourly wage of \$11 an hour to pay median rent. The contributing factor to this high rent is our occupancy rate has been 94 percent over the past three years.

So what we're recommending is that you encourage investment in multi-family units, especially by non-profits such as Central Texas Mutual Housing, whom you are familiar with, or for-profit builders participating in low-income housing tax credit program or developers using your multi-family tax exempt revenue bond program.

Number two, the age of the housing stock – almost one-half the available housing stock in Arlington was built before 1980, which makes it about 20 years old or more. Many low and moderate income families lack both the savings and the income necessary to maintain or repair their homes. Also seniors, which are 7 percent of the Arlington population today – 76 percent of them are home owners and many of them are on fixed incomes. They're going to need money for repair and barrier removal.

The recommendation is that the city expand its existing owner rehab and barrier removal programs. Actually, Arlington has a cap on its home repair of 15,000 and a cap on its barrier removal of 3,000. Your Texas Department of Housing pilot program that you did in three places – the average amount you spent on barrier removal was \$17,500. So our recommendation is that the Texas Department of Housing try to leverage these local funds in the city initiatives and expand them so that we can repair our aging housing stock and remove barriers.

And finally, down payments – renters who wish to become home owners face a lot of barriers: excessive debt, poor credit, lack of cash for down payments and closing costs, and just insufficient income. While reducing down payments and lowering interest rates would help some renters to purchase a house, our research is showing us more and more renters will be helped if they had a subsidy up to like \$5,000.

And what we're recommending is that you help develop independent savings plans, escrow accounts or these IDAs, individual development accounts, to help low and moderate income people save money and have money that they can use to reduce their debts to buy houses.

I just ask for one more minute to make a statement as a parent.

I happen to be the parent of that little girl you saw passing around. That's Megan Mossman. I want to commend you for having a program that helps people with disabilities, your Home of Your Own Coalition Program. In ten to 15 years, I want my daughter to purchase a house and be on her own. She's going to need some down payment assistance and maybe some architectural barrier removal.

I want there to be lots of people ahead of her already purchasing homes and living in neighborhoods and feeling fully included in their communities. So I have some concerns about \$150,000 being sufficient to cover the state and 200,000 for your Owner-Occupied Housing Assistance.

You need to expand these pilots and these types of programs, because, again, the statistics say one in five people in Texas have a disability. So I'm asking that you give more publicity and more funding to this successful program, and it will benefit all the citizens of Texas, including Megan.

## Section Five: Public Comment

---

### Scott Haynes

Coordinator of the Tarrant County Disability Housing Coalition

The allocations I think are a great first step. In the past few years, I've seen the TDHCA take many very good first steps towards serving people with disabilities better. A specific comment – with your Sabre program. That was great. It's been around three or four years now, and the report says keep on keeping on. I think what we really need to be saying is expand the program to other areas of the state and increase the allocation [indiscernible].

In terms of the Low Income Housing Tax Credit Program, I think that there should be a requirement in that program that participants comply with Section 504 [phonetic] of the Rehabilitation Act [indiscernible] amendments. There's been a lot of abuse.

Even a recent congressional bill shot down in committee to try to forgive [indiscernible] builders for building outside of the accessibility guidelines to people with disabilities, so I feel that's a requirement that should be put in to help ensure that there's accessible and affordable housing stock for people with disabilities.

I would sustain the strong commitment you make to Owner-Occupied Rehabilitation, and I would recommend that there be, at a minimum, and I'm talking minimum, of 1.5 million set aside for barrier removal. Again, if we're going to do things like expand the state architectural barrier removal program in three cities, we need to go beyond that in funding or it's not going to happen.

One last comment. The state has been striving but has yet to meet its goal of serving at least 15 percent of the extremely low income persons. One way to serve those people is through expanding the allocation to tenant-based rental assistance programs, which are the most efficient means of serving a large segment of people with disabilities, most of whom, if they're on social security or SSI, are under 30 percent incomes.

### Bob Sherman

Olympic Realty

I'm considering leveraging the tax credit application in 2000 with HOME funds, but I'm a little puzzled as to how that – I know how it works vis-a-vis submitting the applications, but hypothetically, if I don't have half a million or a million dollars to leverage the tax credit app with – I was successful in the tax credit application – could I be turned down for the HOME funds, and if I was, then my tax credit application is going to be short of funds. It just simply wouldn't work economically.

Can you just comment on that and how it works?

Does the tax credit application die if I submit it and I don't get the HOME funds? I would rather, in that case, submit it without the HOME funds leveraging the tax credit out and simply take my changes as I do every year without me getting tax credits?

VOICE: Well, let's talk first about the application. When the application is being prepared, there's a box in there that you'll check off for the – I guess the application for HOME funds as well. The maximum amount you can apply for is \$1 million. Those funds are made available as an additional source of financing.

To answer your question, if HOME funds are denied, your tax credit application may not necessarily be denied as well. Basically, when underwriters are reviewing your application, they're looking at both the tax credit financing and other sources of financing as well as the HOME dollars. For an underwriter to say HOME dollars are not available or are not going to be approved, what they're saying is that HOME dollars are not needed.

I guess the purpose of the HOME dollars are basically to fill in the financing gap which you may have. In some cases, we have approved tax credits and either not approved HOME dollars or reduced the HOME award.

I hope that answers your question.

MR. SHERMAN: It does, except that the reason we would ask for the HOME funds is to cover – partially anyway, to cover the cost of additional accoutrements needed in a facility like we're planning. We want to do it – professionals now are pricing the safety systems, for example, which are going to be pretty expensive. We want it to be good.

VOICE: And I do understand that. What it comes down to is really your estimated cost. Underwriters use, I believe, [indiscernible], if I'm not mistaken, to do their estimation as well, and in many cases, our underwriters' estimations are sometimes less than what the applicant's are. So that is the reason for the difference.

## Section Five: Public Comment

---

MR. SHERMAN: Okay. Thank you very much.

### **Jesse Seawell**

Village Resource Incorporated

I went through the plan a little bit, briefly, and you had one statement in there about integrating -- not segregating people with disabilities away from other people, but the housing I buy is the same kind of housing. If I were to do one kind of project with just for people with disabilities, not just making them accessible, because if they're successful, anybody can do them. You have to set them aside for people with disabilities

Also, the loan payback is not really feasible because you can't generate enough income just for people with disabilities.

### **Michael Hunter**

Consultant

I have some questions and statements regarding the HOME Program, particularly the Homebuyer Assistance and the changes that are proposed.

Overall, however, I want to make a statement and my opinion of what the Texas Department of Housing and Community Affairs should do or how they should act in relationship with the state and the folks they serve.

I don't believe it's in the best interest necessarily of the citizens of the State of Texas for the department to be directly involved in delivery of programs at the grass roots level. I think we've shown over the years that when local organizations are involved, whether it be cities or counties or non-profit organizations or housing finance corporations, they can deliver the service if they receive the type of technical training that they need from the agency to do that, and they leverage those monies with local resources to do that.

In my opinion, when you go to doing a direct delivery of home buyer assistance from the state, you're going to lose that leverage. You're going to lose the targeting that you have with the local agencies as well, so I'd have to say I'm not really in favor of that.

However, I would say this. That home owner assistance right now -- one of the things you want to look at is how the current market is working with home ownership as general across the state and across the country. Right now we're still in a good market for home ownership. I don't think we've taken advantage of that in the past.

I would suggest that the percentage of breakout that you have for home ownership versus rehab, for example, is not correct at this point.

There will be a time when interest rates will rise. There will be a time when it won't be necessarily as favorable to home ownership, and then we should focus on rehab and other type of activities. So I would suggest that the 20 percent set-aside, if you will, for home ownership is too low. It ought to be increased.

I would suggest, that you ought not cut local agencies out of administering those programs. If you need them to do it a certain way, I suggest you give them directions how to do it. So far, they seem to move fast enough, well enough, and the people at low incomes -- we're averaging right now in our programs 50 percent of median income for home ownership and that's pretty good.

One of the other things the state needs to do and they have not done in the past with the HOME Program -- they need to work with the Farmer's Home group. They're putting out mortgages at 1 percent. For some reason, we've never been able to put our HOME down payment with those mortgages. We need to get with those guys and figure out how to do that in rural Texas.

Some of the areas that were not approached, or we're not approaching well, I think, in general from the whole state perspective, including the department and us at the local level, consultants and everybody else, is how do we impact those agencies that have a direct impact upon the product delivery? I'm talking about Fannie Mae and Freddie Mac and FHA and folks like that.

We know right now in rural Texas that in order to get home ownership you have to build the houses. We don't have any mechanism to build it. You did away with the interim construction programs. We know that it costs a certain amount of money to do that, and we know that the 80 percent median income doesn't allow folks to qualify for those loans, so we're caught between a rock and a hard spot.

## Section Five: Public Comment

---

Speaking about interim construction, you need to bring that program back. There ought to be some way that we can provide low-interest money to developers out in the rural areas to build some housing.

The last thing I want to mention doesn't really have anything to do with this, but it's kind of important. You all do another program in the state where you provide below market interest rate mortgages. It's called the Texas Housing Finance Corporation.

One of the things that's occurred in the past is a local housing finance corporation through a bond issue – and they'll have a 6-1/2 percent interest rate. You'll come along later and do a bond issue and write down the interest rate to 5.95. So consequently, the local housing finance corporation's bonds don't get utilized because we have unfair competition [indiscernible].

A real simple solution to this would be for the state not to operate a bond issue program in the same geographic area that a local has while the local is involved, and I would suggest very strongly you take that back to whomever and pass that information on. I think that would basically leverage our money out across the state [indiscernible], even though it may cost the home owner for interest.

### **Al Swan** Builder

Number one, I am a rural builder. I do have the Farmer Home loans. I'm ending up with contractor homebuyer's assistance. I have insufficient funds to go out and acquisition for new land, develop the land suitable for the housing. I cannot keep a house past the framing stage that it's not sold. My crews are wore out over here, and we have no place to turn. In our area, we must create the lot to build the affordable house.

I would like to suggest that you bring some of the builders and the mortgage companies in that are capable of getting these funds out, spend it in the way that you want. Tell us what you need. We'll tell you what we can provide, and let's come to a compromise and get the job done.

### **Mike Walthall**

Governmental Service Agency.

I'd like to agree with Gary Traylor on the Texas Capital Fund comments he made earlier. Second thing is on the HOME Program, it says that the way the new program will be set up will be to provide money to -- or money available for lending institutions and organizations. As a lending institution [indiscernible], I would like to have -- consider in the lending institutions as brokerage firms also. Those are mortgage brokers who actually [indiscernible] but they do work it and they should be able to access as well. Did you say in the organizations that cities could also participate in this again?

Then something else that's very important to me. Any time you're trying to find a home for a low-income person, they're going to have bad credit, or a lot of them are going to have bad credit, and this is what we're running into. And when you have bad credit you have high interest rates, obviously.

And when you borrow money from a mortgage company at a high interest rate and you're using a \$10,000 or 7,500 or whatever the down payment assistance as a second lien, they're not -- that's going to help out a lot, obviously, but the problem is that a year from now when they -- or two years from now when they get their credit fixed and they can now borrow -- go back and refinance and you got an interest rate that's affordable -- according to your rules here, on page 49 of the consolidated plan, I'd like you to consider changing some of the wording in there for the Homebuyer Assistance Program.

It says the loans are to be repaid at the time of the resale of the property, refinance of the first lien, or repayment of the first lien. I would like to see the state and HUD take that line out that says refinance the first lien.

I know I've talked to some of the people in your department about that, and they've indicated that that's not going to be a problem if they come in and refinance in a year or two. They just need to contact the state, and you will prepare the paperwork to put that back into a subordinate lien again as a second lien.

But I need to make sure that happens, or the state makes sure it happens -- you're going to put a lot of people in some really bad situations if they come back in a year or two and refinance and have \$10,000 added to their loan, and they've got to pay interest on it then.



## Section Five: Public Comment

---

### **Bonnie Siddons**

Executive director of Mental Health Housing Development Corporation

I was especially pleased with collaboration between TDHCA and MHMR for demonstration program for supportive housing.

I did very carefully read there wasn't a heck of a lot of difference between last year's. Most of it was word for word the same as last year's. So it was a little difficult to see what was going to be different this year. I know there were a couple of things in the HOME Program I did pick up on.

I don't know how you'd change that, but it might be nice to get some things in here that we could really tell what was going to be different or happening this year.

I would like to include -- I know this was developed by you all in 1996, and it would be nice to include the emphasis on very low income households. I know that this is something you all are focused on and certainly the state legislature has been focused on. It would be nice to see that reflected a little better.

I want to preface a remark by saying that all of the wonderful programs TDHCA does are focused mostly on folks of 50 percent of area median or maybe a little more, but that housing is still not going to be accessible to individuals with disabilities that are living on \$500 a month, which is roughly what SSI is.

So please keep in mind that one of the main areas of housing for people that have extremely low income is they're low income. And, again, \$500 a month to spend on food, clothing, medicine, and housing -- you're not going to be able to afford \$500 a month for housing, which leads me to Tenant-Based Rental Assistance.

I would look at -- you all really need to up the 5 percent of HOME monies. This is one of the most effective programs that you have. I'm sure that you have many more requests for tenant-based rental assistance than you're able to fulfill.

So while I know that there are competing priorities, and everybody stands up here and has their own point of view, please keep in mind that for some of the folks that you are focused on, that the state legislature's focused on -- that absolutely one of the most effective programs there is. And I'm not going to go into any more details.

Keep up the good work and do more good things.

### **Pat Dillon**

Municipal Consulting

Sandy, if I can applaud what you all do, but there's no way to timely expend the funds under the scenario that you've gotten, so I'm going to shake things up here a little bit with a proposal as follows.

Under timely expenditure of funds, I suggest that we go to one-year cycles and that no funding will be allowed for any applicant with an open contract, period. It eliminates the problem of points. It eliminates the problem with 50 percent, 24 months, trying to help somebody out, and all the other things, and that the open contract means it is still open until the certificate of construction completion is signed by the engineer, the contractor, and the city.

The engineers will not certify a project is done if the project is not done. That will eliminate your problem that you've been having with regard to getting your closeout documents on time.

That won't make people happy, but the one-year contract will, because what we've done in the two-year cycle is that we've been able to spread the money around. If you'll take -- if Jeff runs the numbers, I think you'll find out you're doing the same thing, only you will find that money's spent faster, because as a consultant, I won't be there very long if I can't get the cities funded and get their projects completed, and the engineers won't be there if they can't get it done in time.

Under your *Young v. Cisneros*, in deference to and in respect to the state as well as Gary Traylor, I'm from another part of the state, so we'd like to oppose that, basically because there seems to be a tendency to maybe be developing a punitive approach to some of these cities that perhaps they've come up with a solution now and then when you get that one solved there's going to be another solution that somebody comes up with, and then when that one's solved we've got another one.

So perhaps the best way to solve that problem is not through setting aside dollars but providing a method with project priorities within those communities and within those regions to establish how to expend those funds and how to prioritize and how to address and how to impact those communities and areas that need it without taking it away from the rest of the state.

## Section Five: Public Comment

---

I submit that if we really took a good look at it, that there are housing authorities throughout the State of Texas that could join that lawsuit over there.

Item number 3 on there, which is the threshold, was taken care of by my first suggestion. The changes under number 4 to the TCDP selection criteria – I would like to support that because I think that's great that we get away from the continuation of need at the local level and at the regional level.

And under the 195 points which you're giving up either ten or 20 because of the continuation of need at the state level, I would submit that if you will go to the one-year cycle and you won't have any contracts that are open, that then you will have an opportunity to have more 20 points – or have 20 points that would be available for project impact.

And it would give the state the ability to be a better leveling area, as you used to be, over the regions so that when you have things where you have regional scoring that becomes unfair because of local politics, the state has always been able to help get around that.

In the last couple of years, it hasn't been that way, because you've watered down your points by giving 20 points for continuation of need, so you don't have as much room to maneuver actually on project impact. And that's one of the places the state really shined, was being able to take the dogs and going for the real horses rather than the bad projects, and occasionally there are some dogs out there. There aren't always, but once in a while there are some, and this year proved that.

Under activities, I'd like you to add an activity, and I'd like you to call it something to the effect of neighborhood revitalization. And I know that you all have a method by doing that currently, by combining housing and water and sewer and other things, but I'd like to see that that be a first priority points like water, sewer, and housing, where the state would say, Okay. We'll let you spend money for drainage, sidewalks, parks, streets, but if you're going to do that we're going to dictate the amount of – the percentage of funds out of that grant amount that you're asking for, and we're going to define it within a particular area so that you have a major impact within a neighborhood, back to the HUD idea of really impacting a neighborhood, and I've got some things I'll share with you all because I've done quite a bit of thinking.

Under TNRC and EPA letters, I'd like for you – any ones that are over 12 or 15 months old must have supplemental data rather than just taking the 24 months, 36 months back, that we get current data supporting what you already have.

And local match – anything \$100,000 or less, we need an audit or we need local fund – or we need an auditor indicating those funds are available, and anything greater than that that the time of the application is submitted that you either have a letter from the auditor saying that the monies are in the bank or that you have a commitment from the Texas Water Development Board, the rural development or whoever, but those funds are there so there are no guessing games with regard to what kind of project we've got.

## CORPUS CHRISTI PUBLIC HEARING

November 16, 1999

Attendees: 22  
Speakers: 6

### Ruth Marek

National Alliance for the Mentally Ill

I'd like to make you aware of the dire need in Nueces County for housing for persons with mental illness. At present, there is none with supervision.

These courageous survivors of mental illness and many others like those I just listed, need housing – decent safe, affordable housing with some supervision in Corpus Christi. Many of them have SSI or SSDI. The housing like I'm mentioning is available in other cities, but not all are surviving.

With supervised housing, these courageous survivors do get better, and they become productive members of society.

Courageous survivors of mental illness in Nueces County will get better and become productive members of society if they can just have decent, safe, affordable housing.

## Section Five: Public Comment

---

### Judy Telge

Executive Director of ACARE, Inc.: Accessible Communities through ADA Resources and Education

I also represent a pilot project that's being run in the State of Texas called Project Choice. What that pilot is doing is transitioning people from nursing homes and/or other institutions, whether they are state schools, ICFMR facilities, transitioning back into the community.

You're talking about people who will be on SSI payments of maybe \$450 a month coming back into the community, possibility with mobility impairments, needing accessible housing, needing affordable housing.

There is an absolute minimal amount of decent, affordable, accessible housing in this area, and any way that this agency can assist throughout the Coastal Bend, not just the city of Corpus Christi, which has a fine budget for a lot of that, but throughout the coastal bend would be greatly appreciated.

In addition to that, what the State of Texas, as you all are probably aware of, is going to be facing is the Supreme Court decision on the Olmstead case, which is basically going to ask the State of Texas to come up with a plan of how people in nursing homes with severe disabilities are going to be housed in the community.

And until we get going building and shifting -- not only building but providing vouchers beyond what is available through HUD, which is terribly limited, has tremendous waiting lists all over the state, particularly here, and until we start shifting some funds into more accessible and affordable places for people to live, it's just going to be more problems in the homeless area.

### Fonda Camren

Social Worker with Responsive Social Services

There is a terrible lack of safe, decent, affordable, handicap-accessible housing in this community.

People on SSI -- children that receive SSI, even if they have two children in the family, that income is like \$1,000 a month maybe, and they can't provide for the needs of everyone in their home as well as the special needs that these children have, even if they have Medicaid and lots of other things to assist them, and still pay the exorbitant rents that are here in Corpus.

These folks have a decompensating episode and if they are lucky enough to have gotten to the top of the housing list and they actually have some help through the Housing Authority of Corpus Christi or maybe through Section 8, what are they going to do? They're going to lose it, because if they have to be at SASH or some other institution for more than 30 days to get them stabilized where they can reenter and reintegrate into the community, they're not going to have any safe or affordable or decent place to go.

And the thing is that a lot of them need lots of support because they have no background with any self-esteem or any self-confidence, so they're going to need more support in order to just kind of begin to feel like maybe they can do it. But they can't do it if they don't have anywhere to live, and if they have to pay all the money that they get for rent, then how can they live by themselves? And sometimes their diagnosis qualifies them -- if they can get along with folks well enough to have a roommate. But then there's other folks who have physical -- in addition to other things they have physical problems or they have really severe mental problems but yet they're not severe enough to be institutionalized forever, thank heaven, but still these folks can't get along with other people enough to have a roommate, so that means they have to bear the whole cost of the rent. They can't do that and live in the community.

### Yolanda Moran

Nueces County Grants Administration

One of the comments that I'd like to make is basically some experience that I went through, and it's regarding the plan on your selection criteria. I want to offer some comments regarding -- and it possibly may fall under either matching funds (Community Development).

For example, one of the projects we proposed involved several entities collaborating to come up with some matching funds for a proposed project that we submitted.

I feel that something like that, especially with the philosophy that the federal and state governments are going into collaborating resources, because of the dwindling resources at the federal and state level, that specific consideration should be given to projects that include other entities that come up with matching funds.

## Section Five: Public Comment

---

For example, you may have a small city that cannot complete the project that is in dire need, and they partner with the school districts, county, the city, a drainage board – water board, and they all come up with a matching fund.

What we'd like to -- we'd like to see the plan give favorable consideration to the collaboration of several entities coming together in proposing a project. My experience was we have each entity coming alone and proposing to do a project. Here you have several -- you have the city, the county, you have the school districts coming together for the cause of one project that affects all the entities that I just described.

I don't see that at all in the plan where it's specifically outlined. You talk about self-help methods, et cetera, but you leave that open to interpretation.

### **Michael Kovacs**

City Administrator for the City of Presidio

I really like your idea of how to get the money out as far as the new deadlines and the biennial cycle on getting things going.

We like that two-year process. It gives us time to line up big projects, get support, cooperate with other entities, do the collaboration, and then something happens and then wham, you can spend all that money. So we like those cycles and certainly the August all your time lines are great.

Something else is just for the CDBG we'd like to see you continue to emphasize water-wastewater, perhaps solid waste, and then of course, streets for border areas are our big problem because of the health concerns with the dust and that sort of thing.

The thresholds are a little scarier. We understand you have pressure from HUD. That can be a little difficult as far as CDBG funds are sometimes combined with other funds, such as Water Development Board, rural development, and some other programs. And it just makes it a little more tricky to try and get your plan through.

I just want to encourage you to try to be as flexible as you can when there's other agencies involved, perhaps like you were talking about, as far as a collaboration.

So if you have that in mind when you're implementing your actual regulations, if you have a little bit of mercy there if something slips out and it's really not our fault, that you won't whack us maybe as hard.

### **Ralph Wall**

Wall Consultants

I just want to commend the Texas community development program for everything that they've done, because we do think it's working very well, and especially we would call attention to the biennial funding. Prior to starting this, there were numerous communities that virtually never got funded. It was very difficult to get funded.

And I don't know that having to wait for two years to apply again is that bad. If they have real needs, they will take the opportunity to apply every cycle. If they're not that serious, maybe they don't need to be funded. I've probably got communities that would strongly disagree with me, but when you look at some of the communities that -- the way things are going, I think that that's about the way it works out.

And I think that the only thing that I can say is we're probably having some problems and that's -- or that we might have problems is how we have to get the plan reviewed with the Water Development Board.

If you recall, we had some strong, hard problems with TNRCC for quite a while. We were ending up never getting a reply before construction day. They were delaying it. We need to make sure that there's nothing in their review process that will cause us to hold back, because you've got to keep moving.

The only other thing is that starting -- if we go too far ahead, the changing in times and the budget planning can certainly be affected. You may think you can do something and when you're going too far ahead, situations may change and the numbers -- you may definitely have to have some revisions, and some projects may become affordable if there's too far ahead in budget planning.

I'm very, very pleased to see that none of the communities that are involved in these lawsuits are going to get any more money until they correct their problems.

I can't see continuing to give people funding for situations when they are discriminating against others and if they have discrimination problems then they need to get their act together.

## Section Five: Public Comment

---

### Judy Telge

ACARE, Inc.

I notice in the 2000 State of Texas Consolidated Plan reference under persons with disabilities and elderly and frail persons that an objective under both those categories is to assess the need because a satisfactory assessment of the housing needs of the low income disabled population, the elderly population in Texas is not possible.

Since 2000 is not even upon us and 2001 is something we're talking about, I don't see anything in 2001 that is referencing that. Will there be any kind of effort through you?

But at this point, it's more than likely up to the local communities to be able to gather that kind of data? That's my point because there's really not a way to say there's a priority need in the State of Texas or in a community if you don't have the statistics to support it.

Well, if there is any way that your organization perhaps coupled with others as I see it as mentioned in collaboration with other entities, we'd entertain whatever it is we need to do to do that because we know until that's something that's in black and white, then we're going to continue to have lack of affordable, accessible housing.

## MOUNT PLEASANT PUBLIC HEARING

November 17, 1999

Attendees: 21

Speakers: 8

### David Waxman

Planning Consultant

Jasper, Texas

We have many communities that we represent in deep East Texas and Southeast Texas and I think they will be very supportive of the two-year funding competition. It seems to work pretty well.

But we understand the need to expend the funds and you have to take whatever actions you have to take to make that happen. So in terms of *Young vs. Cuomo*, there will be some other people that certainly are going to speak to this. I'm going to just say at the very outset, six-and-a-half is going to do the trick.

But the point is, is that there's been enough for the set-aside. I think all the communities that we represent that have to deal with *Young vs. Cuomo*, they will be very glad to work with HUD hand-in-glove to try to resolve any problems that they have left.

### Randy Blanks

David J. Waxman, Incorporated

Jasper, Texas

So we can still continue to use the 1990 census?

### Elizabeth Lea

City of Nash

I agree with David about this set-aside, on this 2-1/2 percent here. I really feel like that we should allow everyone to compete, and I feel like that most regional review committees would be honest in giving those extra points. I don't think that there would be a problem about that.

There's one other comment I'd like to make at this time, though. I have a real problem with this meeting being held tonight, mainly because most of the elected officials in this area are in attendance at the TML meeting at this time.

They don't feel like that there should be an extra set-aside for this, that things have been addressed and we've already spent all this other money and now to come back with another 2.3 million.

Who's to say that in another three or four years there's going to be another 6-1/2 million or whatever. When is there going to be an end to it, is what I'd like to know.

## Section Five: Public Comment

---

### Lee Lawman

There are two things that I would like to mention. We would like for you to look at a one-year cycle with the rule saying that anyone with an open contract is unable to compete in the application process.

I think the only way you're going to make any difference is to say if you can't get done in 12 months, you don't get to play the game.

The second issue has to do with the set-asides. With all due respect to your comments, we adamantly, strongly oppose all set-asides.

We don't like the Colonia issue. We don't think it's justified. We don't see that that is a compelling situation. We certainly don't see that this issue requires taking this action.

This issue should have been handled in Washington under the legislation that was just passed. We would encourage you in the absence of that to use the regional funding status for that situation.

### Chuck Lucas

I guess the comment appears to go ahead and succumb to, I guess, legal blackmail on the *Young vs. Cisneros*. My concern other than that is that it seems like they are grasping for projects. I used it as a joke but one of my *Young vs. Cisneros* projects was mosquito control. You know, it just seems to me that a lot of the projects aren't viable and some of them are really just frosting. I think the sentiment, at least from the people I deal with, is let's end it.

I didn't hear it mentioned but is there going to be anything done on the regional review process? What I mean is, the regional scoring. We would like to see the state have more points than the regional committee, I guess, what I'm getting at. If you don't regulate the number of points the regional review committees can give, at least maybe you can define them more so that they've got some more rigid standards.

### Mark Sweeny

I just have three points I wanted to make for the record. First of all, again, we're very supportive of the biennial approach and think that it's proven to be an extremely efficient way and effective way of handling the program, instead of having a series of meetings twice in a row or whatever.

When it comes to some of the time frame aspects of this 2001 funding year of having the scoring meeting probably in December or January, I was going to mention, when I start looking at that, I see an August application deadline. I start thinking in terms of what does this mean. And I guess my point is, is that I would almost rather push it down enough to get it out of December, because I tell you what, I struggle to get a quorum of any type of a committee in the month of December.

And the other thing, too, is I will just echo what's been said before about the *Young vs. Cuomo*. I don't want to see the funds taken from Community Development and given to that. I feel like penalizing our cities and counties with the type of funding that they can get is not the right step. And I don't know entirely how all this process works, even though I've worked with it for years, but I'd rather see the money come out of the Colonia Construction Fund as opposed to being taken out of the Community Development.

### Gary Traylor

First of all, let me say this, that I'm also -- I mean, everybody understands the intent of creating the set-aside, and I think after having an opportunity to see what you're proposing, I have some issues with it.

The thing that first of all I'd like to suggest is that you find this money some way that it does not directly affect the regional allocations at all, either through some of the proposals, maybe by tweaking somewhat the proposals you have, or the re-use of RLF money or other deobligated funds that you might be taking from communities that are not implementing their awards.

And I know y'all feel kind of like everybody else does, that this is a huge tar baby and everybody wishes it would go away. It seems like, though, that they sue HUD and HUD is able to somewhat deftly defer the impact of the lawsuit onto the state. I know you all wish they couldn't, but they are able to do that, and then y'all are able to then once against shift the burden to the local governments.

## Section Five: Public Comment

---

A third reason is that the PHA cities, there are only 70 of them in the 36 counties. They represent probably less than 20 percent of the total number of eligible applicants in these regions. Yet they are housing very low income people in these HUD programs that are from a variety of jurisdictions.

So we would think that perhaps extending the right of these cities to continue to participate in the regular program, provided they are in good standing, applying for the activities the Court wants is justified somewhat due to the fact that they are really carrying out the obligations of some of the other communities.

And then lastly, I'd just point out that the scoring system that has been used since 1994 has always included the priority level, highest priority level to activities that are required under the *Young vs. Cisneros* or the *Young vs. Cuomo* now.

The problem with that is that the State's program is essentially a water and sewer program and until the Court decides and defines what activities are now going to be required to revise the MOUs, many of these communities have not been able to get the highest priority for their applications because there have not been revised MOUs in place.

And I think that's important. You've got some communities out here that had no required activities in 1994 mentioned anywhere in desegregation plans. They were not involved back at that time. Had they had activities, they could have applied for those activities and still applied for their regular -- or had their regular shot at a TCDP grant.

Texas is going into the third year of a prolonged period of drought and if the program is going to continue to emphasize basic human needs, water and sewer infrastructure, these types of things, then it seems very unfair to these communities if they have a need to drill another water well or they have a need to address something of that nature, while at the same time they're being told no, you cannot apply for that. You can only apply for a sidewalk from the PHA site to the junior high school. That just doesn't seem right in the context of these other things that I've said.

### Mr. Turner

I just want to say that the City of Mount Vernon is not for set-aside. We disagree with that.

And the two-year planning, biennial planning has been a great help to small cities, letting us plan, because we're limited financially to do all this and most of the other small cities are.

## AUSTIN PUBLIC HEARING

November 18, 1999

Attendees: 42

Speakers: 13

### *Written Comment Delivered at the Public Hearing:*

#### **Texas Planning Council for Developmental Disabilities**

We Urge TDHCA to first provide an education component regarding the Federal Fair Housing Act, Section 504 or the Rehabilitation Act of 1973, the Americans with Disabilities Act and the Texas Architectural Barriers Act and SB 623. This education should be mandatory for any entity (local governments, businesses, developers, builders, and non-profit organizations) who uses TDHCA funds to build, rehabilitate, administer housing ventures.

We urge TDHCA to take a more active role in the enforcement of the above mentioned laws.

We find it incumbent upon TDHCA to make the provision of housing to this population (people with disabilities) the highest priority.

Further, we recommend that housing for those recently deinstitutionalized be accompanied with initial education and support to assist in adaptation from institutional life to living in the community.

The Council recommends the expansion of consumer citizen input into the operation of TDHCA. We propose that an advisory committee of consumers, to include people with disabilities, be formed. This committee could provide the TDHCA board of directors a more direct connection to the needs of consumers and their view of TDHCA operations.

## Section Five: Public Comment

---

### Texas Home of Your Own Coalition

We recommend that TDHCA include reference to the construction requirements of SB 623 throughout the Plan in Section Three: Program Statements, specifically on page 24, 6a. Housing Infrastructure Fund; page 49, Homebuyer Assistance and HOME Demonstration Fund (when connected to projects supporting new construction activities); page 51, Texas Bootstrap Loan Program and Builder Incentive Partnership Program and page 65, Housing Trust Fund Programs. In addition, references to SB 623 should be included in the HOME Program Rules for All program types supporting new construction of single family housing and a definition for these requirements should be included in the Definitions section.

We recommend that TDHCA increase the monitoring effort of recipients for compliance with all state and federal requirements for accessibility by requiring submittal of a 'self-evaluation' prior to funding. The self-evaluation should include all offices, any models or other facilities used by the recipient to provide services.

We recommend that TDHCA establish Section 504 standards as the threshold for all Tax Credit projects through the Qualified Allocation Plan.

We recommend that the Department undertake a capacity building effort to provide technical assistance on the successful program model to potential grantees and others through out the state to develop consumer driven barrier removal services to people with disabilities.

We recommend that the Department increase the amount of funds available to fund barrier removal programs in the HOME Owner Occupied Rehab, CDBG Housing Rehabilitation Fund and the Housing Trust programs.

Increase funding support for rental subsidy programs.

Dedicate a portion of the HOME 'special needs set aside' specifically for projects serving people with disabilities. Create a minimum 10% 'special needs set aside' specifically for projects serving people with disabilities in the Housing Trust Fund.

### Grantworks

#### Texas Community Development Program

1. We strongly support continued biennial funding cycles for the 2001 and 2002 program years because the method allows the program to reach more communities, allows them to plan for future improvements and improves program efficiency. This should be a top priority.
2. Requests for assistance under this program greatly exceed available funds. Traditionally, the program's top priorities have been for infrastructure projects for first-time water and sewer service to low-to-moderate income people. We would like to see these projects automatically receive the full 175 Project Impact Points. Other water and sewer projects should be given scores ranging from 145 to 165 points.
3. In order to help small communities with limited resources, I recommend changing the matching fund requirements for the Community Development and Planning Funds to: 5% for communities with under 2,500 residents; 10% for those with a population between 2,500 and 4,999; 15% for populations from 5,000 to 7,499; and 20% for those with over 7,500 residents.
4. I recommend that the program make every effort to shift responsibility of the settlement of Young vs. Cuomo to HUD. If this is not possible, funds needed to settle the lawsuit should be taken on a pro-rated basis from the regional allocations of those regions involved in the lawsuit.

#### The HOME Investment Partnerships Program

1. The Owner-Occupied Housing Assistance program is an extremely popular and successful program because it targets low-income elderly and disabled residents. We would like to this program's allocation increased to fifty percent of the total HOME allocation.
2. Because of its popularity with small communities, the maximum awards for Owner-Occupied Housing Assistance should be limited to \$250,000. Larger awards will benefit fewer communities and are less likely to go to small towns.
3. Because requests for Owner-Occupied Housing Assistance always exceed the available funds, we recommend raising the minimum required score to 70% of the total HOME Program score established for Owner-Occupied Housing.
4. Currently, Owner-Occupied Housing Assistance projects geared toward those earning 30% of less of the AMFI (Area Median Family Income) receive scoring preference. This requirement



**Section Five: Public Comment**

should be relaxed. There are many elderly people, in desperate need of assistance, whose incomes do not fall below 30% of AMFI. A more realistic number is 50% of AMFI.

5. Should the HOME Program consider using a formula to determine regional allocations for any of its programs, we suggest that all interested parties be notified and public hearings be held.

**Mike S. Harms**

1. The application limit for Rental be increase to \$2,00,000. The \$2,000,000 loan limit would allow the HOME program to fund new construction projects in the 36-40 unit range, and thus allow both non-profit (CHDO) and private developers the flexibility of proposing small to medium size apartment communities in towns where more affordable units are needed.
2. The HOME program has a recommended developer fee for CHDO's, Private Developers and other developer entities. It should be recognized by TDHCA that reasonable developer fees are really the only financial incentive for developers to participate in the HOME rental program.
3. TDHCA should clearly affirm that the primary goal for utilization of the HOME rental program funds should be producing affordable rental housing and that repayment to TDHCA should be secondary to that goal.

**Ann Denton**

Enterprise Foundation

**SECTION ONE**

1. We note the absence of concern for extremely low income families (0-30% MFI) in the Con Plan Goals and Objectives. The lack of inclusion of this population in the Goals and Objective can be (and has been) interpreted as support for a policy of excluding the most needy Texans from the benefits of TDHCA programs
2. We recommend the inclusion of TBRA as an allowable activity under Objective 1.2, Proposed Accomplishments (in accordance with federal regulations for HOME).
3. Proposed Accomplishments #14. The language of this accomplishment is very tentative and weak.
4. The separate sections on Housing for Persons with Special Needs and Persons with Disabilities can be combined.

**SECTION THREE**

1. The planned allocation of 5% of the resources to Tenant Based Rental Assistance is too low. Increase TBRA to a minimum of 20% of available resources.
2. The state does not need to spend 40% of the available resources in the HOME program on Owner Occupied housing assistance. The state does need to include a minimum of \$1.5 million for barrier removal activity under this program category, and reduce the overall allocation of resources to 25% of the total.
3. We are concerned about changes in the Homebuyer Assistance program, and question the efficiency of TDHCA administration of the program on a "first come, first served" basis.
4. Adjust the planned allocation percentages as follows:

Category	Plan as drafted	Recommended Revisions
Owner Occupied Housing Assistance	40%	25%
Homebuyer Assistance	20%	20%
Rental Housing Development	30%	30%
Tenant based Rental Assistance	5%	20%
Demonstration Fund	5%	5%

5. The Department is to be commended for its participation in SB358.

## Section Five: Public Comment

---

### SECTION FOUR

Low Income Housing Tax Credit Program - Compliance with federal laws (Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act) should be a threshold requirement for participation in this program.

Housing Trust Fund - While the description of the Housing Trust Fund in the plan includes extremely low income households, there is no commitment of resources to this portion of the population. The "set aside" for people with special needs is vague (a percentage of units). It is hard to see how housing development can be made affordable for people at the lowest levels of income without some method for making units affordable through rental assistance.

We recommend adoption of the provision of HB1090 (Burnam), which include:

Set aside of 15% of available resources for people with disabilities

Inclusion of rental assistance as an allowable activity for the Housing Trust Fund Program rules need to be changed to reflect these recommendations.

#### **Reymundo Ocañas**

Texas Association of CDCs

The HOME Program is not intended to be a self-serving funding mechanism for the state agency and its lending partners. HOME dollars are intended to be used to benefit low income families below 80% median income.

The HA calculations brings your announced availability to \$4 million. The truth is that of your overall HOME grant, 20% for the HA would mean over \$7 million. Removing mandates off the top of the total HOME award (such as the Bootstrap program) does not best serve the end beneficiaries.

Making any part of the HOME program a non-competitive application process will bring incredible scrutiny to selected awardees and the department. This stifles innovation, partnerships and is basically giving discretion to staff to select who awards that should be competitively selected.

The HOME Program should affirmatively state which income groups the state wants to serve. Leaving this unsaid only makes it final that the groups served will be closest to the high limit of 80% median income. If the Homebuyer Assistance money is given to lenders statewide, especially to MRB lenders, they will certainly only target borrowers at the higher income levels, since this takes less work and less hand-holding.

If the Homebuyer Assistance money is not granted competitively to non profits, HFAs and cities, the loser will be rural Texans and low income communities. Lenders do not have the interest, the staff nor the capacity to reach low income families, especially not at the lower income levels. They do not have loan offices in rural areas, where a city or a non profit does exist.

I suggest that the HOME Program include income targeting for dollars granted, a competitive, open process and a preference for awardees that are engaged in activity in the areas where TDHCA needs performance boosted.

#### **Mary Henderson Associates**

Make the entire \$4 million of HOME program funds available through a competitive application process.

Target \$3 million of that amount to first-time homebuyers with 60% or below AMFI with the balance of \$1 million available to homebuyers between 60% and 80% AMFI.

Make the funds available to all communities with populations of 25,000 or less, even if the communities are included in an Urban County program. Entitlement Counties do not receive sufficient funding to address the depth of first-time homebuyer demand.

Provide an incentive for housing affordability among builders who demonstrate creative financing or effective use of resources, such that HOME funds can be spread more effectively among builders.

## Section Five: Public Comment

---

Exclude participation by any CHDO, nonprofit or for profit entity which has not expended prior HOME Program monies awarded for single family construction/rehab or homebuyer assistance in prior program years.

Do not exclude non-entitlement HOME Communities which have had poor performance by nonprofits or as a result of joint ventures of nonprofits and for profit builders whose homes were not affordable to the target population.

### *Spoken Comment at Public Hearing:*

#### **Ann Denton**

Enterprise Foundation

The two major points that I want to make is that I think it is TDHCA's purpose to administer public funds for people who are most in need, and I think that there are many changes to be made in the consolidated plan annual plan for 2000 that will further that purpose.

First I'd like to see a more explicit inclusion of people at extremely low incomes. Most of the document talks about low, very low, but extremely low income is only addressed in the HOME Program that I could find. I think that because TDHCA's administering public funds, they should be used to aid populations that private enterprise has not spontaneously aided. That does include people at zero to 30 percent median family income.

The second major point is that people with disabilities need and deserve and have a right to accessible, affordable, and integrated housing. I want to commend the department for discouraging segregation of people with disabilities in your consolidated plan. I do, however, want to let you know that I think that there are changes that can be made in the plan that will increase the possibility that you will actually be able to help people with disabilities get more accessible, integrated, affordable housing.

The first one of those is in the HOME Program. The fastest, easiest, best way to make housing affordable for Texans and Texans with disabilities is to use tenant-based rental assistance as your method.

I think that we spend too much money on owner-occupied housing assistance. I do not believe that we need to spend 40 percent of the HOME dollars on that activity. I believe that that is where you can adjust the percentages and increase TBRA. I do, however, want to make sure we don't lose the barrier removal that is a part of owner-occupied housing assistance and that is so important in making housing accessible to people with disabilities.

I want to commend the department for its leadership on Senate Bill 358, and I want to thank the HOME Program for its inclusion in the round of funding that's coming up.

#### **Jonas Schwartz**

United Cerebral Palsy of Texas.

I want to start out by commending the department for the assistance and all the help that the department has given to us in getting the program off the ground.

We recommend that the department include reference to construction requirements spelled out in Senate Bill 623 throughout the consolidated plan, specifically Section 3 of the plan, which references the Housing Infrastructure Fund, the Homebuyer Assistance and Home Demonstration program, which when it is connected with new construction and the Housing Trust Fund, as well as the Texas Bootstrap Loan Program and Builder Incentive Partnership Program --we would like all the programs to incorporate the standards set forth in Senate Bill 623.

We recommend that TDHCA increase the monitoring effort of recipients for compliance with all state and federal requirements for accessibility by requiring their potential grantees to submit a self evaluation prior to funding.

The self evaluation should include all offices, any models, or other facility used by the recipient to provide services to consumers. We also recommend that TDHCA establish Section 504 standards as a threshold for all tax credit projects through its qualified allocation plan.

Next, we applaud the efforts of the department in continuing to support the statewide architectural barrier removal initiative. The goal of the program is to increase the size of accessible housing for individuals with disabilities.

## Section Five: Public Comment

---

We recommend that the department undertake a capacity building effort to provide technical assistance on the successful program model to potential grantees and others throughout the state to develop consumer driven barrier removal services for people with disabilities. Lastly, we recommend the department increase the amount of funds available for barrier removal programs through the owner-occupied rehab CDBG Housing Rehabilitation Fund and Housing Trust Fund programs.

### **Pamela Orr**

I'd like to address the Home Investment Partnership Program. The Owner-Occupied Housing Assistance Program is extremely popular because it targets the low income elderly and disabled, we would like very much to see this program's allocation increased because of its popularity with small communities. The maximum awards for this program, we believe, should be limited to 250,000 to eliminate the problems of the smaller rural communities having to band together and decide who's going to administer these programs and handle the paperwork, so we think it should be left at 250,000 for an award.

We would also recommend raising the minimum required score on the owner-occupied housing assistance application to 70 percent of the total program score.

Currently, owner-occupied housing projects are geared towards those people earning 30 percent or less of AMFI, and while this I think is very laudable, it's not always practical, and a lot of time what's happening is that you have low income elderly who are at 50 percent or below who are not -- you can't serve them because applications have been written targeting 30 percent and they're just not available.

Also, we would like to suggest that should the HOME Program consider using a formula to determine regional allocations for any of its programs, we would like to recommend that public hearings be held and that all interested parties be notified.

### **Mike Harms**

Representing myself.

My comments are specifically related to the home rental program. I'm recommending that you raise the limit from \$1 million to \$2 million per loan

The second item is on developer fees. I've heard a good deal from both the CHDO development community and the private development community that developer fees are being looked at with a negative attitude, and if you'll look at the HOME Program, developer fees are being reasonable and customary in the 10 percent range. It is the only incentive for either non-profits or for-profits to build because the cash flow in them just does not throw off enough cash flow on an annual basis except basically to operate it and pay some back to the department.

And then the third item I'd like to comment on is that TDHCA reemphasize that the goal of the HOME Program and the intent of Congress was to build affordable housing, not to repay TDHCA, and in the small communities, the low incomes and the home rents will not repay a lot of loan

### **Patty Anderson**

Executive director for United Cerebral Palsy of Texas,

TDHCA's mortgage revenue bond program funds have been used to underwrite some of the home choice loans, and HOYO's selection as a participant in this experiment has really expanded our ability to serve our target population by providing an additional loan product for individuals who might not otherwise qualify for financing under existing products.

So under the proposal we have some concern that people with disabilities will be shut out, so even if it is broadened to allow some other organizations to participate, we still have some concern here about the access that people with disabilities would have to the down payment assistance. If the department proceeds with that proposal, particularly if it in any way eliminates non-profit organizations, we would recommend that funds be set aside for outreach and supportive services to people with disabilities so that they can continue to access those down-payment funds.

We think that this proposal also has a residual impact or an additional impact I should say on the future development of single family housing developments by non-profit organizations. If the down-payment assistance funds that support through the financing mechanism the development of single family projects, both by non-profit or for-profit groups, then we think that that, coupled with the passage of Senate Bill 623, there would be an impact there on the ability for those developments to incorporate the basic access features that are now required under 623.

## Section Five: Public Comment

---

### **MR. SCHMIDT on behalf of Edwina Carrington**

Texas Housing Finance Corporation

Tying the HOME funds to mortgage revenue bonds creates an unreasonable subsidized competition for a product which will now be made privately available.

The HOME funds for single family down payment need to be targeted to families under 60 percent area median income.

### **John Henneberger**

Co-director of the Texas Low Income Housing Information Service.

First of all, I again would urge that the department attempt to roll the consolidated plan into the state low income housing plan..

My other five points are, number one, that 30 percent goal which the Legislature has established for the department is not sufficiently emphasized in the document. We also think that the department should attempt to spread that 30 percent as widely across programs as possible so as not to sort of categorize any particular one effort: housing rehab, down payment assistance, any one particular program as the low income program, because there are a range of housing needs among the poor population.

Secondly, as we read Senate Bill 1112, the department should implement the regional allocation process in this round of HOME allocation funds and this round of tax credit funds.

We have substantial issues with the department's emphasis on down payment assistance programs. We do not believe that those programs address the needs which are reflected objectively in the data. They have a tendency to go to higher income persons. They have a tendency to serve overly heavy urban areas versus rural areas, small cities.

We believe that the department's continued heavy subsidy of the HOME monies within urban areas is inappropriate and a violation of the spirit, if not the law, of the federal regulations governing the HOME Program. The department should make much stronger efforts to redirect that money to the areas which have no other source of funds. Many of these urban areas have substantial allocations of HOME money which are backlogged and unexpended.

And finally, the expenditure rate issue. Texas does rank, according to the handouts that we've seen, 50th in the nation in terms of expenditures. Something must be done about that.

### **Rey Ocañas**

Texas Association of Community Development Corporations.

I do want to commend John, Sarah, and the HRC staff. You do a great job of engaging the public and making sure, at least from your end, that you're talking to us.

I'm a little disappointed with the openness of the rest of the program staff in terms of getting us involved as you're developing programs and implementing the programs. I do want to see more of an openness and discussion and dialog with the groups.

I did want to ask a question, though, and that's why we're holding public hearings for non-PJ money in only PJ cities?

I'm kind of disturbed by seeing two strikes against non-profits in the consolidated plan. One is the elimination of the home ownership development program, which is basically the CHDO Program. And strike two is the way that you're handling the Homebuyer Assistance Program, having a preference for lenders and not necessarily a preference for the non-profits and the cities and HFAs.

Second of all, I want to recommend that the department look at the plan in terms of being more innovative and creative with the funds and seeking to build more partnerships that really empower the communities that they serve.

And second, I want to request that the department add sunshine to this process in terms of not just reporting who applies and who gets awarded the funds, but progress statements, in terms of how well you're doing in getting the entities that receive awards get the money out, and also the actual process that you used, standard operating procedures, to award the allocations that you get.

I think Senate Bill 1112, the spirit of the law was to have it go forward from September 2000, after the tax credit allocation was made for September 1999 after the tax credit program for this year.

## Section Five: Public Comment

---

I guess my big beef with the Homebuyer Assistance Program is first of all, the calculation in your plan, it says 20 percent of the total HOME allocation. It does not say mandates first. It does not say Bootstrap first or contract for deed. It says total allocations, so instead of correcting it to make it still only 4 million, keep it at 20 percent and keep it at the 7 million.

First come-first served for the Homebuyer Assistance Program. It stifles innovation, partnerships, and competition, which I think should be the spirit of the program, to award competitively the award -- competitively award the funds to the best proposals not the first proposal that you get.

Rider 3 specifically states that you will meet a \$30 million goal zero to 30, and 20 percent goal of all your housing finance division funds 31 to 60, and nowhere in the plan does it affirmatively state that you will meet that goal. You need to put it in your plan.

And finally, reach and impact with the homebuyer assistance money. If it's not granted to non-profits, cities, and HFAs outside of the PJs and instead goes primarily to lenders, you're not going to have the same reach and impact.

### **Don Currie**

Brownsville Community Development Corporation.

The state's action plan doesn't lay out a strategy for using its funds to credit enhance, provide risk sharing, or incite private sector mortgage lenders to develop products for families that currently can't access the standard mortgage market.

There is nothing in the action plan that addresses working with lenders, not to give them more down payment assistance but to broaden and to incite lending into non-conforming markets through risk sharing, loan aging pools, or other types of credit enhancements.

I would suggest the department exclude the mortgage revenue bond from any centralized statewide down payment assistance program, that the mortgage revenue bond program generate it's own down payment assistance funds through mortgage revenue bond proceeds, and that it be specifically excluded if there is a centralized down payment assistance program. I'm not in favor of a centralized down payment assistance program for several reasons.

One, it doesn't discriminate between people who need more money and people who need less money at various levels of the income scale. It does not ensure a more affordable house is going to be built or better quality house will be built, because to build a better house you need to control the quality and you need to control the price. Thirdly, down payment assistance only provides access for people that currently qualify in the mortgage lending market, and not people that right now cannot currently qualify in the conforming marketplace.

And fourth, down payment assistance bonds run through lenders. Again, only works with products that they already have developed and doesn't encourage them in any way to serve any other type of market.

I think the state's lack of addressing the fact that the vast majority of Texans fail to obtain home ownership, not because they don't have down payment assistance. They fail to obtain it because their credit profiles don't satisfy the requirements of the conforming marketplace.

And I think until the state begins to address the question of how is it going to assist the private sector marketplace in developing product that risk-adverse investors, mortgage bankers, secondary markets feel comfortable in putting their money in through approaches such as credit enhancements, loan aging pools, I don't think that basically the marketplace is going to be satisfied.

I would request the action plan be revised to provide for a pool of risk sharing money to be used as challenge grants to incite banks and mortgage lenders to develop and implement new loan products for families currently locked out of the marketplace, and that this resource would also support lenders willing to create new loan products and hold such products in loan portfolio aging pools or to provide funds for lenders to eventually sell such loans even at a discount into the secondary or investor markets by providing the opportunity to cover the yield spread.

### **Mary Henderson**

Mary Henderson Associates

I feel personally that making homebuyer assistance available on a centralized basis is not going to address the needs of that region (the lower Rio Grande Valley). It's extremely prejudicial to that population and I feel that some of these smaller builders that have been participating -- or rather would

## Section Five: Public Comment

---

like to participate in this program should be given that opportunity. They are addressing the needs and building to the target population of 50 to 60 percent median income.

So I would strongly encourage you all to take a look at some other means of allocating those funds, retaining a portion of those monies for a competitive application process that would identify and reward builders who are able to work with these first time homebuyers as effectively as possible in promoting first time home ownership opportunities.

There's also a very strong need to leverage funding. And one of the ways in which that can be accomplished down there is through allowing these first time homebuyers to utilize their lot equity.

### **Susan Maxwell**

Texas Council for Developmental Difficulties

We commend TDHCA for their opportunities that they give to people of low income for housing, especially that statement or that goal I read in your report that says integrated housing opportunities for persons with disabilities.

We recommend that you provide an education component regarding the federal Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act, the Texas Architectural Barriers Act, and SB 623.

And another hope and recommendation that our council would have is that TDHCA take a more active role in enforcing these laws.

Institutions should not be considered an alternative housing source. Nursing homes, state schools, and other facilities were created to provide specific services, otherwise they warehouse and segregate people.

With the Olmstead decision by the U.S. Supreme Court, we're going to see that states are mandated to help these people move out of institutions if they want to, and in order to do that, we need a lot of low-income and accessible housing. And people who are moving out of these institutions who have been institutionalized their whole lives would need support, so we would recommend that you would have a component to address that.

And finally, consumer input would be great to enhance that in TDHCA. Perhaps a committee of consumers including, of course, people with disabilities on there would be helpful in keeping the board more in touch with what's happening in the communities. And I also heard one of your board members complain that they never got to talk to people who actually get the benefit of your funds.

### ***CDBG Specific Public Comment:***

#### **Karen Kibbe**

Raymond K. Vann and Associates

Regarding Young v. Cuomo. I would recommend that HUD look very closely at using secretary discretionary funds, 2.3 million. It's not that big a deal out of secretary discretionary funds.

When we do set-asides in the state, what we do is we penalize those who play by the rules for those who don't play by the rules, and that's a bad solution to a bad problem. If we are required to set aside, maybe we should take the funds from those areas that do not actually have a real competitive environment if we must take funds from someplace.

Regarding the application deadline -- I think it's a real good idea, but I think if we're going to do that we need to back up the application workshops. So therefore, if we're going to have an application deadline in August, then we ought to have application workshops not later than the first of April.

I think the two-year funding cycle has proved itself to be very effective.

I do, however, think that the ability to have continuation need -- there aren't but one or two regions that do that anyway. I think that those regions where that does occur, that's important to them. Those few points actually become important in those regions.

I want to ask a question as to your enforcement method that you're anticipating, if you're really saying that you're not going to quote, unquote, give extra months under the 12 and 24 month rule. If someone has a contract that expires in May of 2000 and they extend that contract for three months to complete it -- they obviously have not met the 24 month rule -- are we then going to in August or September determine they are not eligible to apply even though at that time they have obviously closed that contract? Is that what we're saying?

## Section Five: Public Comment

---

Then what mechanism are we going to use -- how long are they going to be held ineligible to apply? How many cycles -- if we're having the two-year cycle then we're really holding them ineligible to apply for two funding years, and that's not in regard to anything that would help encourage them to get through sooner.

I think you would do better to adjust your scoring so that you actually have a category where you had so many scores based on past performance that determined -- where they were rewarded for performing and where they were penalized for not. But I think that if you just hold somebody ineligible for what amounts to two years, you're going to find yourself really up a creek in the long run.

### Judy Langford

Langford Community Management Services

I'm for the biennial funding in 2001 to 2002.

And I understand where HUD is with Young v. Cuomo. I do not like to see -- we just see every time more set-asides out of the regular CDBG competitive portion of the money. And even though you did take it out of other items, the lion's share came out of the regular CDBG competition money, and I hate to see that reduced. I would like to see, because these are cities and counties that have chosen not to use their CDBG applications to meet the Young v. Cuomo, I'd like to see it come out of the regional allocations, that they have to make those applications for that and it not be a set-aside.

On the 24-month rules, we try really hard to hit the 24 months but sometimes acquisition, discharge permits for sewer plants, sometimes the two years just really isn't quite enough and I would really not -- I think that there are certainly times -- and we have the problem too -- that things just don't get done quite as fast as they should, but there are some extenuating circumstances that should go past the 24 months.

On Capital Fund, I'd really like to not see the over 375 go to 50 percent repay. I think the 25 percent is an adequate amount.

## HARLINGEN PUBLIC HEARING

November 30, 1999

Attendees: 14

Speakers: 2

### Sonny Philip

City manager, City of La Feria.

Overall, I don't have any major complaints for the program. One thing we want to bring to your attention is about the housing assistance for smaller communities. Our community applies for the Housing Reconstruction Fund every year, but we don't have any luck, because the total money allocated for the whole south section south of Corpus is very limited there.

So it is a waste of time from the community standpoint. And also, in 2000's plan, page number 6, there's the comment that an eligible city or county cannot submit an application to the Housing Rehab and the Community Development Fund.

The comment I'm making here is only a rough one. It's not anything against the Capital Fund Program, because one thing I want to make a comment is the Capital Fund program is a very important program there. It has changed the lives in smaller communities tremendously, and we are not proposing anything drastically there.

But the analogy we need to look into is if a community is allowed to submit application to the Community Development Program and the Texas Capital Fund Program there -- the community's allowed of there, therefore, a community cannot apply for the Community Development Program and the Housing Rehab Program there. That may not be in the best interests because sometimes if a community is picked between basic system in the form of water-sewer system there and a housing system which will benefit maybe only five families within the community, it has to go with the first choice.

I know that the existing program is making a difference in major communities and while the communities have 501(c)(3) programs in existence, when you compare that with the smaller community



## Section Five: Public Comment

---

level there, it is not helping out. So therefore, there's a big sector out there which we may be missing by this program.

We realize that, and somehow we need to find a way to do that. It may not be -- if some of the conditions [indiscernible] had to come up with is if the community has done so many things so that they can solicit applications so that that may eliminate from all 760 applications from coming in.

### Written Comment Mailed to the Texas Department of Housing and Community Affairs

#### LETTER 1.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.
2. I request changing the matching fund criteria for the Community Development Fund and Planning Fund to 5% for cities under 2500 persons, 10% for those with 2500 to 4999, 15% for those with 5000 to 6499, and 20% for those with 7500 or more persons.
3. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.
4. I request that first-time water and sewer activities should automatically receive the full 175 Project Impact points; other water and sewer activities should receive Project Impact scores ranging from 145 to 165 points.
5. I request that every effort be made to make HUD responsible for the settlement of the *Young vs. Cuomo* Lawsuit. If this fails, the funds needed to settle the lawsuit should be taken on a pro-rated basis from the regional allocations of those regions with cities to be benefited.

Signed:

Lois M. Brown  
Councilmember  
Madisonville, TX

Mary Helen Jameson  
City Administrator  
Ralls, TX

David Trevitte  
Mayor  
Ralls, TX

David Emswiler  
City Secretary  
Angleton, TX

Larry Buehler  
Councilman  
Angleton, TX

Gerald Roberts  
Mayor  
Angleton, TX

Marty Mangum  
City Manager  
Littlefield, TX

Olin Jeffron, Jr.  
Commissioner  
Carthage, TX

Russell Namuele?  
City Administrator  
Idalou, TX

Rey Garcia  
Councilmember  
Alice, TX

Greg ?  
City Manager  
Overton, TX

Ned Fratangelo  
Mayor

Jefferson, TX

Mary S. Garcia  
Council Member  
City of Monakas

John B. Stewart  
Council Member  
Overton, TX

Sherry Maledon  
City Secretary  
Kermit, TX

Max Wood, Sr.  
Mayor  
Archer City, TX

Gary S. ?  
City Council  
Groves, TX

W.L. Job

## Section Five: Public Comment

---

Mayor  
Groves, TX

Nocona, TX

Joe Danbly  
City Manager

### LETTER 2.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.
2. I request changing the matching fund criteria for the Community Development Fund and Planning Fund to 5% for cities under 2500 persons, 10% for those with 2500 to 4999, 15% for those with 5000 to 6499, and 20% for those with 7500 or more persons.
3. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.

Signed:

Lou I. Slaughter  
Mayor  
Daingerfield, TX

Overton, TX

Kevin ???  
City Manager  
Daingerfield, TX

James Young  
Council Member  
Overton, TX

Wal Lily  
Mayor  
Overton, TX

James J. ???  
City Manager  
Jefferson, TX

Rutt Shannon  
City Administrator  
Decatur, TX

Bob Heath  
Council Member

### LETTER 3.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.
2. I request changing the matching fund criteria for the Community Development Fund and Planning Fund to 5% for cities under 2500 persons, 10% for those with 2500 to 4999, 15% for those with 5000 to 6499, and 20% for those with 7500 or more persons.
3. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.
4. I request that every effort be made to make HUD responsible for the settlement of the *Young vs. Cuomo* Lawsuit. If this fails, the funds needed to settle the lawsuit should be taken on a pro-rated basis from the regional allocations of those regions with cities to be benefited.

Signed:

Cullen J. Davis  
City Manager  
Petersburg, TX

Council Member  
Alice, TX

Haskell, TX

Bryan Easum  
City Manager  
Tulia, TX

??????  
City Manager  
Mexia, TX

Brad Stafford  
City Administrator  
(No city given)

Aluaha L. Aguilar

Sam Watson  
City Manager

Ronnie Popejoy  
Mayor  
Sundown, TX

## Section Five: Public Comment

---

Danny Fryar  
City Manager  
Stanton, TX

Lester Baker  
Mayor  
Stanton, TX

J.P. Henry  
City Councilmember  
Angleton, TX

Ken Pfeifer

City Manager  
Red Oak, TX

Ted Winn  
City Councilman  
Bowie, TX  
Janet Moube  
Council Person  
La Grange, TX

Al ????  
Budget  
Travis County, TX

Clifton Samorean  
Council Member  
Groves, TX

Ruth Hertel  
City Administrator  
Angleton,

### LETTER 4.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.
2. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.
3. I request that every effort be made to make HUD responsible for the settlement of the *Young vs. Cuomo* Lawsuit. If this fails, the funds needed to settle the lawsuit should be taken on a pro-rated basis from the regional allocations of those regions with cities to be benefited.

Signed:

Greg lughan  
City Manager  
Levelland

### LETTER 5.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.
2. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.
3. 1 request that first-time water and sewer activities should automatically receive the full 175 Project Impact points; other water and sewer activities should receive Project Impact scores ranging from 145 to 165 points.
4. I request that every effort be made to make HUD responsible for the settlement of the *Young vs. Cuomo* Lawsuit. If this fails, the funds needed to settle the lawsuit should be taken on a pro-rated basis from the regional allocations of those regions with cities to be benefited.

Signed:

Bill Vincent  
Mayor  
Burkburnett, TX

### LETTER 6.

1. I express my strong support for the biennial "double" funding cycles that the TCDP has used in recent years.

## Section Five: Public Comment

---

2. I request changing the matching fund criteria for the Community Development Fund and Planning Fund to 5% for cities under 2500 persons, 10% for those with 2500 to 4999, 15% for those with 5000 to 6499, and 20% for those with 7500 or more persons.
3. I request changing the Fund allocations as follows: Community Development 60.78%; Texas Capital Fund 10%; Planning 1%; and Disaster Relief/Urgent Need 5.25%.
4. I request that first-time water and sewer activities should automatically receive the full 175 Project Impact points; other water and sewer activities should receive Project Impact scores ranging from 145 to 165 points.

Signed:

Joe Bagtry  
Councilmember  
Nederland, TX

### LETTER 7.

Please accept these written comments on the 2000 State of Texas Consolidated Plan, as I was unable to attend any of the five public hearings

1. I urge TDHCA to work with the Governor's Office to open-up the RRC appointment process. The staff of the RRC should be required to follow an established process in recommending appointments and that process should be made available to everyone. Also, every local government should be represented during the course of a five-year period. There should be no reappointment until every local government has had the opportunity to serve on the RRC.
2. I agree that TDHCA should hold a 2001/2002 biennial competition. I also agree that it would be to the program's advantage to set an August application date. However, there should be a minimum of ten weeks between the last RRC organizational meeting and the application deadline.
3. I oppose the establishment of a "set-aside" for Young vs. Cuomo. I believe that it would be better and faster if HUD used its own FY 2000 Secretary's Discretionary Funds for addressing these concerns. Since the Community Development Fund produces the best projects, I recommend that this fund receive an increased allocation to 65% and the Emergency Fund receive an increase to 5%.
4. I believe that the use of an expenditure rate score will do more to address the timeliness of expenditure issue than holding cities or counties ineligible for an indefinite period.
5. Please note that it is not always possible to get newspaper ads and affidavits from the newspaper in time for the application deadline.

In closing, I would like to express our appreciation for the conscientious manner in which you and your staff administer the TCDP program, which is so vital to small Texas Communities.

Signed:

John Cordray  
County Judge  
Panoa County

### LETTER 8.

1. I urge TDHCA to work with the Governor's Office to open-up the RRC appointment process. The staff of the RRC should be required to follow an established process in recommending appointments and that process should be made available to everyone. Also, every local government should be represented during the course of a five-year period. There should be no reappointment until every local government has had the opportunity to serve on the RRC.

## Section Five: Public Comment

---

2. I agree that TDHCA should hold a 2001/2002 biennial competition. I also agree that it would be to the program's advantage to set an August application date. However, there should be a minimum of ten weeks between the last RRC organizational meeting and the application deadline.
3. I oppose the establishment of a "set-aside" for Young vs. Cuomo. I believe that it would be better and faster if HUD used its own FY 2000 Secretary's Discretionary Funds for addressing these concerns. Since the Community Development Fund produces the best projects, I recommend that this fund receive an increased allocation to 65% and the Emergency Fund receive an increase to 5%.
4. I believe that first-time street paving and major drainage projects should receive 175-145 points just as water and sewer projects.
5. I believe that the use of an expenditure rate score will do more to address the timeliness of expenditure issue than holding cities or counties ineligible for an indefinite period.
6. Please note that it is not always possible to get newspaper ads and affidavits from the newspaper in time for the application deadline.

In closing, I would like to express our appreciation for the conscientious manner in which you and your staff administer the TCDP program, which is so vital to small Texas Communities.

Signed:

C.G. Maclin  
City Manager  
Lufkin, TX

Dick Bridges  
Mayor  
Grapeland, TX

Carl Lambeck  
City Manager  
Stockdale, TX

Joe Berry  
County Judge  
Angelina County

George N. Bowers  
Mayor  
Tenaha, TX

Duke Lyons  
City Manager  
San Augustine, TX

Wilbur L. Bridges  
Mayor  
Shepherd, TX

Charles R. Malloy  
Mayor  
LaVernia, TX

Larry G. Piper  
Mayor  
Sweeny, TX

Sammy Wells  
City Manager  
Linden TX

Steve Hughes  
Mayor  
Joaquin, TX

John Brasher

City Manager  
Columbus, TX

Randell L. Vincent  
Mayor

Lyle Stubbs  
Mayor  
Trinity, TX

Louise A. Bronaugh  
Mayor  
Lufkin, TX

John O. Booker, Jr.  
Mayor  
Pineland, TX

Hulon Miller  
Mayor

### LETTER 9.

1. I urge TDHCA to work with the Governor's Office to open-up the RRC appointment process. The staff of the RRC should be required to follow an established process in recommending appointments and that process should be made available to everyone. Also, every local government should be represented during the course of a five-year period. There should be no reappointment until every local government has had the opportunity to serve on the RRC.
2. I agree that TDHCA should hold a 2001/2002 biennial competition. I also agree that it would be to the program's advantage to set an August application date. However, there should be a

## Section Five: Public Comment

---

minimum of ten weeks between the last RRC organizational meeting and the application deadline.

3. I oppose the establishment of a "set-aside" for Young vs. Cuomo. I believe that it would be better and faster if HUD used its own FY 2000 Secretary's Discretionary Funds for addressing these concerns. Since the Community Development Fund produces the best projects, I recommend that this fund receive an increased allocation to 65% and the Emergency Fund receive an increase to 5%.
4. I believe that first-time street paving and major drainage projects should receive 175-145 points just as water and sewer projects.
5. I oppose the change that would require threshold criteria to be met on a set schedule rather than prior to the application deadline.
6. Local governments involved in a project that creates a first-time sanitary sewer system should not be subject to any threshold requirements. These projects are much larger in scope and financially and are far more complicated than the typical TCDP project.
7. Please note that it is not always possible to get newspaper ads and affidavits from the newspaper in time for the application deadline.

In closing, I would like to express our appreciation for the conscientious manner in which you and your staff administer the TCDP program, which is so vital to small Texas Communities.

Signed:

Raymond K. Vann  
Raymond k. Vann & Associates  
Richmond, TX

Paul E. Snyder  
Mayor  
Groveton, TX

### LETTER 10.

Please accept these written comments on the 2000 state of Texas Consolidated Plan and the proposed 2001 Texas Community Development program proposed changes.

I agree that TDHCA should hold a 2001/2002 biennial competition. I believe it is to the program's advantage that an early application date such as August be set. However, there should be at least 10 weeks between the last RRC organizational meeting and the application deadline.

I oppose the establishment of a "set Aside" for Young v. Cuomo.

I believe that a first time street paving project should receive 175 point under impact, on a par with water and sewer projects.

In closing, I would like to express our appreciation for the conscientious manner in which you and your staff administer this program which is so vital to the small communities in Texas such as Smiley.

Signed:

Donald R. Janicek  
Mayor  
Smiley, TX

### LETTER 11:

Re: Comments Regarding PY 2000 Consolidated Plan and PY 2001 TCDP Application

Thank you for considering my comments regarding the Texas Community Development Program. Please consider my comments when finalizing both your PY 2000 Consolidated Plan and your PY 2001 TCDP application materials and rules.

First, I would like to express my strong support for the biennial funding cycles that the TCDP has used in recent years. This method allows communities to plan for future improvements, and

## Section Five: Public Comment

improves program efficiency. Continued biennial funding for the 2001 and 2002 PYs should be the TCDP's top priority.

The TCDP is a popular program, requests for assistance greatly outweigh available funds. The program's traditional top priorities for infrastructure projects have been first-time water and sewer activities should automatically receive the full 175 Project impact points; other water and sewer activities should receive Project impact scores ranging from 145 to 165 points.

The popularity of the program and the need to ensure more communities can benefit calls for modification in the funding category allocations. The Texas Capital Fund consistently benefits a minority of communities, mostly located in high-growth suburban areas while the Disaster Relief Fund often runs out of money to assist the neediest communities. I recommend the following changes.

<u>FUND CATEGORY</u>	<u>PY2000 Allocation (%)</u>	<u>Recommend 2001 Allocation (%)</u>
Community Development Fund	57.25	60.78
Texas Capital Fund (TCF)	14.79	10.00
Planning & Capacity Building Fund	0.94	1.00
Disaster Relief/Urgent Need Fund	3.80	5.25
Disbursements & Information Systems	0.25	0.00

In order to help small communities with limited resources, I recommend changing the matching fund requirements for the Community Development Fund and Planning Fund to 5% for communities under 2,500 residents, 10% for those with 2,500 to 4,999, 15% for those with 5,000 to 7,499, and 20% for those with 7,500 or more residents.

Finally, I recommend that the program make every effort to shift responsibility for the settlement of the Young vs. Cuomo lawsuit to HUD, which is the responsible party. If this is not possible, the funds needed to settle the lawsuit should be taken on a pro-related basis from the regional allocations of those regions with communities involved in the lawsuit.

### SIGNEES:

Matagorda County  
Greg B. Westmoreland, County Judge

City of Magnolia  
John Bramlett, Mayor

Colorado County  
Al Jamison, County Judge

City of George West  
August E. Caron, Jr., Mayor

City of Agua Dulce  
Carl Vajdor, Mayor

City of Dickens  
Bob Porter, Mayor

City of Lexington  
Robert Willrich, Sr., Mayor

City of New Summerfield

Dan L. Stallings, Mayor

City of Lometa  
Troy Duncan, Mayor

Fayette County  
Edward F. Janecka, County Judge

Medina County  
David F. Montgomery, County Judge

City of Floresville  
Victor Manett, Mayor/County Judge

City of Stanton  
Lester Baker, Mayor

Terrell County  
Dudley Harrison, County Judge

City of Wharton  
Joel D. Williams, Mayor

## Section Five: Public Comment

---

City Of Coahoma  
Bill Read, Mayor

Rains County  
Robert M. Sisk, County Judge

Milam County  
Frank Summers, County Judge

Mason County  
Billy C. Goad, County Judge

Milam County  
Frank Summers, County Judge

Mason County  
Bill Goad, County Judge

City of Erath  
R. R. Daniel, Jr., Mayor

City of Milford  
Chris Vernon, Mayor



## Section Five: Public Comment

---

### LETTER 12

RE: Notification of Intent to Proceed with 2000 CD Project Under the Pre-Agreement  
Costs Approval Stratagem

This is to notify the Texas Community Development Program (TCDP) that the below mentioned city intends to proceed with our 2000 pending CD project per the pre-agreement costs stratagem approved by TDHCA. As a condition of this pre-arrangement to obligate funds we understand and agree to the following:

1. All applicable State and federal laws; procurement procedures for professional and construction services; TCDP policies and procedures must be followed, including Release of Funds by TCDP after completion of an Environmental Assessment, Acquisition requirements approval of plans and specifications by TNRCC, and other applicable contract Special Conditions.
2. TDHCA's obligations under this pre-agreement costs stratagem are contingent upon the actual receipt of adequate State or federal funds to meet TDHCA's liabilities; and that TDHCA shall not reimburse any costs under this agreement until such time that the 2000 CD is executed with our locality.

### SIGNEES:

City of Mathis  
Manuel Torres, Mayor

Town of Laguna Vista  
Hap Fairhart, Mayor

City of Malakoff  
Pat Issacson, Mayor

### LETTER 13:

RE: Public Comments for FY 2000 Action Plan

The City of Muenster supports the proposed change to the funding cycle for FY 2001 Community Development Funds so that applications are accepted in August 2000 and contracts are awarded in March of 2001.

### SIGNED:

City of Muenster  
Henry Weinzappel, Mayor

### LETTER 14

Subject: Consolidation Plan-Public Comment

The City of Ennis strongly supports the Housing Infrastructure Fund Program administered by TDHCA. Specifically the City of Ennis requests that this program be extended for an additional four year period and that funding be increased dramatically from the proposed \$1.9 million level. The housing infrastructure program is critical for the success of small Texas communities and low income, first time home buyers.

### SIGNED:

## Section Five: Public Comment

---

City of Ennis  
Steve Howerton, City Manager

### LETTER 15:

You have asked for comments on the 2000 State of Texas Consolidated Plan One Year Action Plan. My only comment is that in the Small Cities competition for a grant, the approved grant activities are so skewed, that water main and sewer main replacements are the only fundable activities that can be proposed, if a city has any hope of getting a grant. This means that badly needed housing rehabilitation and housing demolition programs cannot be proposed because they stand no chance of being funded. Yet, our larger, neighboring cities of Sherman and Denison run CDBG-funded housing rehabilitation and demolition programs every year from their entitlement grants. Bonham citizens cannot understand why Bonham does not have a similar program. As it is set up now, the CDBG small cities competition discourages any grant with imagination, historic preservation, or any type of housing assistance, given its emphasis on water and sewer main replacements. In 20 years of local government planning in four different states, this is the most inflexible, unimaginative, and disappointing grant program I have ever worked with.

### SIGNED:

City of Bonham  
Peter Phillips, City Planning Director

### LETTER 16:

Subject: Proposed PY 2001 TCDP Program Guidelines  
RE: Young V. Cuomo lawsuit

TDHCA has recently concluded a series of public hearings on the Texas Community Development Program. The hearings solicited comments regarding the proposed TCDP Guidelines for Program Year 2001 applications. Among the proposals being made by TDHCA is the creation of a special \$2.3 million allocation of TCDP funds set aside for communities in the 36 East Texas counties that have been affected by the Young V. Cuomo class action lawsuit. Tied to the proposal for creation of the special set aside was a statement the applicants **WILL NOT** be allowed to submit regular Community Development Fund applications for regional competition until all activities required under the revised MOUs pertaining to the Young litigation have been addressed. A large number of non-affected jurisdictions have made comments opposing the creation of the proposed set aside. Some comments have gone even further, advocating that the cost of Young V. Cuomo projects be charged against the regional Community Development Fund allocations for the Ark-Tex, East Texas, and Deep East Texas regions.

As a local government affected by Young litigation, we **SUPPORT** the creation of a separate Fund for addressing the activities required by the lawsuit, but **OPPOSE** the eligibility restriction proposed by TDHCA. We also **OPPOSE** reduction in the regional allocations as mechanism to create the special set aside. For both positions we oppose, we cite precedent actions by the Department: 1) No applicant eligibility restrictions for affected jurisdictions, other than with regard to matching funds, were tied to an identical set aside created by TDHCA in 1994 to deal with required Young activities, and 2) No reduction in regional allocations for the three East Texas regions affected by the Young litigation resulted from the previous 1994 set aside created by TDHCA, and 3) No reduction in regional allocations has ever been imposed on the regions of the State that qualify for the special set aside created under Colonias Initiative.

We ask that TDHCA consider utilizing Program Income from the various Revolving Funds as a mechanism to fund the set aside for the Young lawsuit. This could be accomplished without

## Section Five: Public Comment

---

reducing any regional allocations below PY 1999-2000 funding levels. Making affected jurisdictions ineligible to compete for Community Development Fund grants within their respective regions would likewise become unnecessary.

The only public hearing held in the area affected by the Young litigation was held in Mt. Pleasant, Texas on November 17, 1999, and many affected jurisdictions were unable to attend due to a date conflict with the 1999 Texas Municipal League Annual Conference. The establishment of a December 3, 1999 deadline for comments also prevents our utilizing a formal Resolution of our Governing Body for maximum expression of our position on these issues. Despite the deadline, we will consider a Resolution for adoption at our next Regular Meeting in December and forward you a copy upon its adoption.

### **SIGNEES:**

City of Mount Vernon  
H. H. Miller, Mayor

Franklin County  
Wayne Foster, County Judge

Wood County  
W. J. Alexander, County Judge

City of Bogota  
Michael Garretson, Mayor  
City of Chandler  
Winston Reagan, Mayor

City of Palestine  
Curtis Snow, City Manager

Rusk County  
Sandra Hodges, County Judge

City of Winnsboro  
Jim Blanchard, City Manager  
City of Wills Point  
C. C. Girdley, City Manager

City of Bullard  
Patty Cooper, City Secretary

City of Redwater  
Beverly Phares, Mayor

City of Troup  
Jyl Moose, City Administrator

City of Elkhart  
Margie Crawford, City Secretary

City of Jacksonville  
Jim Anderson, City Manager

City of Pittsburg  
Ned Muse, City Manager

Van Zandt County  
R. W. Lawrence, County Judge

City of Murchison  
Gayle Haynes, Mayor

City of Jefferson  
Ned Fratangelo, Mayor

City of Rusk  
Emmett H. Whitehead, Mayor

City of Nacogdoches  
Richard D. Johnson, Mayor

City of Gladewater  
Curtis E. Bright, Mayor

City of Crockett  
Billy W. Horn, City Administrator

City of Grand Saline  
J. Ray Packer, Mayor

City of Lindale  
Bobby McClenny, Mayor

City of Athens  
Jerry King, Mayor

City of Big Sandy  
David P. Smith, Mayor

Wood County  
W. J. Alexander, County Judge

## Section Five: Public Comment

---

### LETTER 17:

RE: Public Comment on 2000 State of Texas Consolidated Plan

Working in the affordable housing area in Bexar County and the city of San Antonio, I have come across what I believe is a void in down payment assistance for Bexar County citizens, and the African-American minority in particular.

Two subdivisions in the northeast section of Bexar County were once a part of San Antonio. The Bexar Appraisal District states that the subdivisions of "The Glen" and "Camelot II" were "De-Annexed by the City". In order to receive Down Payment Assistance from the San Antonio Development Agency the property must be subject to city taxes. These subdivisions are not.

The only down-payment assistance these properties are eligible for are Bexar County Home funds, but the last few years all of these funds are targeted only for NEW CONSTRUCTION!

I would encourage TDHCA require that some of the HOME funds passed to the county be earmarked for these two subdivisions.

### SIGNED:

John F. Cope, Cope Real Estate Services

### LETTER 18:

Small municipalities must rely upon certificate of obligations, bond approvals, loans or grant money to do any major capital improvements. When a small city sells their certificates of obligations or the citizens approve a bond program they will not be able to repeat this process for five to eight years until some debt is paid off. It is during this period that progressive and fast growing cities must depend upon grant funds to maintain substance.

After the past legislative session it is apparent that some of legislators are intent upon ripping the very foundation apart that this country was established on, local township. Without the Housing Infrastructure Fund program, which makes grants available to cities for new streets, sewer and water lines, drainage, and other improvements for new single-family and multi-family subdivisions it will be impossible for us to properly provide the desired quality of life.

The City of Springtown encourages you to continue to fight for support of this program, its extension and increased funding.

### SIGNED:

City of Springtown  
Bell Herrington, City Manager

### LETTER 19:

I wish to comment TDHCA for the Home of Your Own Coalition.

The funding for the Home of Your Own Coalition must be increased from \$150,000 statewide for first-time homebuyer assistance – if you divide that amount among 254 counties, it means \$590 per county. The \$200,000 budget for owner-occupied housing assistance also needs to be increased – again, if you divide that among 254 counties, it totals \$787 per county.

Again, this excellent program is a great beginning. It needs better publicity and more funding to be successful for the one in five citizens of Texas who have a disability...

### SIGNED:

## Section Five: Public Comment

---

Jerry Mosman, Parent

### **LETTER 20:**

The draft plan indicated residences for persons with disabilities are not to be segregated from housing units occupied by the mainstream population. The only method to accomplish such a goal is to specifically reserve units for individuals with disabilities. Simply requiring a multifamily facility to construct as accessible a certain portion of the units is not sufficient. Such units, while accessible, could be occupied by anyone.

Secondly, while support services are to be separate from the housing and not a condition for residing in the units, such services should be available for individuals requiring such supports. A support services plan should be a requirement for housing for individuals with disabilities.

Many persons with disabilities have an income of only \$500 per month, less than twenty percent of Area Median Income. The average cost of a one-bedroom apartment is \$458 per month in the Fort Worth area, 97.6% of a SSI income. Rental subsidies are greatly needed by such persons. While Tenant Based Rental Assistance does provide such subsidies, the program is for a fixed period of time, to allow recipients time to become self-sufficient. Sad to say, many with disabilities will never become self sufficient, requiring assistance their entire lives. Long term, permanent rental subsidies need to be available to such person.

### **SIGNED:**

Jesse Q. Seawell, IV, Executive Director of Ability Resources Inc.

### **LETTER 21:**

My first concern is that no where in the State's action plan does it lay out a strategy of using Federal funds to credit enhance, provide risk sharing, or to incite for profit banks and mortgage lenders to develop mortgage loan products that reach families currently not able to access standard mortgage lending products. Six Lower Rio Grande Valley banks approached the department with commitments to lend over \$3.2 million to colonia and rural South Texas families using non conforming credit underwriting, the State had no funds available to provide the private lenders a loan loss reserve pool, even though these private sector lenders were willing to provide long term financing at a below market rate to a non-conforming and otherwise non qualifying market in rural and colonia communities.

I see nothing in the One Year Action Plan that addresses working with banks and other lenders, not to give them more down payment assistance, but to broaden the reach of their lending into non-conforming markets through risk sharing, loan aging pools, or by other credit enhancements.

Last years increase in the amount of funds available for individual first time home buyer down payment assistance programs (increasing from \$3,000 to \$10,000 per home in some areas) is another example of TDHCA's failure to utilize leverage effectively.

1. Simply providing down payment assistance for lenders to use on housing or loan products already in the marketplace does not ensure, in the case of a builder that a better quality or more affordable house is built. In fact, it may even encourage the builder to increase the sales price, using the buy down portion of assistance funds (over \$6,000 in some cases) to increase profits.
2. The State's current program of down payment assistance, while helping some families who already have sufficient assets and credit to qualify for conforming loan products, does not provide access to homeownership for families that would not ordinarily qualify for a mortgage loan.

## Section Five: Public Comment

---

3. A set dollar amount of assistance based on County area median income does not discriminate in the amount of assistance a family at 79% AMFI receives and what a family at 50% of AMFI receives, resulting in the fact that some families are not required to borrow the maximum loan amount they actually qualify for.
4. A centralized down payment assistance program does allow lenders to charge more closing fees, using the State's assistance to cover such increased closing costs.

The State's plan to allow lenders to access up to \$500,000 each from a State centered down payment assistance pool, while maximizing HOME expenditure rates, does not contribute in any way to the creation of more high quality affordable housing stock, which requires local control of construction costs and house sales price, nor does it assist any families other than those that already are able to qualify for a conforming market loan.

The State's plan does not address the fact a vast majority of Texans fail to obtain homeownership, not because they lack down payment or income, but because their credit profiles do not satisfy the requirements of the conforming loan marketplace.

The State's lack of critical thinking on how to use its Federal resources to build new markets, or provide risk pools that allow private sector financial institutions to lend to families they otherwise would not make loans due to stringent secondary market underwriting standards, fails to encourage risk adverse private sector lenders to develop new lending products for low income families... Such an approach would provide for far more new housing production than any amount of single loan down payment assistance ever will.

I would request that the State's action plan be revised to provide some "risk sharing" funds as challenge grants to incite banks and mortgage lenders to develop partnerships and loan products for families currently locked out of the conforming marketplace. The creation of such a resource should also support lenders willing to provide funds for lenders to eventually sell such loans, even at a discount, into the secondary or investor markets by providing funds to cover the yield spread.

I encourage the Department, to set aside funds to encourage and support lender loan product development.

A centralized State administered Down payment program doesn't ensure that any more affordable homes will be produced in an area where a lender has access to such funds, because the lender is only loaning on what is housing that is already being developed, and only providing mortgage loans to families that are already qualify. There is no mechanism in such a centralized program to use down payment assistance funds to craft local programs that would actually produce more housing of a better quality at a lower price.

In 1999, under Mortgage Revenue Bond Issue #54, the State set aside over \$25 million dollars to be available to lenders on a first come, first served basis, with up to \$10,000 in down payment assistance with each loan resulted in less than \$10 million in actual loan originators in rural areas. This is an example of a centralized program failure, that again emphasizes the point that even with a significant amount of down payment assistance, lenders even using the lowing interest rate MRB program are not originating conforming loans in rural and colonias areas. The problem is not just lack of funds for down payment and closing costs, but the lack of loan product for families whose credit quality is not up to conforming market standards.

Should the State follow through with its centralized down payment assistance plans, I recommend the following:

1. The MRB program generates its own down payment assistance pool through the sale of bonds themselves. This would almost double the amount of down payment assistance available statewide. Many local Housing Finance Corporations are using this approach already. In Cameron County's Single Family 1999 Issuance, down payment assistance equal

## Section Five: Public Comment

---

to 3% of the sales price of each home financed is provided using no HOME or other subsidy funds.

If this formula was used on the State's MRB Program #55, it would generate \$3,300,000 in down payment assistance without using any HOME funds. This pool should be the one the state centrally administers, allowing HOME down payment assistance funds to be used for local affordable housing initiatives.

2. That no HOME down payment assistance be available to lenders originating loans using the State's MRB program, other than those funds made available through the above strategy. This will avoid the layering of down payment and closing cost assistance funds, and will more clearly show how effective the State's MRB program actually is.
3. That lender fees be capped, and that there be a method to assure that the recipients of down payment and closing cost assistance maximize their capacity to borrow like all other families in the mortgage lending market.
4. That all HOME Downpayment assistance be available to be applied for by local units of governments, non-profits, lenders, and others as it has been in the past to craft local programs that impact the provision of affordable housing in the local housing markets they are directed to.

### SIGNED:

Don Currie, Executive Director of the CDC of Brownsville

### LETTER 22:

First, the inclusion of the provisions of SB623 under the Special Needs Initiative in the HOME program seems to imply that SB623 is limited to the HOME program. An examination of legislation reveals that it is applicable to ALL projects funded by TDHCA. A description of SB623 should be included in the beginning of the Annual Plan document and the applicability of provisions to ALL activities should be clearly stated.

### Section One: Introduction

1. For the second year, we note the absence of concern for extremely low income families in the Con Plan Goals and Objectives. We recommend that the Goals and Objectives be changed to explicitly include extremely low income families. The lack of inclusion of this population in the Goals and Objective can be (and has been) interpreted as support for a policy of excluding the most needy Texans from the benefits of TDHCA programs.
2. Again, we note the absence of Tenant Based Rental Assistance as an allowable activity under HOME. TDHCA is administering public funds which should be used to aid populations that have not been assisted through private enterprise – this is the purpose of public funds! We recommend the inclusion of TBRA as an allowable activity under Objective 1.2, Proposed Accomplishments (in accordance with federal regulations for HOME).
3. Proposed Accomplishments #14. The language is this accomplishment is very tentative and weak. "Coordinate the provision of" is very different from stronger language, such as "allocate resources to"
4. The separate sections on Housing for Persons with Special Needs and Persons with Disabilities can be combined. IF Persons with Disabilities is a sub-category of Special Needs, then it needs to be clear that the recommended actions under Special Needs apply to all sub-categories. Also, if Special Needs is the larger category, and Persons with Disabilities is a sub-category, then the separation of services and housing needs to be moved to a larger category. Now, as it stands, it looks as if persons with disabilities should have the separation of housing and services, but not the elderly or other categories of special needs persons. Unnecessarily confusing!!!

## Section Five: Public Comment

---

### Section Two: Program Statements

#### **HOME Program.**

1. The planned allocation of 5% of the resources to Tenant Based Rental Assistance is too low. This method of making housing affordable is the most efficient way to bring housing to extremely low income families, including people with disabilities. Increase TBRA to a minimum of 20% of available resources.
2. Owner occupied housing assistance is a worthy activity, especially when it assists home owners at the lowest levels of income. However, the state does NOT need to spend 40% of the available resources in the HOME program on this activity. The state does need to include a minimum of \$1.5 million for barrier removal activity under this program category, and reduce the overall allocation of resources to 25% of the total.
3. Homebuyer Assistance. We are concerned about changes in the Homebuyer Assistance program, and question the efficiency of TDHCA administration of the program on a "first come, first served" basis.
4. Adjust the planned allocation percentages as follows. This will increase the Department's ability to address the needs of extremely low income Texans.

<u>Category</u>	<u>Plan as drafted</u>	<u>Recommended Revisions</u>
Owner Occupied Housing Assistance	40%	25%
Homebuyer Assistance	20%	20%
Rental Housing Development	30%	30%
Tenant Based Rental Assistance	5%	20%
Demonstration Fund	5%	5%

5. The Department is to be commended for its participation in SB358, Supported Housing for People with Mental Illness. The Department has played a key leadership in the planned implementation of this program.

### Section Three: Other Actions

#### **Low Income Housing Tax Credit Program**

Compliance with federal laws (Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act) should be a threshold requirement for participation in this program.

#### **Housing Trust Fund**

While the description of the Housing Trust Fund in the plan includes extremely low income households, there is no commitment of resources to this portion of the population. The "set aside" for people with special needs is vague (a percentage of units). It is hard to see how housing development can be made affordable for people at the lowest levels of income without some method for making units affordable through rental assistance.

We recommend adoption of the provisions of HB1090, which include

- Set aside of 15% of *available resources* for people with disabilities
  - Inclusion of rental assistance as an allowable activity for the Housing Trust Fund
- Program rules need to be changed to reflect these recommendations.

#### **SIGNED:**

Ann Denton, Executive Director of The Enterprise Foundation

#### **LETTER 23:**

RE: 2001 TCDP Proposed Changes

We appreciate the opportunity to comment on several of the proposed changes for the 2000-2001 Texas Community Development Program, as it follows:



## Section Five: Public Comment

---

- We support the biennial competition because it allows greater participation by cities and counties in the program
- Young v. Cuomo funding should be taken from the regional TCDP allocations for those cities in East Texas affected by the litigation and not from the State-wide allocation.
- We support the elimination of Continuation of Need as a scoring factor.
- Raise the Community Development Fund allocation to approximately 60% of TCDP allocation. This Fund addresses proven health-related needs and has historically been under-funded.
- Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund.

### SIGNED:

City of Navasota  
Tony Maddox, Mayor

City of Hempstead  
James R. Vines, City Administrator

### LETTER 24:

Our City appreciates the opportunity to comment on several of the proposed changes for the 2000-2001 Texas Community Development Program.

- We support the biennial competition because it allows greater participation by cities and counties in the program
- Young v. Cuomo funding should be taken from the regional TCDP allocations for those cities in East Texas affected by the litigation and not from the State-wide allocation.
- We support the elimination of Continuation of Need as a scoring factor.
- Raise the Community Development Fund allocation to approximately 60% of TCDP allocation. This Fund addresses proven health-related needs and has historically been under-funded.
- Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund and Disaster Relief/Urgent Need Funds. This program over the past several years has failed to appropriately address the program's intent of assisting communities in the greatest need. With current and proposed repayment requirements, smaller communities have much more limited capacity to participate in the program. It appears the applications with the least need are the communities receiving the funding.
- Increase funding for the Disaster Relief/Urgent Need Programs. Demand has historically been much greater than available funds.

### SIGNED:

City of Oakwood  
Dorothy Bell, Mayor

City of Dawson  
Yvonne Davis Woods,  
Mayor

City of Buffalo  
Byron Ryder

## Section Five: Public Comment

---

### LETTER 25:

Our City appreciates the opportunity to comment on several of the proposed changes for the 2000-2001 Texas Community Development Program.

1. We support the biennial competition because it allows greater participation by cities and counties in the program.
2. Raise the Community Development Fund allocation to at least 60% of the TCDP allocation. It appears in the past to have been under-funded.
3. We do not believe that any more weight should be given to any particular area to give one city priority over another, it should be scored on the local basis based on the application and presentation. The LOCAL scoring should be with the SAME criterion as the STATE scoring. No one should go from being ranked 9<sup>th</sup> at the local level to 1<sup>st</sup> at the state level. If this can happen then don't waste the local people's time and just score it at the state level.
4. There should be no change in matching funds based on population. The State in their scoring, should adhere to the matching fund requirements or not require those scoring on the local level to adhere to it. If they are not going to follow the standard required, completely do away with it so everyone is on the same level on the playing field. There has to be an equal commitment on the part of each community, city or county.
5. No City, County, or Community should automatically receive any score. They should all be earned on their shown need and commitments in their application and presentations.

### SIGNED:

City of Caldwell  
Don Chamberlain, City Secretary

### LETTER 26:

As noted in the TDHCA 1999 State of Texas Low Income Housing Plan and Annual Report, the disabled person's search for housing is complicated by inadequate income. If a person with a disability is surviving on Supplemental Security Income, they are at or below thirty percent of the median family income in every county in Texas.

The Disability Policy Consortium (DPC) is very concerned that the needs of these extremely low income Texas (0-30% MFI), are not addressed in the Goals and Objectives of the State Consolidated Plan. We recommend the funding be increased in rental subsidy programs which benefit the most needy and that a set aside for people with disabilities be established at a 15% level in both the HOME and the Housing Trust Fund.

The DPC recommends strengthening the commitment to assuring accessibility which is expressed in Section One: Introduction Objective 2.2, number 2, which states:

*Encourage new construction and, when feasible, rehabilitation projects utilizing TDHCA funding sources to reflect the Americans With Disabilities Act Accessibility Guidelines for Building and Facilities: (36 CFR part 1191, Appendix A) published by the U.S. Architectural & Transportation Barriers Compliance Board. Housing rehabilitation and construction programs administered by TDHCA such as HOME, CDBG, Housing Trust Fund and LIHTC should examine the feasibility of establishing program rules incorporating the appropriate accessibility guidelines (e.g. Section 504, ADDAG, ANSI, etc.)*

The DPC urges TDHCA to require, not simply to encourage, that housing is accessible and that Senate Bill 623, mandating Basic Access in new TDHCA single family construction projects, be fully implemented. We strongly recommend that TDHCA strengthen its program to

## Section Five: Public Comment

---

require all Tax Credit projects through the Qualified Allocation Plan to meet Section 504 standards.

The DPC acknowledges the understanding of the needs of people with disabilities which is evident in the TDHCA 1999 State of Texas Low Income Housing Plan and Annual Report. As the report states, people are often institutionalized because of the lack of affordable and accessible housing. Institutions should not be considered as an alternative housing source. Nursing homes, state schools, and other facilities were created to provide specific services to certain categories of people. To use them as housing sources promotes the 'warehousing' and segregation of people with disabilities.

This TDHCA Annual Report also states that "The de-institutionalization of people with disabilities is a growing trend." This trend has taken on greater significance in light of the Olmstead decision by the U.S. Supreme Court. This ruling directs states to provide timely assistance to residents of institutions who want to move into the community and the Consolidated Plan should be a cornerstone in developing the housing options that will make community integration a reality.

We find it to be incumbent upon TDHCA to make the provisions of housing to this population the highest priority. Further, we recommend that housing for those people who are recently de-institutionalized be accompanied with initial education in order to ensure a successful transition into community living.

The National Home of Your Own Alliance contends that less than fifty percent of the 6.5 million Americans receiving Social Security disability benefits own their own homes. To assure that home ownership levels increase for this population, the DPC recommends that TDHCA provide equal access to down payment assistance funds.

In closing, the DPC would like to express our appreciation to TDHCA for efforts to provide affordable housing to Texans of low income, and we look forward to significant progress in addressing the housing needs of people with disabilities.

### SIGNED:

Bob Geyer, Director of The Disability Policy Consortium

### LETTER 27:

The proposed of this memo is to register our **SUPPORT** for the following steps to promote increased rates of TCDP expenditures by the Department:

- **Continuation of the bi-annual competition**
- **Acceleration of the Application Deadline**
- **Creation of the Texas Capital Fund Float Loan Program**

Under the proposed changes that would apply the 12-Month, 18-Month, 24-Month, and 36-Month threshold requirements "literally", the practical eligibility of a community that misses the thresholds, even marginally, will be reduced to only once every four Program Years.

Although we support the other steps you are proposing, we **OPPOSE** the proposed "**literal**" enforcement of the application thresholds, and contend that such a step should be reserved as a last resort measure due to its great potential for materially and adversely affecting the Texas Community Development Program. The step you are proposing is avoidable if everyone continues to work with a "time is of the essence attitude". Therefore we urge TDHCA's consideration of the following language with respect to eligibility thresholds:

#### **12-Month Rule**

Obligate at least fifty percent of the total TCDP funds awarded under a prior TCDP contract within twelve months (for TCDP contracts with an original 24-month contract period) from the start date of the contracts or prior to the application deadline established for the 2001-2002 biannual TCDP competition.

## Section Five: Public Comment

---

### **18-Month Rule**

Obligate at least fifty percent of the total TCDP funds awarded under a prior TCDP contract within eighteen months (for TCDP contracts with an original 36-month contract period) from the start date of the contract or prior to the application deadline established for the 2001-2002 biannual TCDP competition.

### **24-Month Rule**

For a previously awarded TCDP contract with an original 24-month contract period, expend all but the reserved audit funds that are pre-approved by TCDP staff, awarded under a contract executed at least 24 months prior to the application deadline established for the 2001-2002 biannual TCDP competition and submit to TDHCA the Certificate of Completion required by the most recent edition of the Texas Community Development Program implementation Manual.

### **36-Month Rule**

For a previous awarded TCDP contract with an original 24-month contract period, expend all but the reserved audit funds that are pre-approved by TCDP staff, awarded under a contract executed at least 36 months prior to the application deadline established for the 2001-2002 biannual TCDP competition and submit to TDHCA the Certificate of Completion required by the most recent edition of the Texas Community Development Program Implementation Manual.

### **SIGNED:**

City of Mount Enterprise  
Mark Jackson, Mayor

City of Bogota  
Michael Garretson, Mayor

City of Chandler  
Winston Reagan, Mayor

City of New Boston  
Johnny Branson, Mayor

City of Colorado City  
Stephen K. Shutt, City Manager

### **LETTER 28:**

I am a builder in Cameron County who wishes to object to the proposed "first-come, first-serve" award of Homebuyer's Assistance funding for the 2000 funding cycle. I have a proposed project in which I am working with first-time homebuyers whose income are below 50% up to 60% of median income for the area. Its is not possible for them to access HOME funds on a "first come, first serve" basis, because they are dependent upon our use of Federal Home Loan Bank Affordable Housing grant monies to leverage HOME dollars. As you no doubt are aware, the Federal Home Loan Bank does not award closing cost or gap financing assistance to individuals-their grant awards for their Affordable Housing Program are project-based. Therefore, we have a total of 30 first-time homebuyers who will be deprived of homeownership opportunities if TDHCA implements a fist come, first serve policy for the use of Homebuyer's Assistance funds.

As you may be aware, there has not been any substantive funding of projects submitted by builders of affordable housing from this county, even though we have the capability to deliver affordable home in volume. As a builder, I would like to preserve our right to participate in the competitive HOME Program funding process, on a project-based submittal, since it is necessary to leverage funding to assist these very-low to low-income homebuyers.

I would also ask that the Lower Rio Grande Valley region be made a high priority for funding by TDHCA for the year 2000 funding cycle. This area is desperately in need of affordable housing and we have the ability to deliver it.

## Section Five: Public Comment

---

### SIGNED:

Arnold I. Benson, Benson Builders, Inc. President

### LETTER 29:

RE: Objections to "First-Come, First Serve" Homebuyer's Assistance Policy and Need to Preserve \$100,000 in Homebuyers' Assistance for the Builder's Incentive Pilot

I wish to urge TDHCA to reserve Homebuyer's Assistance funding for the year 2000 in a minimum amount of at least \$3 million for project-based funding on a competitive application process.

#### PROJECT-BASED FUNDING A CRITICAL NEED

While I recognize that Ms. Morris has diligently investigated the policies of approximately 25 other states to evaluate their funding policies for Homebuyer's Assistance, I believe that the State of Texas has unique and cultural and ethnic characteristics (particularly in the Rio Grande Valley region) which make it essential to continue funding which is project-based. One of the key reasons for continuing this process is that other funding sources, such as the Federal Home Loan Bank's Affordable Housing Program, are needed to leverage HOME Program dollars, and these funds are awarded on a project-based submittal. They cannot be accessed for the purpose of leveraging downpayment/closing cost assistance on an individual basis. The same holds true for matching contributions of lots, or land cost write-downs, etc. which are also contributed on the basis of a project and not for the benefit of individual homebuyers. I strongly urge TDHCA to retain the competitive application process for Homebuyer Assistance of the majority of funding in the year 2000.

Much of the affordable housing need in this State is not being met for the Hispanic population. These first-time homebuyers largely fall below 60% median income for the regions which have been badly underserved in the past. I have found that there are many builders capable of delivering higher volumes of very affordable housing, who have been ignorant of the opportunities through TDHCA's HOME Program. Many of these offer seller financing, waiver of loan origination and closing costs, which infer funding on a project basis, because the first-time homebuyers have no alternatives for financing their homes, due to lack of credit and migrant employment patterns.

While I recognize the pressures on the Department, I would urge the retention of the competitive application process to address the needs of this population segment. These are households to whom homeownership is the highest possible priority; their foreclosure rates are typically below 1% as reported by the local lenders and mortgage brokers.

#### RESERVATION OF \$100,000 FOR THE BUILDER'S INCENTIVE PILOT

I also wish to ask that the Builder's Incentive Pilot Program be funded with the \$100,000 for Homebuyer's Assistance, to facilitate homeownership opportunities. I have been asked by the Hidalgo County Housing Authority to make application on behalf of its CHDO working with a local builder who will build homes for a fixed profit per unit. We will be leveraging some of these homes with lot equity but need to ensure some downpayment assistance will be available for other homebuyers.

### SIGNED:

Mary Henderson, Mary Henderson Associates

### LETTER 30:

The Grand Prairie Housing Finance Corporation is opposed to the idea of a statewide direct homebuyer assistance program governed from Austin. We feel that the role of the Department of Housing and Community Affairs should be to continue to raise money and provide

## Section Five: Public Comment

---

assistance to the local Housing Finance Corporations. The Department should not determine the priorities of the local communities nor try to provide direct assistance to the citizens of Texas. We feel TDHCA should not be competing against local agencies in program delivery, but rather assisting them in operating the program at the local level.

The Department could be most effective by increasing the amount of funds available to the local agencies, decreasing the number of superfluous rules and regulations that local agencies have to adhere to in the spending of its funds, and providing timely and effective technical assistance to local agencies to help them successfully complete their projects.

### SIGNED:

S. Douglas Jackson, Agent for Grand Prairie Housing Finance Corp.

### LETTER 31:

It has been brought to my attention that TCDP staff is proposing to eliminate the Continuation of Need scoring factor for the upcoming TCDP grant program.

I would like to encourage you to keep Continuation of Need as a scoring factor. I feel this factor can be an essential benefit for us at application presentation/review.

### SIGNED:

City of McAmey  
Billy Rives, Mayor

### LETTER 32:

We appreciate the opportunity to comment on several of the proposed changes for the 2000-2001 Texas Community Development Program.

- We support the biennial competition because it allows greater participation by cities and counties in the program
- We support the elimination of Continuation of Need as a scoring factor.
- Reduce the Texas Capital Fund and reallocate funding to the Community Development Fund and Disaster Relief/Urgent Need Funds. This program over the past several years has failed to appropriately address the program's intent of assisting communities in the greatest need. With current and proposed repayment requirements, smaller communities have much more limited capacity to participate in the program. It appears the applications with the least need are the communities receiving the funding.

### SIGNED:

City of Marlin  
Arthur Douglas, City Manager

### LETTER 33:

Please accept these written comments on the 2000 State of Texas Consolidated Plan:

1. HUD has asked the state to obligate 2.3 Million towards the settlement of the Young vs. Cuomo law suit. We believe that HUD should fund these projects through the use of the HUD Secretary's Discretionary Funds.
2. The language included regarding threshold requirements for the 12/18 or 24/36 month rule is unclear as to the actions to be taken by the state if these are not met. We believe that a

## Section Five: Public Comment

---

better approach would be to reduce the number of points under the state's impact score and to establish a scoring criteria which would reward those who have performed well in the past, and penalize those which have not. We believe this approach would be fairer, and would ultimately gain greater compliance.

3. We believe that the use, or non-use of "Continuation of Need" points is something which should be left to the regions, and not dictated by the state.
4. We find it commendable that the state wants to take applications in time to have them reviewed and score by the time HUD will release funds to the state. However, if the state plans to take applications in August 2000, they should hold the application workshops not later than the first part of April, and complete the Regional Review Committee organizational meetings not later than the end of May. This will allow the RRCs to actually make their rule changes, while allowing the communities adequate time to develop their projects AFTER all the rules have been set. If this schedule cannot be maintained by the state, then the application deadline should be pushed back to the end of September, or even October.
5. We commend the state's intent of enforcing the complete application requirements, with one exception. That is the exception is the "Notice for Public Review". Frequently, the time frame between this publication and the application submittal is so short as to make it impossible to acquire these advertisements and affidavits from the newspaper prior to the application date.
6. We support the state's proposal to continue the biennial competition of Community Development, Housing Rehabilitation and Planning/Capacity Building funds.
7. We urge TDHCA to work with the Governor's office to open up the RRC appointment process.
8. WE agree that TDHCA should hold a 2001/2002 biennial competition.
9. We believe that first time street paving and major drainage projects should receive 175-145 points under impact, on a par with water and sewer projects. Also projects that address deficiencies should receive par scores with first time service.
10. There is one other issue which involves a change the 1999/2000 Planning/Capacity Building fund which was instituted without public hearing, or even highlighting at the application workshops. This is the requirement that if the community has any Subdivision or Zoning Ordinance, that if it is being addressed in the application it must be paid with local funds. This policy basically states that though the state recognizes any planning which has occurred 10 or more years prior is outdated, and is not held against the community in any way, that a community with a subdivision ordinance or zoning ordinance which is 30 years old shouldn't need to revamp and update it.

In closing, I would like to express our appreciation for the conscientious manner in which you and your staff administrator this program which is so vital to the small communities of Texas.

### SIGNED:

Karen Kibble, Raymond k. Vann and Associates

### LETTER 34:

#### 1. Timely Expenditure of Funds

Our comments regarding this issue are based on the following facts and assumptions:

- a. Texas has an unacceptable record regarding expenditure of CDBG non-entitlement funds and this situation has existed for several years.
- b. At some point in the near future HUD will have to put teeth into its efforts to more timely spend its authorized funds.
- c. The entire CDBG program will be reviewed in 2001/2002 in the context of 2000 census data.

Your current suggestion that a city/county that does not finish its project within 24 months cannot apply will have very little impact. If you put into effect in 2001, for example, it will affect

## Section Five: Public Comment

---

only 1998 contracts. Virtually all the 1999 awardees will be able to apply in August 2000, and all of the 2000 awardees will be able to apply.

One year cycles with no funding to applicants with open contracts. "Open contract" means any contract not having a Certificate of Construction Completion signed by engineer, contractor(s), and authorized city/county official as well as Certificate of Completion signed by authorized city/county official.

Applicant must include an auditor's letter showing that local funds are available at the time of application. A certification from the authorized local official indicating that these funds are being held for the project should also be required. Applicant must have an unqualified commitment letter from a legitimate funding agency (e.g., TWDB, RUS, bank, etc).

### 2. State and RRC Scoring Flexibility

State increase its scoring range. Currently, the range is too narrow to have any major impact on most projects. Second, and probably more important, there has to be some check on the abuses occurring at the RRC level. Establish scoring ranges for the Project Impact and Local Effort scoring factors.

### 3. Surveys

Surveys should be valid no more than 5-6 years after survey has been concluded.

### 4. Outdated Documentation

TNRCC/EPA documentation that is older than 12-15 months must be supplemented with updated letter/documentation from TNRCC/EPA verifying the conditions have not changed (that the community is still under enforcement, experiencing permit violations, or whatever the original documentation addresses).

### 5. Neighborhood Revitalization

"neighborhood revitalization" projects added to the "priority" list. You could also put geographical constraints on projects so that they are not gerrymandered and actually benefit neighborhoods.

### 6. Young v. Cuomo

Based on what I heard from HUD officials at the Mt. Pleasant hearing, we don't think our comments or those we heard from others that night are going to carry much weight, but we want to express strong opposition to a set-aside to address *Young v. Cuomo* concerns. HUD made no effort to secure the \$2.3 million from Congress, many of the activities desired by the plaintiffs are not well-considered or thoughtfully planned, and the activities can be addressed through establishment of appropriate scoring criteria at the RRC level in the affected regions.

**SIGNED:**

Lee Lawrence and Pat Dillon, Southwest Consultants

### ***Form Letters Specific to the HOME Program:***

#### **1. Objection to first come first served Homebuyer Assistance policy.**

City of Hughes Springs  
RIM Enterprises, Inc.  
Willacy County  
City of Mount Pleasant  
Chapa Homes

#### **2. Recommend increasing the allocation for Owner Occupied Housing to 50% of the total HOME allocation.**

Terrell County  
Wharton County  
Mason County  
Medina County  
City of Coahoma  
Milam County  
City of Stanton  
Rains County

Fayette County  
City of Mathis  
City of Wharton  
City of Ropesville  
City of Lexington  
City of Magnolia  
City of Lometa  
City of Dickens

Matagorda County  
City of New  
Summerfield  
City of Agua Dulce  
City of George West  
Colorado County  
City of Milford  
City of Earth



## Section Five: Public Comment

---

- |                      |                      |                     |
|----------------------|----------------------|---------------------|
| City of Miles        | City of Petersburg   | City of Ralls       |
| City of Daingerfield | City of Tulia        | City of Angleton    |
| City of Monahans     | City of Alice        | City of Littlefield |
| City of Overton      | City of Levelland    | City of Red Oak     |
| City of Kermit       | City of Mexia        | City of Bowie       |
| City of Groesbeck    | City of Haskell      | City of La Grange   |
| City of Gainesville  | City of Burkburnett  | City of Carthage    |
| City of Nederland    | City of Sundown      | City of Idalou      |
| City of Archer City  | Travis County        | City of Jefferson   |
| City of Nocona       | City of Madisonville | City of Groves      |
3. Limit the maximum award amount for Owner Occupied Housing to \$250,000.
- |                    |                      |                      |
|--------------------|----------------------|----------------------|
| Terrell County     | City of Agua Dulce   | City of Mexia        |
| Wharton County     | City of George West  | City of Haskell      |
| Mason County       | Colorado County      | City of Burkburnett  |
| Medina County      | City of Milford      | City of Sundown      |
| City of Coahoma    | City of Earth        | Travis County        |
| Milam County       | City of Miles        | City of Madisonville |
| City of Stanton    | City of Daingerfield | City of Ralls        |
| Rains County       | City of Monahans     | City of Angleton     |
| Fayette County     | City of Overton      | City of Littlefield  |
| City of Mathis     | City of Kermit       | City of Red Oak      |
| City of Wharton    | City of Groesbeck    | City of Bowie        |
| City of Ropesville | City of Gainesville  | City of La Grange    |
| City of Lexington  | City of Nederland    | City of Carthage     |
| City of Magnolia   | City of Archer City  | City of Idalou       |
| City of Lometa     | City of Nocona       | City of Jefferson    |
| City of Dickens    | City of Petersburg   | City of Groves       |
| Matagorda County   | City of Tulia        |                      |
| City of New        | City of Alice        |                      |
| Summerfield        | City of Levelland    |                      |
4. Recommend raising minimum required score to 70% of the total HOME Program score for Owner Occupied Housing applications.
- |                    |                      |                      |
|--------------------|----------------------|----------------------|
| Terrell County     | City of New          | City of Tulia        |
| Wharton County     | Summerfield          | City of Alice        |
| Mason County       | City of Agua Dulce   | City of Levelland    |
| Medina County      | City of George West  | City of Mexia        |
| City of Coahoma    | Colorado County      | City of Haskell      |
| Milam County       | City of Milford      | City of Burkburnett  |
| City of Stanton    | City of Earth        | City of Sundown      |
| Rains County       | City of Miles        | Travis County        |
| Fayette County     | City of Daingerfield | City of Madisonville |
| City of Mathis     | City of Monahans     | City of Ralls        |
| City of Wharton    | City of Overton      | City of Angleton     |
| City of Ropesville | City of Kermit       | City of Littlefield  |
| City of Lexington  | City of Groesbeck    | City of Red Oak      |
| City of Magnolia   | City of Gainesville  | City of Bowie        |
| City of Lometa     | City of Nederland    | City of La Grange    |
| City of Dickens    | City of Archer City  | City of Carthage     |
| Matagorda County   | City of Nocona       | City of Idalou       |
|                    | City of Petersburg   | City of Jefferson    |
|                    |                      | City of Groves       |

## Section Five: Public Comment

---

5. Require Owner Occupied Housing Assistance projects to be geared toward 50% AMFI.

Terrell County	City of Agua Dulce	City of Mexia
Wharton County	City of George West	City of Haskell
Mason County	Colorado County	City of Burkburnett
Medina County	City of Milford	City of Sundown
City of Coahoma	City of Earth	Travis County
Milam County	City of Miles	City of Madisonville
City of Stanton	City of Daingerfield	City of Ralls
Rains County	City of Monahans	City of Angleton
Fayette County	City of Overton	City of Littlefield
City of Mathis	City of Kermit	City of Red Oak
City of Wharton	City of Groesbeck	City of Bowie
City of Ropesville	City of Gainesville	City of La Grange
City of Lexington	City of Nederland	City of Carthage
City of Magnolia	City of Archer City	City of Idalou
City of Lometa	City of Nocona	City of Jefferson
City of Dickens	City of Petersburg	City of Groves
Matagorda County	City of Tulia	
City of New	City of Alice	
Summerfield	City of Levelland	

6. Conduct public hearings and notify all interested parties when considering a regional allocation formula.

Terrell County	City of New	City of Tulia
Wharton County	Summerfield	City of Alice
Mason County	City of Agua Dulce	City of Levelland
Medina County	City of George West	City of Mexia
City of Coahoma	Colorado County	City of Haskell
Milam County	City of Milford	City of Burkburnett
City of Stanton	City of Earth	City of Sundown
Rains County	City of Miles	Travis County
Fayette County	City of Daingerfield	City of Madisonville
City of Mathis	City of Monahans	City of Ralls
City of Wharton	City of Overton	City of Angleton
City of Ropesville	City of Kermit	City of Littlefield
City of Lexington	City of Groesbeck	City of Red Oak
City of Magnolia	City of Gainesville	City of Bowie
City of Lometa	City of Nederland	City of La Grange
City of Dickens	City of Archer City	City of Carthage
Matagorda County	City of Nocona	City of Idalou
	City of Petersburg	City of Jefferson
		City of Groves

## Section Five: Public Comment

---

### Comments Received Via the Internet

Judith Sokolow  
Advocacy, Inc.  
(email) [jsokolow@advocacyinc.org](mailto:jsokolow@advocacyinc.org)

Often, people with disabilities may receive benefits which bring them into the poverty level. Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) often reduce a person to 30% of median family income. The needs of such individuals should be included in the Goals and Objectives of the Consolidated Plan. Funding should be increased in the rental subsidy program for such individuals, and a set aside for people with disabilities should be established in both the HOME and Housing Trust Fund. Furthermore, any changes to the down payment assistance program should include assurance that people with disabilities will have equal access to the programs and ultimately to home ownership.

The TDHCA should require housing accessibility and compliance with Senate Bill 623 which requires Basic Access in new construction.

In light of the recent U.S. Supreme Court Olmstead decision which requires the states to proactively de-institutionalize people with disabilities who are able to live in the community, it is crucial that our Consolidated Plan rigorously reflect our state's commitment to provide the housing options that will allow de-institutionalization to succeed.

Ken Christy  
Community Action Council of South Texas  
[cacstshc@acnet.net](mailto:cacstshc@acnet.net)

Some quotes from the Consolidated Plan and my comments:

Page 5 #18

"Structure HOME scoring criteria to promote the leverage of public/private funds and increase partnerships at the local level, particularly with the for-profit community."

KEN: Sounds good, but leveraging public \$ with public \$ only complicates the already complicated administration of a grant. Differing requirements, differing funding timetables, delays in approving contracts, guidelines, etc... can make leveraging fraught with problems. Any time private \$ can be brought in, it is better but if there is not a strong profit potential for the company, they may not be interested. Also consider that rural communities do not have the for profit base of lenders, developers, etc... that larger, urban areas do. Self-help can be a powerful leverage tool. It is highly motivated, flexible and does not require a lot of paperwork and trying to work with more than one set of rules. It should be weighted heavily when leveraging is considered as a criteria.

Page 6 Objective 1.4

"Discourage the expenditure of state and federal housing funds in areas susceptible to repeated flood damage."

KEN: Good rule, but we need more funding for storm water drainage projects in the colonias. Many are built in such areas and the population is so dense that moving such large numbers of people is not feasible. Often, all that is needed is a (relatively) simple drainage system.

Page 7 Goal 5 Proposed Accomplishments

"Establish and maintain 5 self-help housing resource centers... to promote effective self-help housing delivery strategies and techniques."

KEN: YES! But the Department needs to do more to facilitate the self-help concept. Rules that were written w/o self-help in mind may need waivers or need to be rewritten. Sometimes, I get the idea that self-help is only a political slogan rather than an operating philosophy.

Page 11 Objective 2.1 -2

## Section Five: Public Comment

---

"...provide funds for public improvements and planning through a colonia construction fund..."

KEN: YES! The biggest need of most colonias is public improvements. In some areas, that means water and wastewater (TWDB). In our area, the biggest need is for streets and flood control. We need a source of funds for both contractor based and self-help based (with some contractor participation) infrastructure development. We have completed 2 such projects and they do more per dollar to improve living conditions than \$ for housing. Not to say housing is not important, but \$200,000 in self-help street/flood control does more and benefits more than the same \$ in housing.

Patricia Anderson  
United Cerebral Palsy of Texas  
[pa@onr.com](mailto:pa@onr.com)

I am the Executive Director of United Cerebral Palsy of Texas (UCP/TX). UCP Texas serves as the lead organization for the Texas Home Of Your Own Coalition. In that capacity, we administer a HOME homebuyer down payment assistance and owner occupied rehab program funded by the Department. We appreciate the Departments' continued support of our demonstration project. Our comments on the 2000 State of Texas Consolidated Plan-One Year Action Plan will focus on the Departments' proposed changes to the down payment assistance program and the impact on serving people with disabilities.

The Department's proposal to provide HOME down payment assistance through a network of lending institutions that offer Mortgage Revenue Bond First Time Homebuyer Program funds, raises some concerns. Although we have seen some improvements in homeownership opportunities and in the attitudes of lending institutions, there are still many barriers to people with disabilities pursuing a home of their own.

According to a study by Harvard University, more than 65% of all Americans own their own homes. In stark contrast, the National Home Of Your Own Alliance estimates that less than 5% of the 6.5 million Americans with disabilities receiving Social Security disability benefits are homeowners. Homeownership is as desirable for people with disabilities as anyone else. There are so few homeowners with disabilities because of financial, attitudinal and physical barriers that have combined to make it nearly impossible for most people with disabilities to buy homes. Our society is slow to give up long-standing stereotypes about people with disabilities. Despite so much evidence to the contrary, people with disabilities are often perceived as helpless, needy and dependent. Like any stereotype, these labels are untrue and unfair yet the perceptions persist and are often factors in financing approval and other housing decisions.

Even if they are able to overcome financial and attitudinal barriers, many people find they still cannot access the housing market because of physical barriers. Individuals with disabilities living in rural Texas communities are isolated from many of the limited services available in urban areas.

The efforts by the Texas HOYO Coalition to expand services into Houston and El Paso, have uncovered issues relating to the capacity of even these urban areas to address the housing needs of people with disabilities. Issues include the lack of understanding by service providers of the steps necessary to assist the person with a disability determine their needs and a lack of consumer control of the decisions. Low income housing service providers have not traditionally reached out to serve people with disabilities.

The Texas HOYO Coalition is participating in Fannie Mae's Homechoice mortgage underwriting product that is being tested nationally for persons with disabilities. BancOne, CH Mortgage, IBC Bank and Suburban Mortgage Corporations are the participating Texas lenders for this initiative. This Fannie Mae product provides mortgage financing for HOYO buyers utilizing modified underwriting standards, such as budget-based qualifying instead of standard debt-to-income ratios and borrower contributions as low as \$250.00. TDHCA's mortgage revenue bond program funds have been used to underwrite some of the Homechoice loans. HOYO's selection as a participant in this experiment has expanded our ability to serve our target population by providing an additional loan product for individuals who might not otherwise qualify for financing under existing products.

Under the proposal to solely utilize lending institutions to operate the HOME homebuyer down payment assistance funding, we are greatly concerned that people with disabilities will be shut out of meaningful access to the assistance. If the Department proceeds with the proposal which eliminates non-profit organizations from participating, we recommend that funds be set aside for outreach and support for services to people with disabilities to access the down payment assistance funds.

## Section Five: Public Comment

---

Additionally, this proposal will impact the future development of single family housing development by non-profit organizations. Down payment assistance funds support single family development projects by both for profit and non-profit organizations. With the passage of Senate Bill 623, the Department's programs and funding will require new construction projects to feature basic access. The number of these projects that utilize HOME down payment assistance in their financing, and thus basic features will decrease under the departments proposal

Benny Rodriguez  
Southeast Texas HFC  
brodriguez@sethfc.com

Comment 1

Page 49 of the Action Plan states:

Funds will be available on a first-come-first-served basis statewide with a limitation of \$500,000 per organization or lending institution.

Question

What would you define as an organization or lending institution? This is in very vague terms and needs clarification. Are you eliminating this activity from the HOME RFP? Are non-profits excluded from this activity? What are the criteria to determine if an organization or lending institution can participate or is it really first-come-first served?

Comment 2

Page 49 of the Action Plan states:

Primary focus for these funds will be in non-participation jurisdiction

Question

How would TDHCA justify awarding 20% of all HOME funds to lending institutions when a majority of these businesses are in metropolitan areas, which are participating jurisdiction?

Within the Houston-Galveston COG 11 lenders with 30 branches participated in TDHCA's 1999 First Time Home Buyer Bond Program. These branches represent 12% of the 245 across the entire state. Only two of the 30 branches are within a non-participating jurisdiction and only one branch was in a "rural county". Taking away the homebuyer assistance funding from the RFP process and allowing the lenders that participate in TDHCA's Bond program to award this assistance would not lead to increase in serving nonparticipating jurisdiction especially in rural areas. TDHCA in it's Analysis of Impediments to Fair Housing recognizes the need for assistance in rural areas on page 17 and 18 under Housing Need Analysis.

Comment 3

Page 32 of TDHCA's Analysis of Impediments to Fair Housing states:

Expanding the department's mortgage lending functions through the nonprofit corporation (Texas State Affordable Housing Corporation) enables mortgage lending to reach traditional undeserved populations through the state.

Question

If TDHCA realizes the nonprofit corporations meet an underserved population and is using it's nonprofit to fill that need is it fair to eliminate all other non-profits from applying for homebuyer assistance funding when they are also trying to fill that need but at a more local level.

While it may be true some non-profits are not expending the money as quickly as needed there are some non-profits doing a good job? Why punish all for the faults of some when all that is need is a more through evaluation during HOME RFP?

## Section Five: Public Comment

---

### ESGP Specific Comments Via Direct Survey

To reach entities not generally heard from through the traditional public hearing process, ESGP sent information regarding the program to everyone on their mailing list, along with a comment form that could be used to provide valuable feedback. This year information was distributed to 1050 organizations -- 59 comments were received.

- Of the 59 responses to the survey, 30 provided particular information regarding the specific services provided by individual program.
- 13 of the 59 responses expressed appreciation for the ESG program, including 5 responses that mentioned specific staff members, and/or the overall quality of the TDHCA program administration.
- Six of the 59 responses were requests for specific information regarding a particular program. These comments will be addressed during the ESG application period.
- The remaining comments are summarized below.

**Comment #1:** There needs to be a base allocation for the low poverty regions so that there is enough funding to cover all the areas within that region. In rural areas, there may not be a great percentage of the population at poverty level, but most of the population is barely above the poverty line, precariously close to homelessness. The current distribution formula does not take this into account.

**Comment #2:** For small nonprofits to receive ESG funds for one year and not the next is a grenade in their budgeting and planning...If funding were awarded on a 2-year cycle it would...allow more time for organizations to concentrate on program development. The annual application does take valuable time from program planners and administrators.

**Comment #3:** TDHCA needs to provide more training and more than one example on what is meant by "outcomes" and "outputs". Many ESG applicants have not been trained in performance based funding; they only know they need money to keep the lights on and the doors open.

**Comment #4:** ...It appears (that ESG funding) goes to major groups rather than poor grassroots organizations.

**Comment #5:** Increase funding to at least 15-20% to minority-based community-based organizations providing services to HIV and AIDS clients.

**Comment #6:** Having to identify the individual on the Board of Directors who was formerly homeless is very difficult. It could be considered a breach of confidentiality.

**Comment #7:** An automatic disbursement of 1/12 of the grant, upon contract execution, would greatly enhance our ability to deliver services in a timely manner.

# **Appendix A: State Planning Regions**





XEROX Document Binder Cover, Classic White  
1-800-822-2200 Reorder no. 3R8863 3/8" Cover for 61-90 sheets

HD  
7303  
.T4  
T4956  
2000